

CITY OF KREBS
SPECIAL CITY COUNCIL BUDGET MEETING-2 MINUTES
JUNE 12, 2025

1. MEETING CALLED TO ORDER by Mayor Tommy Ray Walker

2. ROLL CALL by Cindy J. Cooper, City Clerk

Larry Coxsey- present, Chuck Nelms- present, Sherry DeFrangé- present, Dan Heathcock- present.

3. DISCUSS THE CITY OF KREBS 2025-2026 FISCAL YEAR BUDGET

Mike Kern Okay. I think everybody's got a copy of the budget information in their booklet there. As usual we'll start at looking at the employees and their salaries and wages. If you'll turn to page two, that's the city's personnel and you can see the mayor and the board people listed and then the city treasurer and the clerk, then the street alley people, the museum people and the senior citizen people. All those numbers we've agreed on I think at the last meeting. So basically, what I did, just for the sake of putting a number in there, I had a proposed 3% increase. It doesn't mean we have to do it, it's just so you can look at it and that's what the numbers on the payroll is based on a 3% increase from where they were. That's page two. When you go to the next page, that's the police department and we have to go by the FOP contract, so got that all spread out. Different guys have shipped in, they get holiday pay, they get incentive pay, we have to pay retirement. All those numbers there are calculated and then I'll show you where they get moved over on the total budget. Then the next page is the actual page four is the actual budget and like I've explained before, the middle column there is 11 months actual the books through May and then what I do is calculate as if it was 12 months so that we can get a budget number because the budget number has to be 90% of what your 12-month number is on taxes. So going through that procedure right there on the far-right hand column, I would propose that we budget on revenues \$1,790,029. Last year we budgeted \$1,762,427. We've been able to budget a little bit more and of course that's not the exact final number there. It's going to be a little bit different, but it shouldn't be a whole lot different. That's the revenues for the general fund. Okay, and the general fund only. Then starting on line 14, we're talking about all the expenses. And like I said, you take the personnel, total managerial expenses, the \$21,500 that came from the page two, the city treasurer number \$134,000, that came from the page two and then the city attorney and the judge and then this line 18 general and medical insurance. As you can see that is a big number. That is our health insurance and our general liability insurance. \$250,000 is what we're going to budget. It looks like we're going to spend about \$230,000 and of course we don't know about insurance. They'll libel to raise it any time on you so try to put a little bit extra in there and then we get down to the police department and those numbers come straight from the police worksheet calculation and then go down to the capital outlay for the police. We budgeted \$178,000 because we are looking at trying to get you all the specific information. We are going to have two cars for sure and then we got to equip them. Of course. So, after it's all said and done, the budget for the police department is 1,180,000. Then the fire department put in \$60,000. Looks like we're going to spend \$59,000 and of course the big deal on the fire department is the fire runs. If they have a lot of fire runs, it could be more than that but I don't think we're going to have a lot of fires with this. We hopefully not. And then we'll be ready to go and we beefed up their capital to \$113,000. So that's where we are with that one. And then line 31, that is the street and alley personnel and it comes off of page two, M & O.

Dan Heathcock Line 30. Line 30 is for our sirens?

Mike Kern, No, no.

Dan Heathcock Line 30 total EMS

Mike Kern, we don't have anything for EMS.

Mayor Walker, we got to pay them \$10,000 a year.

Mike Kern, Pay who?

Dan Heathcock, The sirens Emergency management.

Mike Kern, Oh Oh, okay.

Mayor Walker, you got to pay them every year that \$10,000.

Mike Kern, Is that the county EMS?

Mayor Walker, yeah you pretty well got to have it or FEMA won't come if something happens.

Mike Kern well I'll put it in there. I didn't know that.

Cindy Cooper, Mike, I have a question on Michael's. You've got his altogether and always in the past it's been 50/ 50 with the KUA.

Mike Kern, Yeah, it's separated.

Dan Heathcock, well not here. Not in the total. Not in this total

Cindy Cooper, I didn't see his name on the KUA.

Mike Kern, See he's over there. Yeah. Okay. Just a second. You're correct. Yes, we need to move. We need to move half of that over there. Let me look at the KUA thing

Dan Heathcock, On that number 30. I just assumed you meant that \$10,000 to go for that.

Mike Kern I don't have anything on that.

Dan Heathcock Yeah, you have it right there on the 2024.

Mike Kern, that's last year's budget,

Dan Heathcock so you need to have it for this year too.

Mayor Walker, Debbie does all the cleaning cleans everywhere. Do you have to write it up all as one?

Cindy Cooper, she gets the same rate of pay for but it's coded out it, separately. However, many hours she works in each place; city hall, police department, fire department.

Mike Kern, I didn't put him in there. Okay. Yeah, I'll have to make that correction for the next one. Yeah, half of it goes to the city side and half to the KUA side. That's why we have these meetings so we can make sure we get everything right. So anyway, like I said, the way it stands right now based on 11 months actual and projection for the 12th month, the thing that we've always talked about in the past is go all the way down to the line 49 and you'll see the estimate for 12 months is \$360,000. Everybody see that? We were able to budget \$418,000, so we do have a little bit of cushion there for lack of better terminology and that's where we always balance into the end. So that's based on 11 months actual and one 12 added on to that for the annual budget. So overall the budget, if you look at line 52, the budget for last year was \$2,274,630. The budget for this year is \$2,473,063. It's about an 8% increase. Now the thing that we will have to work on and when we have our next very last meeting, as everybody knows there's monies that come in from the tickets and it has to be transferred over into the different three accounts, the training, the IT, and the vehicle replacement and the capital improvement money too. So, when we get to 12 months, I will give you a full year. The last time I did the reconciliation was through, nine months and we get those numbers from the police department. She keeps track of it really well. Okay, so the next thing we want to look at is on page eight, the street and alley. Now this is the street and alley fund. Okay. That's different than the street and alley department. The street and alley department are part of the general fund, but this street and alley fund here, the auto tax and the gasoline tax going here and that can only be spent on street and alley stuff and that's where you can see the total budget that we would have to spend would be \$152,000 and I put it all in

capital because that's where we usually put it. We don't always spend it. We haven't spent any in a while, but we've got a request for a big piece of equipment, but that's where we need to fund it out.

Mayor Walker, Like I say, we ain't got the gasoline tax since all that ain't been done. So, it ought to be coming in July to get the tax deal done. I don't know how much it would be, but...

Mike Kern, it's not a whole lot. It's not a lot of money. But the point is we do have \$150,000 and what was that piece of equipment?

Larry Coxsey, it's tractor for 75 or 79.

Mayor Walker and the backhoe

Mike Kern, yeah, here it is right here. 73. But that's where you'd want to fund that out so you wouldn't run the general fund short.

Cindy Cooper, the tractor was what that they were going to do for this year's budget and then the backhoe will go for next year. They have it in, there's the tractor, the John Deere.

Mike Kern, oh well the council can decide after they talk with whichever, but the whole point is we have some money here to take care of it and that's why we've been saving it up for years. We've been saving that money up to buy equipment and like I say, this is a street and alley fund. It's different than the street

Mayor Walker, that \$1 we've been paying for years. That what you said the money's going to go to pay for out there at the lake.

Mike Kern, That's on the KUA side that's not here.

Mayor Walker, that's what I'm talking about though. None of it goes out of the city. It's all out of KUA.

Mike Kern, yeah. All that dollar stays over there on the KUA side.

Mayor Walker, do we have the money to pay all that? \$147,000.

Mike Kern, when we get there, we'll look at it.

Mayor Walker, we checked and ain't got enough right now, so it'll take something from someplace to put it someplace else.

Mike Kern, that's when we get to the KUA because it depends on how much you spend this year and how much you spend next year. Are you going to pay any this year? Is it the dam or is it the spillway?

Mayor Walker yeah, it's the dam and the spillway which hasn't been started yet.

Chuck Nelms, it's not going to be done this year.

Mayor Walker, they ain't even started it yet.

Chuck Nelms, it's not even going to be on this year's budget. Be next year's budget.

Mike Kern, we'll get to that in just a minute. The very next page is the senior citizens. What's been happening right now is this is the budget for the senior citizens, but the general fund has been paying the payroll for the senior citizens and there's nothing wrong with that. It's just always has been the senior citizens has to be subsidized by the general fund. They don't generate enough fees themselves.

Mayor Walker, motel tax isn't paying for it?

Mike Kern, no. See the motel tax there? You can see budgeted out. Looks like we would get \$27,000 for the year. Personal donations would be \$18,000 and we'd need transfer of \$10,000 from the general fund. And so that comes in the way of paying for the personnel services.

Mayor Walker, you remember how much the motel tax is? We've never changed it. It's been there for years.

Mike Kern, Yeah, I don't know what that percentage is.

Mayor Walker, McAlester raised their tax on their motels.

Mike Kern, you'd have to look back at your ordinance and see what it says. I don't know what that is. The only thing I can look at here is it averages generating about \$2,500 a month.

Mayor Walker, Big deal is hurting us too is we're not getting that donation we usually get every year from Tina Yeah, down in Texas. Yeah, I'm hoping, Steve, you ever talk to her? Hey Steve, you ever talk to Tina anymore? Tell her we're all settled down, down here.

Steve DeFrange, Yeah, I've told her that.

Mayor Walker, yeah. Yeah. That's quite a bit of money you're losing there. About \$20,000 less we're going to get.

Mike Kern, that's all the accounts on the city side. Any adjustments we want to make, that's what we need to be talking about right now. The floor's open to whatever.

Chuck Nelms, Larry, we were here, you missed the last meeting. Do you have anything you want to discuss or add or anything?

Larry Coxsey, I can't think of everything off top of head.

Mayor Walker, that one police car that comes out of this year, right?

Mike Kern, yes, yes. Well like I say, the thing I see right here right now is that \$10,000 that would've to be, if you go back to that page four and we talked about the EMS needs \$10,000, that would come out of that 418. We'd have to transfer that from the 418 to EMS. That's not a big issue. The overall total

Larry Coxsey, and then Michael's deal would be changed to half.

Mike Kern, yep. Correct. Like I say, that's about all of it on the city side. So now we can look over here on the KUA.

Cindy Cooper if we're done with the city. We need to adjourn. Are we done with the city?

Mike Kern, yes.

Mayor Walker, one question in, I know you got down city hall roof. That's \$75,000, which it's \$127,000

Mike Kern Is that what we're going to pay or have paid?

Mayor Walker, we already paid them, checks in the mail

Micheal Fulgium out of the ARPA money.

Mayor Walker, out of the ARPA money.

Mike Kern, that's on this year's, that's next year's budget. If we don't need that for next year's budget, we can put it somewhere else.

Mayor Walker, I imagine we are going to need it.

Mike Kern, if you already cut the check that's going to come off against this year's budget. That's ok, there is nothing wrong with that.

Mayor Walker, yeah, he called me yesterday.

Micheal Fulgium it's there it's in the mail.

Mayor Walker, yeah, back and forth deal. Anyway, we got them paid.

Chuck Nelms, So yeah, one really quick for you. We go. So how are we, and I'm struggling. I ain't going to lie to you where we're going below with all this money we had to transfer. We didn't end up with enough to transfer.

Mike Kern, we've not got all the transfers put together yet.

Chuck Nelms, right. So, what's our struggle of why that's happening that

Mike Kern, basically, it's because of our inexperience. Michael didn't know that he was supposed to be doing those transfers and technically I can't tell him to do the transfer. Okay. But we're going to reconcile that once we get through the 12 months, like I said, I've got it reconciled through nine months, but I want to do through 12 months and we'll have to look at the capital improvement money and all those other monies that come out of the tickets and so I'll have to look and see how much we have there and how much we'll have to transfer over because there's going to be several transfers involved. The first transfer has to be, see the general fund has been paying for some capital outlay. Well, you got to do this in steps. You got to take the money's debt; the general fund paid for capital expenditures. You got to take that out of the capital improvement money and move it over to the general fund. Then we got to see how much we got to turn back, move back over. That didn't get transferred. So that's two sets of transfers right there just for the capital improvement now on the police fine monies for the IT and for the vehicle replacement and the training.

Nancy keeps track of all that stuff really well. Again, I'll have to look and see based on what she's got on her list, how much should be in each one of those accounts and that money's going to have to be transferred out of the general fund or if there's enough money left in the bond fund where the fines are paid, a lot of that can come out of there. Just depends on what that balance is at the end of the year.

Larry Coxsey, the monies for these tickets that's been deposited in the general fund as of right now?

Mike Kern, what happens is the money comes into the court bond account and we transfer monies the city transfers money over as it's needed into the general fund at the end of...

Cindy Cooper, you got that caught up though, the ticket money. Right? You already transferred all that. Got it. Caught up.

Micheal Fulgium, I think I got it caught up.

Mike Kern, I don't think we've transferred everything.

Micheal Fulgium, but I've been doing it every month.

Mike Kern, but over right now at the end of May in the municipal court fund there's \$85,000 and that's where we would first take that money to put into the IT fund, the training fund and the vehicle replacement where it's supposed to come from. Because that's where all the ticket money goes into is the municipal court account. And if there's not enough there then you are going to have to take some out of the general fund.

Chuck Nelms, so we're having to cash in CDs because we've, there's not enough in there. So, did we overspend? Did we not code it right to where it comes out of that maybe one of those funds is depleted down? Why are we having to cash in CDs I guess is what I'm struggling with.

Mike Kern, No. Nope. Nope. Well because technically as you went along, we did not do the transfers from the general fund to the capital improvement, all that money as far as I know and that's not part of my duties to check that. But you have PO's and you pay all your bills and all that stuff. That's where that money was used. So, if you would've been transferring as you've gone along, you would've been short in the general fund.

Chuck Nelms, that's saying we spent too much

Mike Kern, well you can't say they spent too much because you guys, you have approved everything that you've spent.

Chuck Nelms, exactly.

Mike Kern, I understand where you're coming from.

Chuck Nelms and as you see there's three of us that are relatively new here. We've been approving the last few months, two months and so we don't want keep, we want to stop the bleeding I guess is the best.

Mike Kern, there's no bleeding.

Chuck Nelms, that's what I'm trying to find out.

Mike Kern, there's no bleeding. There is no bleeding. It's just money was not put in to the capital improvement fund.

Mayor Walker, if the money wasn't put into capital improvement, where's the money that's set in there? If it wasn't transferred over, where'd it go?

Sherry DeFrange is it the ticket money that's not been transferred?

Mike Kern, all the sales tax money stayed in the general fund instead of it being transferred and all that money that was in the general fund was spent properly.

Chuck Nelms, so was any of that money used for those items out of the general fund that should have been used out of the IT or the training or any of those?

Mike Kern, for the capital improvement? Yes.

Chuck Nelms, so all has all that been coded right to where owe back to the general fund instead of to those...

Mike Kern, all the expenditure out of the general fund. There's no problem with it. Some of those expenditures, like I was saying earlier, some of them were spent for capital improvement items that should

have been paid out of the capital improvement fund but they weren't because everybody being new here didn't know how that was supposed to work. And that's not my job to train you people.

Chuck Nelms, I understand. I'm just trying to get you to help me understand this.

Mike Kern, I understand Chuck. I understand.

Dan Heathcock, where does the council get a detailed list of what sales tax comes in too?

Mike Kern, that's what I'm going to give you at the last meeting. I'm going to give you how much sales tax came in; how much was supposed to be transferred over to capital improvement.

Dan Heathcock, so when we see a detailed list of for the whole year, who paid what for the whole year

Chuck Nelms, and you did that last month? Yes. And that's where my questions are coming from. So maybe what I'm asking is did with us having to do a cash in CDs, that clearly means we've spent more than we took in.

Mike Kern, no, No,

Chuck Nelms, that wasn't transferred in there.

Mike Kern, at the end of May the city took in \$183,000 more than they spent. There's no money missing.

Dan Heathcock, actually we don't have to cash in the CDs it sounds like to me.

Mike Kern, well you're going to have to or you designate some of those CDs as capital improvement money, one or the other because that capital improvement money has to be designated because the people voted on that.

Dan Heathcock, we can't take \$183,000 tax money brought in ship the money to put over in the capital improvements?

Mike Kern, no when I give you the break down, you'll see how Much you need to transfer.

Mayor Walker, I know a lot of it went for the raises and all that. We had a lot of things tore up down at the sewer plant

Mike Kern it doesn't make any difference if there's, if we put the money over there into the capital improvement account or if you designated, you're still going to have your CDs. Some of it's just going to be have to be allocated for capital improvements

Mayor Walker, if you cash the CDs in. Do we have to pay a penalty?

Chuck Nelms, no, he's saying not cash the he's saying don't cash them in. Just allocate them to

Dan Heathcock, Designate them.

Chuck Nelms And then if you accidentally built it up, you could take it out. Designation off.

Mike Kern, Like I say, I'll go through that when I give you the full 12 months how much sales tax came in, how much should have been transferred over and because of the newness of people and everything else, it wasn't. But there's no money missing. Like I said, the city's ahead of \$183,000.

Chuck Nelms, and then on the flip side of that, Mike, okay, you got this plan and what we can do, what we'll do, you got about 15 days and then you, contract's over. And so, then we go back to new again. Yep.

Mike Kern that's right

Sherry DeFrange, who we going to call?

? Whoever you hire.

Mike Kern, it's Up to the council.

Mayor Walker, exactly. I've, we talked to several different people. The one we wanted; they got 32 people.

Sherry DeFrange Will they be able to Talk to Mike?

Mayor Walker, yeah. They Got got 32 people working for them. But they're all, they do McAlester and all these other towns. They had a girl that worked for them that started her own business. We've talked to her. She's coming down July 15th and everybody can talk to her, whatever else. Everybody says she's good and all this and everything else. So as far as trying to find a new CPA, it's hard to find. Everybody they got ain't going to let go of none of them. This girl is our best bet.

Chuck Nelms, she's not a CPA?

Cindy Cooper. She is a CPA. And she will...

Dan Heathcock What's her name?

Cindy Cooper, Ann Cole.

Chuck Nelms, What's the qualifications got to be fill that position.

Mike Kern, there's no special. There's not because the engagement,

Chuck Nelms the OSHA term is just a competent employee.

Mike Kern, technically. See what you got. What you got to go by is you got to go by the accounting requirements and what guys, what I do for you guys and we've gone over this on the engagement team, it's only for preparation of the financial statements. That's all I've included as a courtesy to the city to do the estimate needs in the future. I would have that as a separate item because that's not part of bookkeeping. I mean I think I would shorten myself but, and because I'm not getting any feedback, I guess I'm going away.

Chuck Nelms, what do you mean by feedback?

Mike Kern, no counter, nobody offered to rehire or anything.

Chuck Nelms, I didn't know you'd give us an option.

Mike Kern, There's always an option.

Chuck Nelms, I always understood you presented us with a see you later letter.

Mayor Walker, yeah you said you couldn't get along with us is the reason you quitting.

Mike Kern, It's up to you guys. I'll talk to you if you want to talk.

Mayor Walker If you're not happy being here, we don't want you to stay.

Mike Kern, Well it's up to you guys if you're not happy with me, that's what I'm hearing.

Mayor Walker, you're the one turning resignation.

Mike Kern, no, but I'm hearing that you're not happy with me Tommy, because you're looking for people before I even said it.

Mayor Walker, I'm always looking for people.

Mike Kern that's just the way it rolls. You were looking for somebody else. So that tells me you really don't want me.

Chuck Nelms, I can only speak for one person and I have not insinuated in any sort of way.

Mike Kern, no, you have not Chuck.

Chuck Nelms that I'm dissatisfied with what you're doing or anything else. I'll put it on the table right now. I don't have a problem with you and I'm offering you staying because just like right now we're talking of a plan that you got 15 days, what does that mean?

Mike Kern, what you can do. And I would recommend you doing this only because I think it would be properly at the next meeting. We should go into executive session and talk about who wants what.

Dan Heathcock Is it too late to get that on the agenda for our next meeting?

? Not for the next meeting for Tuesday.

Cindy Cooper for Tuesday?! (nah I've got plenty of time to do that tomorrow)

Mike Kern, I'd be more than happy to talk about it. I just felt like if the city could do it on the thing is

Chuck Nelms You may be hearing it somewhere else that I don't know about. But I know from me you ain't heard that and I don't. I know. And I've not insinuating that. No,

Mike Kern, I'm not insinuating that at all, Chuck. But this information needs to come from the council, not the mayor.

Chuck Nelms, I agree. They're the one who votes.

Mike Kern, That's right. So that's who needs to go in there. And like I said, in my opinion, we should have an executive session and if we can see eye to eye

Chuck Nelms Now we can do executive session on contract employee. Right.

Mike Kern, I guess I'm not sure. You'd have to ask Ronnie for sure.

Mayor Walker You would have too

Chuck Nelms, I don't think you have to. But the key is can you, there's only certain reasons you go.

Cindy Cooper, I'd have to look and see.

Chuck Nelms, but it is contract negotiation. So that is, am I right Larry? Contract negotiations is one of the reasons for executive session, isn't it?

Cindy Cooper For police?

Larry Coxsey, I thought it was salaries and stuff like that man.

Chuck Nelms there there's seven rules isn't there?

Mike Kern, I'm not familiar with the legal part of it. I'm just not because that usually doesn't affect me. But we can either do an exec session or you can just have it as a discussion point.

Dan Heathcock, can we go into executive session to discuss, to have a discussion point on it?

Chuck Nelms, I think contract negotiation is one. I'm not positive, but I think it's, so basically you go in ex session to discuss the accountant's contract,

Larry Coxsey, I'll know before noon tomorrow. For you to be able to put it on the agenda

Mike Kern, One way or another and I'm open to it Chuck. We need to discuss it. Whether it needs to be in ex session or just a regular agenda item. It Doesn't make any difference to me.

Chuck Nelms And as far as open session, I ain't got no problem telling you what I think right here, right now.

Mike Kern, I know. You know that's fine.

Chuck Nelms, it doesn't need to be item for me to tell you

Dan Heathcock since we are not sure can we put it on the agenda just for Speaking.

Cindy Cooper, we can do whatever y'all tell me to do

Mike Kern I need to know what the council Wants. We can do whatever y'all tell me to do.

Dan Heathcock, if we get the executive session, we put it on the agenda just to go into open discussion on it.

Chuck Nelms It's Got to be discuss. I think it's got to be discussed one way or the other. And then you'd have to have discussed to act on that afterwards.

Dan Heathcock To discuss an act upon you go into executive session to discuss Mike Kern contract.

Chuck Nelms, you go into executive session then when you come out you got to have an act on what you discussed.

Dan Heathcock, well instead of doing the executive sessions and we're not sure whether it's legal or not, can we just bring it up for next meeting to have an open Session?

Chuck Nelms Not going to be, he's not going. His contract will expire before the next meeting.

Dan Heathcock no, I'm talking about next Tuesday. I'm talking about next Tuesday night.

Mayor Walker. Its going to be next month Before you could put it on there anyway. I mean because usually you always have it done already.

Cindy Cooper, Yeah,

Dan Heathcock But you'd have time to get it on the 15th agenda

Cindy Cooper, On the 15th. Yeah. For next month. And that's actually when your last....

Dan Heathcock, no, I'm talking about for this next meeting we have.

Cindy Cooper, I don't really, but I mean if y'all want that then...

Mayor Walker, she doesn't have time to do that We got so much going on with all these trees and all this stuff. Insurance companies and everything else.

Chuck Nelms, what's that got to do with it? This is just discussing Mike Kerns contract

Mayor Walker going to have to have overtime on this deal somewhere.

Dan Heathcock we still need to get on the agenda for the next Tuesday's meeting

Cindy Cooper, you'll find out for sure if it's executive session.

Chuck Nelms, we got a guy, we pay for that purpose.

Cindy Cooper I can look in the book and see what it says.

Chuck Nelms you can call Ronnie May and ask him.

Dan Heathcock, let's forget about the executive session let's just say open session and discussion and to act upon Mike kern's contract

Chuck Nelms the Google says right here, contract negotiation. Google is one of them. It's contract negotiation.

Mayor Walker, it's got to be true.

Cindy Cooper, Yeah, If it's on the internet, it's true. It's got to be true.

Mike Kern, Chuck I'm willing discuss.

Cindy Cooper, I'll put something on the agenda for Tuesday, whether it's executive session or open session,

Chuck Nelms, try for executive session where everybody speaks freely

Cindy Cooper, I understand

Larry Coxsey and if you can get ahold of Ronnie before I get a hold of you,

Mike Kern, I'd be more than willing to talk about

Chuck Nelms, I would be a lot more satisfied with that.

Mike Kern, I want people to tell me the truth. If you like it, good.

Dan Heathcock, that's what I want. I want the truth.

Mayor Walker, you got to weed out all the lies and rumors too.

Dan Heathcock, I don't get told a whole lot of stuff anyway so I don't get the truth or the lies a lot of the time.

Mike Kern, we need to go to the KUA part.

Chuck Nelms, you got anything else Larry?

Larry Coxsey, No. **I'll make a motion to adjourn to KUA.** You got something?

Dennis Cook Yes sir. Will those transfers be done monthly?

Mike Kern, they should be. That's one thing that we should talk about at the meeting too, is I would recommend and take it for what it's worth. But I think it would be proper that the council address to Micheal to bring transfers to every council Meeting so you know what's going on.

Chuck Nelms, I agree. And I actually think it needs to be transferred monthly so that we're spending what is there, not what's not there.

Mike Kern, totally agree.

Micheal Fulgium Like the money from each, the ticket money to that goes to those three accounts and stuff. Three accounts. Yeah. Those are done monthly.

Mike Kern whoever is doing the purchase orders I know the different Department heads write up the pos if I'm not mistaken

Cindy Cooper, the sales tax should be done monthly.

Micheal Fulgium It's Done monthly too.

Chuck Nelms who issues the PO's?

Micheal Fulgium, I type them up.

Chuck Nelms Who issues the number?

Cindy Cooper, we both do.

Chuck Nelms, you both do. And so, you're saying that whoever's issuing that needs to know how to code that?

Mike Kern, Correct.

Dan Heathcock, you make a PO Billy and they sign a number to it, is that the way it works?

Mike Kern they can call me anytime. And Michael has called me several times about things that need to be capital or not

Micheal Fulgium On our GL Codes. And I have a list of what I can look, so

Chuck Nelms Basically just like for, and I'm going to use you an example, Dennis, don't take his offense, but just like where he wanted to buy these ticket codes. And deals, if there's no money in there in the IT fund, you don't buy, you wait until it generates.

Mike Kern But in our case, we do have it.

Chuck Nelms Right. But I mean if it is not there, you wait until it generates.

Mike Kern, Correct? Correct.

Sherry DeFrang, He's just saying it makes better sense to be able to see it when you *inaudible* vote.

Mike Kern it predicates on doing the transfers every month.

Chuck Nelms and it helps to not go in a negative where you've got to cash in CDs.

Cindy Cooper, you want him to do that like a separate deal each month for y'all and put it in there to show it?

Chuck Nelms the transfers needs to, which it is now needs to be done monthly. Y'all code those by what they are. And if that is not in when you're issuing a PO, if there's no money in it, don't issue it.

Cindy Cooper, we don't see the money in there.

Chuck Nelms, you see it every month.

Mike Kern You will, you will It's in there when we get through the 12 months and I do the reconciliation, like I said, we'll see how much was supposed to have been put in there and how much has been put in there and how much you're going to have to make up.

Chuck Nelms And then from there, July one, we're going to be gone straightforward. Hopefully if you are still there, we're going to be an accurate total each month of what was deposited and what's in it.

Mike Kern The only thing you got to worry about is what they call lagging. Whenever Nancy finishes doing her deal for the month, okay, she's got to close her month and then you got to make the transfer the next month

Chuck Nelms And then it's got to go to you to get on a piece of paper. But ultimately, we would, your chances are you're probably not going to go to the IT fund for \$20. You're going to go for \$20,000. You're going to see, well, you should know a relatively amount of what is there before you don't over spend.

Cindy Cooper, anything big like that has to be voted on.

Chuck Nelms, Correct, correct

Cindy Cooper, but there are smaller things that go to it. Like if we need a new little mouse that's an IT deal, anything like that.

Mike Kern it still should be coded.

Cindy Cooper, yeah, it's coded. We code it right. But what he's saying, usually the bigger amounts where you would look, and it's a month behind what y'all are seeing though.

Chuck Nelms, but that's going to be, you're have a pretty large amount that you can verify that. Yeah. If you're taking, well for example, the fire department's subscription for the report system. That's like what, \$5,300 chances Are there's \$5,300 in there. Okay. There may not be \$40,000 to equip Dennis's car. You might have to wait a couple months. An example,

Mike Kern here's something, and this is why it's important to look at the financiers when I bring them up every month, we need to work on that some more and that's just something we need to work on. It's nothing, nobody. But at the end of May, and this was after we transferred \$54,000 from the police replacement vehicle thing, \$54,000 over into I think into the general fund so that they could buy that police car that we were talking about buying this year. But there's \$11,000 left there. Okay. The other things that you need to look at, the capital improvement fund at the end of May had \$188,000. Well, we can pretty much fund any capital improvement.

Dan Heathcock, we don't have that page in here.

Mike Kern, no, you don't have that the IT.

Chuck Nelms But what he bought the car out of last year was just capital outlay. It wasn't the vehicle fund.

Mike Kern, right? Correct. Correct.

Chuck Nelms, we didn't have the vehicle fund really in place then. He was already budgeted that as a capital outlay.

Mike Kern, Correct. Yes, yes, yes. We have at the end of May, we have \$80,000 in the IT fund, so we can pretty much fund anything that needs to be out of there in the training fund. There's \$31,000. We don't have to spend a lot out of training legal whenever they have to go to seminars or whatever. That's where that training fund is.

Chuck Nelms, let's say we've got this earmarked training fund. If training fund gets way up there and can you reallocate it to something else or is it earmarked? You can't touch it?

Mike Kern It was done by ordinance. So, you would have to do an ordinance to take some of that out to reappropriate? Yes, that would be, you might have to ask Ronnie, but that's what I would say he probably would have to do.

Mayor Walker Take out and put it in a CD?

Mike Kern, No, no, no, no. It's cash.

Mayor Walker, I Mean you can, right? you can put it in a CD just for that.

Chuck Nelms it would have to be earmarked for that.

Mike Kern Right.

Chuck Nelms, Yeah, but I'm just using an example. You got \$30,000, you got a \$10,000 CD and we really don't, instead of cashing out the CD, if it was a way of taking 10 out of the training fund, not using that instead of getting in our savings I guess is what I'm saying

Mike Kern, and again, and this is no reflection on anybody, but because of the newness of our staff and the newness of the council, there's a lot of things we still need to talk about and it doesn't

Chuck Nelms, I guess that's where I'm really going with this money or did, we really get it coded right or did we spend it out of general fund that we could have used it out of those other funds?

Cindy Cooper, absolutely. I think there were some of that, but I think that is has been trying to be rectified for

Chuck Nelms, some of them may not be able to.

Cindy Cooper, we have a list, that every single time we do a PO we were looking to make sure that it's going under the correct code. It's like eight pages.

Chuck Nelms Yeah. I'm just not wanting to leave, for example, \$30,000 in training that we paid out of the general fund that we could put it back and not have to get into CDs. So, if we spent \$10,000 for, I'm throwing numbers, don't hold me to it. \$10,000 for motels last year that come out of the general fund instead of out of the training fund. Let's put that back in there

Mike Kern, absolutely. That's where transfer would've to take place. Absolutely.

Chuck Nelms, And I don't know if those numbers match or not. Don't hold me to that. I'm just throwing zeros.

Mike Kern, don't worry about that, well that's where again, the newness in the actual, the thing you got to start with is the type of payment that you're making first. Either it's an M & O or it's a capital and most of the stuff is M & O because we've already talked about capital. Like we were saying, if it has a useful life of more than a year or it's not consumable, it's a capital expenditure, well then out of the capital expenditure you got to say, where's it going to be funded out? Is it going to be funded on a capital improvement or out an IT fund or on the training or whatever. But you got to code it first into the type of,

Chuck Nelms, we need to use those earmark accounts as much as legally we can because that saves your budget.

Mike Kern, this conference right now is really critical because everybody's starting to understand what needs to take place and that's fine. That's why I like to have financial meetings. And the thing is on a financial meeting, and we've said this before, it's up to the council, but if you have a financial meeting, you can sit and

talk about anything openly. If you have a quorum, then you've got to have open meeting laws and all that. Well sometimes you just need to sit and talk. You don't need to. And you can bring a recommendation from the financial committee to the council and say, this is what we would like to consider doing, discuss and act on or whatever.

Mayor Walker if the PO part and all that, so is he (treasurer) going to have to write on everything he sends to me to sign where it comes from? Where it's going or what?

Micheal Fulgium, It's already on there.

Mayor Walker, it doesn't say what account though. It comes out of.

Micheal Fulgium that GL line at the very end, those numbers like that 99014.

Cindy Cooper he isn't going to know what those numbers mean.

Micheal Fulgium, but that's what those are.

Mayor Walker, I don't know. So how can know if it's right or wrong? Just write it out instead of putting numbers or something or what I'm saying

Micheal Fulgium, I got to put the number,

Mayor Walker put the number and what it is

Dan Heathcock, you've got a list of numbers, Michael. You've got a list of numbers that you can give to Tommy.

Micheal Fulgium Where am I going put that, y'all got to sit there and look at this screen because there's nowhere you can put it unless I type out somewhere. I don't know where I can find it.

Cindy Cooper, can you put it under the description?

Micheal Fulgium, the descriptions can only hold so much though. Every time I type something huge...

Mayor Walker, you write it on there, can't you

Micheal Fulgium I can sit there and write it on there all day long if y'all want me to.

Larry Coxsey, Michael, do those numbers mean accounts

Mike Kern yeah. It called general ledger number

Micheal Fulgium Those numbers are matched up to a line And I have a sheet that has every number that goes to every line. And I know what they mean.

Mike Kern, I go by his general ledger numbers to put into the property reports,

Micheal Fulgium, whenever y'all look at them. If y'all want know what that number is, like 99014. That's the water maintenance and operations.

Cindy Cooper, we can give y'all copies of those codes and then y'all can study them over the weekend.

Mayor Walker I'm not going to sign something unless I know what I am signing for. You can put all the numbers you want on there

Dan Heathcock, in order for transparency, each council member needs to have copies of those codes. I need to make sure that copy already have is up to date

Chuck Nelms, you're talking about the claims were approving those claims transfer in reality, that's after it's done. So really all the power goes to those three (treasurer, clerk, mayor) if we deny one, we're probably going to have some problems. You're going to do it after the fact. In reality, you deny to pay somebody like we've done before. They end up having to go get a lawyer, get their money. They went through the legal process; they send an invoice. In reality that's what I'm asking. Do we need to look at some way curb our outgo?

Mike Kern, that's where you guys, you don't have a request for purchase orders. You only have purchase orders. Right?

Micheal Fulgium, they gave a piece of paper the request,

Cindy Cooper If it's over a certain amount of money then...

Mike Kern they have to do a request?

Cindy Cooper, they fill out the PO and say this is what I need. And it doesn't matter how much it is, if it's \$10 or...

Mike Kern, What I would recommend that you all do, and the auditor should be telling you this, you need to have a requisition for a po.

Chuck Nelms, that's what that is. It is a written deal. And then they put the number on it.

Mike Kern and that's up to the department heads to say what they need it for.

Cindy Cooper, that's what we do.

Mike Kern And the thing is, you need....

Chuck Nelms, that's what was always done when I was fire chief and I'm assuming it's still that way.

Micheal Fulgium Yes, that's what we still do.

Mike Kern, So These people that Are writing the PO that's where, just take for instance, this would be an unusual thing. Say they requested buying another new big truck or something. Okay, well if it's not in the funds, you can't do it. So somewhere somebody has to look at that first to see any big items.

Chuck Nelms, but see, basically, I'll just break it down where I'm getting at is Tommy, for example, can approve up to \$5,000. Ultimately Tommy is doing that after the fact too because he's not sitting down there 24/7 waiting for you to answer, to pick up the phone and say, I need this. So ultimately, we're giving them two (treasurer/clerk) the power. Do we need to reel that back? Is that part of where our spending is getting out of control or is it

Mike Kern, your spending is not out of control

Cindy Cooper, if he doesn't write a check until he signs it, so we're not,

Chuck Nelms But you still issued the PO and you're obligating it. So that don't matter if you write the check part,

Cindy Cooper, if it's a big amount we're clearing that with him (mayor) first.

Chuck Nelms, probably but ultimately, he's not...

Cindy Cooper, no, no, yes, we are.

Mike Kern I think that should Be a discussion item on an agenda. Talk about that where just like you're saying, where's the line really for approval? Where is that line?

Chuck Nelms I'm wondering if we need to put like \$500 on them and five on him or to where up to \$500, they can do. Because you don't want to stop operation while you're trying to get ahold of. So, you can't just say, Tommy, you're the only one that can approve it. It's not feasible. No, you're going to shut down.

Mayor Walker that's the way it's been done for what, a hundred years

Chuck Nelms Around. Exactly.

Micheal Fulgium, if there's something that comes in that's over \$500, I can't write a PO for it?

Chuck Nelms, just like I said, I'm throwing numbers out there. I don't know.

Mike Kern the thing that you can do, and it's probably in your ordinance's approval for just like things you're getting ready to talk about utilities and things. They're automatic. That's automatic. You don't need approval for those because

Chuck Nelms You actually don't even need a PO for those.

Mike Kern, not really. Because some of your electric bills are more than \$2,000. So, you don't need special approval for that. You got to pay that bill period.

Cindy Cooper, and most of those bills don't have a 30 day, they're like 21 days. He has to write those before and send them out before the council approves them for electric phone. All that

Dan Heathcock, claims that we have approved when they asked the council to approve the claims, even before they've been voted, some of them have already been paid. Some of them

Mike Kern, yes. But I bet you a dollar that it's in your ordinances that it's a blanket deal for utilities and telephone and several things. It's always been You technically should have in that in your ordinance

Chuck Nelms, PO number for stuff like that. Usually don't do a PO number. But basically, what you just, like you said, it's a blanket purchase,

Mike Kern. Well, this is good discussion guys. This is really good, especially for new council people and Michael and Cindy, they're doing, they're working hard, let me tell you. I know they are. So, it's not that you don't have the desire to get it done, that's not the problem. Just some of the newness, somebody that hasn't been totally trained. Well, we all have to learn. I have to take new tax laws every dadgum year.

4. ADJOURN Larry Coxsey makes a motion to adjourn to KUA. Dan Heathcock seconds. Mayor Walker calls for a vote. Larry Coxsey- yes, Chuck Nelms- yes, Sherry DeFrange- yes, Dan Heathcock – yes. **Motion passed.**