

MINUTES OF THE
CITY OF KREBS
COUNCIL MEETING
KREBS CITY HALL
March 15, 2016 at 7:00 p.m.

1. Mayor Bobby Watkins called the meeting to order.
2. Clerk/Treasurer W Kay Scott called the Roll. Bobby Watkins – Present, Tommy Walker – Absent, Connie Poole – Present, Jason Wagnon – Present, Daulfin Bennett – Present.
3. Mayor Watkins led the Prayer and the Pledge of Allegiance.
4. CONSIDER AND ACT TO APPROVE THE MINUTES OF THE FEBRUARY 16, 2016 CITY COUNCIL MEETING. Mayor Watkins asked for a motion. Daulfin Bennett made the motion. Connie Poole seconded the motion. Mayor Watkins called for a vote. Daulfin Bennett – yes, Jason Wagnon – yes, Connie Poole – yes. Motion passes.
5. CONSIDER AND ACT TO APPROVE THE CLAIMS. Mayor Watkins asked for a motion. Connie Poole made the motion. Jason Wagnon seconded the motion. Mayor Watkins called for a vote. Daulfin Bennett – yes, Jason Wagnon – yes, Connie Poole – yes. Motion passes.
6. REVIEW CITY OF KREBS FINANCIAL STATEMENT WITH MIKE KERN. Mike Kerns asked if we could skip to 9. A. to review the audit findings from Ralph Osborne since he is from out of town.
9. BUSINESS NOT PREVIOUSLY CONSIDERED.
 - A. REVIEW AND ACCEPT THE AUDIT FINDINGS FOR FISCAL YEAR 2014/2015 WITH RALPH OSBORNE, CPA.

Ralph Osborne addressed the council. Start on Page 5 of Audit Report - Balance Sheet – Modified Cash Basis. For the City of Krebs, this is a single fund, the General Fund. At the ending of June 30, 2015, Cash totals were \$433,995 and monies due from Public Works Authority (KUA) was \$217,891 which give you assets of \$651,886. These are on the Modified Cash Basis so there is no accounts payable/accounts receivable recorded so it just shows your fund balance. Page 6 is your Revenues/Expenditures for the year. You couldn't have gotten much closer. You brought in \$1,721,000 and spent \$1,721,356 so your fund balance dropped \$356 from \$652,242 to \$651,886. Remember that 1/3 of that amount is due from the Public Works Authority and 2/3 amount is cash. As far as your income, the largest is fines and court fees of \$766,462 and sales tax revenue of \$690,951 and your total income is \$1,721,000. The fines and court fees are 45%. Of your expenses, Public Safety is the biggest one, which is the fire department and the police department. Page 8 is the Krebs Public Works Authority. Balance Sheet – cash amounts of \$189,043 and \$137,737 in Restricted Cash for meter deposits and Rural Development loan. The system net value is \$3,887,349 and the Liabilities are \$217,891 that you owe to the General Fund, \$54,865 subject to deposit refunds, we estimated by June 30, 2016 you would have paid off \$55,286 and that would leave you with a debt of \$618,811. Debt amounts are on Page 19. That shows you are going to pay \$82,872 per year and you have about another 9 years to 2025. That's assuming you don't borrow any other money. You would pay \$674,097 in Principal, \$154,623 in Interest, Total would be \$828,720. Go back to Page 9 to Revenue and Expense for Public Works. You brought in \$937,500 and your Expenses were \$1,004,958 so your Net Loss was \$67,458. You had Investment Income of \$852. Interest and Fees from your loans were \$29,880 so the Net Assets was a decrease of \$96,486.

Page 10 is the Cash Flow Statement. It takes out depreciation and brings in the principal paid on loans. This puts it on a cash in cash out basis. You brought in \$937,500 from customers, paid \$290,762 to suppliers, paid \$522,511 to employees so Net Cash provided was \$124,227. Purchased Capital assets of \$40,510, Principal paid on debt \$52,992, Interest and fees paid on debt \$29,880 so that took \$123,382. Then you got \$852 in

Interest. The Net Increase in Cash at the end of the year was \$1,697. You went from \$325,083 to \$326,780. We would normally, with the loss on Page 9 of \$96,486, which would be indicative of a recommendation for a rate increase, which if you covered the \$96,000 that is right at 10%. But when you go to the Cash Flow Statement, you increase \$1,697. So you did actually make some cash at the end of the year. You had \$325,083 to start with so you have \$326,780 altogether but about one-half of that is restricted because of the meter deposits and the loan reserve. It's up to the council if they want to increase the rates but I normally recommend an increase about 3% every year no matter what simply because of the fact of inflation. You did have the \$40,000 in Capital Assets purchased during the year. If you hadn't bought equipment then your cash would have increased right at \$42,000.

Mike Kern asked if there were any other recommendations. Mr. Osborne responded to use purchase orders, blanket or individual. Example : Blanket purchase order for utilities with a set amount say \$10,000 then list the invoices that paid until it gets to the \$10,000 then issue another purchase order or increase that one. One blanket purchase order may not last the year without increasing it. You need encumber them at the first of the fiscal year and watch them throughout the year to make sure that you don't go over during the year.

Mrs. Scott explained to Mr. Osborne the method of depositing and transferring of funds. Is this the proper way to do this for the Municipal Court Fund and the Senior Citizens? The only thing you are not supposed to do is CLEET and OSBI money that is associated with the fines. It should be in a separate account which the court account meets that requirement. If you would have a bond posted or you have CLEET or OSBI money that has not been paid to them, that is usually the only money that is restricted in a court account. All the rest of it is up to the council what you want to do with it. It's City money so you can put it in the General Fund or the Capital Improvements fund, anything you want to do with it really with no restrictions.

Pat Layden, City Attorney, asked if Mr. Osborne had a recommendation or what towns of our size normally do. Mr. Kern stated that we are re-imbursing every month and part of that is the CLEET expenditure is what is coming out of the court fund and getting paid every month, so I think we are accounting for it. Mr. Osborne stated that basically it's what is simplest for the town, what's most expedient for the town. Mr. Layden asked Mr. Kern if that is what you recommend and the answer is yes. Mr. Kern stated the next step is the Capital Improvement Fund which was started in March 2004. We have some of the sales tax that is specifically allocated by a vote of the people that it has to go into the Capital Improvement. The total revenues since day 1 is \$2,065,765.34. We have spent \$2,035,033.42 and we should have \$30,731.92. Right now we have \$853.66 in that account. This \$29,878.26 needs to be transferred from the General Fund into the Capital Improvement Fund. Mr. Osborne suggested setting up a Capital Improvements Fund and when the money comes in, transfer the money over so you can keep track of it in the books. This basically gets lumped into the General Fund and if you ever lose your ledger, you will be between a rock and a hard place. The Court Fund should have everything transferred out except what you need. You aren't paying expenses out of the court fund. As long as you have CLEET and OSBI paid, and you can't transferred bonds. You can keep a balance of \$10,000 in the account. Set up a Capital Improvements fund and you will have to write checks out of it. Start at the beginning of the next fiscal year. Mr. Kern stated we have all the accountability but it mixed in with the General Fund.

6. REVIEW CITY OF KREBS FINANCIAL STATEMENT WITH MIKE KERN. We will discuss this in greater detail at budget planning. Any questions from the council? None.
7. PUBLIC COMMENTS, QUESTIONS AND ANSWERS CONCERNING THE CITY OF KREBS BUSINESS.
Steve DeFrangé expressed gratitude from the Board and attendance for the improvements made in the last two weeks. The leaks fixed, painting, ceiling. Thanks to the council, administration for all you do. The Council thanked Mr. DeFrangé for all the work that he does.
8. BUSINESS PREVIOUSLY CONSIDERED.
None.

9. BUSINESS NOT PREVIOUSLY CONSIDERED.

- B. DISCUSS AND ACT TO CHANGE FROM AT&T PHONE SERVICE TO MEGAPATH SERVICES WHICH IS AN INTERNET PHONE SERVICE. Joe Breeden with BizTel addressed the council to explain the problems with trying to work with AT&T for the past year to get the monthly bills lowered. Have not accomplished anything in the last 9 to 10 months trying to work with AT&T. The monthly cost for AT&T is from \$1,400 to \$2,000. Kay Scott stated this last month was over \$2,000 for AT&T bills. Mr. Breeden stated they could be lowered to \$158.43 plus fees which should never exceed \$200 per month. This system would use Vyve's internet. We would need to upgrade the phone system for City Hall, wiring changes at Museum, Police Dept, Fire Dept, Maintenance, and the Sewer Plant for a one time cost of \$1,200. The system could be set up for auto-fail which would send the phone calls to McAlester Dispatch, setup with fiber optic backup, or sent to an answering service. Mayor Watkins asked for a motion. Daulfin Bennett made the motion. Jason Wagnon seconded the motion. Mayor Watkins called for a vote. Daulfin Bennett – yes, Jason Wagnon – yes, Connie Poole – yes. Motion passes.
- C. DISCUSS AND ACT TO PURCHASE AN OMNI DIRECTIONAL ANTENNA FOR THE POLICE DEPARTMENT TO ENHANCE CELL PHONE RECEPTION IN THE POLICE BUILDING FOR A PRICE OF \$1,575 WHICH INCLUDES EQUIPMENT, MATERIALS, AND INSTALLATION. Joe Breeden with BizTel explained to the council the particulars about the antenna. This type of antenna would allow reception from any cellular carrier (i.e., AT&T, US Cellular, Sprint, etc. Any type of phone including 4G and LTE phone). This is the strongest repeater/booster he could find. Mayor Watkins asked for a motion. Connie Poole made the motion. Jason Wagnon seconded the motion. Mayor Watkins called for a vote. Daulfin Bennett – yes, Jason Wagnon – yes, Connie Poole – yes. Motion passes.
- D. DISCUSSION WITH W. KAY SCOTT, CITY CLERK/TREASURER, THE ACCOUNTING PROCEDURES USED FOR DEPOSITS AND TRANSFERRING FUNDS BETWEEN ACCOUNTS. This was cover in the review with Ralph Osborne in 9. A.
- E. DISCUSS AND ACT TO DISCONTINUE THE USE OF BROWN & BROWN DBA INSURANCE PROFESSIONALS AS AN AGENT FOR PROPERTY AND LIABILITY INSURANCE WHICH IS INSURED THROUGH OKLAHOMA MUNICIPAL ASSURANCE GROUP (OMAG). THIS IS A COST EFFECTIVE MEASURE THAT WOULD RESULT IN A MINIMUM DECREASE OF \$4,200 PER YEAR. POLICY NUMBERS P1501501226L FOR PROPERTY AND 15285710150 FOR LIABILITY. Mrs. Scott explained that the City could go directly to OMAG instead of paying the additional monies to the insurance company. Mayor Watkins asked for a motion. Daulfin Bennett made the motion. Jason Wagnon seconded the motion. Mayor Watkins called for a vote. Daulfin Bennett – yes, Jason Wagnon – yes, Connie Poole – yes. Motion passes.
- F. DISCUSS AND ACT TO PURCHASE SIX (6) TICKET WRITERS AND SIX (6) PRINTERS FOR THE POLICE OFFICERS AT AN INITIAL COST OF \$22,565 AND THEN AN ANNUAL FEE OF \$3,600. Police Chief Dennis Cook explained to the council that they have had the current ticket writers for 5 – 6 years. Operating on original printer and an upgrade is needed. Chief Cook stated we have an IT Fund for the money. Mayor Watkins asked for a motion. Connie Poole made the motion. Jason Wagnon seconded the motion. Mayor Watkins called for a vote. Daulfin Bennett – yes, Jason Wagnon – yes, Connie Poole – yes. Motion passes.
- G. DISCUSS AND ACT TO JOIN ODIS (OFFENDER DATA INFORMATION SYSTEM) AT AN APPROXIMATE PRICE OF \$7,200 TO \$7,500 FOR THE INITIAL SETUP AND THEN APPROXIMATELY \$1,500 ANNUALLY. Police Chief Dennis Cook explained that ODIS is a management system that 250 police departments over the State of Oklahoma are using. Nancy spends at least 2 hours per day reporting to OSBI form. This would also cut down on the time that Nancy spends typing reports into the system because the reports would be typed by the officers. We can also pay for it out of the IT Fund. Mayor Watkins asked for a motion. Connie Poole made the motion. Daulfin Bennett seconded the motion. Mayor Watkins called for a vote. Daulfin Bennett

– yes, Jason Wagnon – yes, Connie Poole – yes. Motion passes. (When voting to approve 3/15/2016 minutes at the 4/19/2016 meeting – Tommy Walker asked if money could be used from Drug Forfeiture instead of the IT Fund. Okayed by City Attorney Pat Layden, CPA Mike Kern, and the Council members – Connie Poole, Jason Wagnon, and Daulfin Bennett.)

- H. DISCUSS AND ACT TO PURCHASE FOUR (4) CAMERAS FOR THE OUTSIDE OF CITY HALL. TWO (2) TO BE LOCATED IN THE BACK FOR THE RIVE-THRU DROP BOX AND TWO (2) TO REPLACE THE BAD ONES AT THE FRONT OF CITY HALL. TOTAL COST FOR CAMERAS AND INSTALLATION WOULD BE \$4,388.96. Mrs. Scott explained for safety purposes for the two to be added to the back of City Hall. The two in front are replacements because they have quit working. Mayor Watkins asked for a motion. Connie Poole made the motion. Jason Wagnon seconded the motion. Mayor Watkins called for a vote. Daulfin Bennett – yes, Jason Wagnon – yes, Connie Poole – yes. Motion passes.
- I. DISCUSS AND ACT TO APPROVE THE FOP COLLECTIVE BARGAINING AGREEMENT/POLICE CHIEF’S 5 YEAR CONTRACT FOR DENNIS COOK. Charlie Rogers, FOP Representative, stated this is a renewal of Chief Cook’s contract and the only things that were changed were the dates and modifying the 5 year term. Mayor Watkins asked Pat Layden, City Attorney, if he had read the contract. Mr. Layden stated it looked like the same one that was written 5 or 10 years ago. Mayor Watkins asked for a motion. Daulfin Bennett made the motion. Jason Wagnon seconded the motion. Mayor Watkins called for a vote. Daulfin Bennett – yes, Jason Wagnon – yes, Connie Poole – yes. Motion passes.

10. COMMENTS FROM THE MAYOR AND COUNCIL.

None.

11. ADJOURN TO KUA. Mayor Watkins asked for a motion to adjourn to KUA. Connie Poole made the motion. Jason Wagnon seconded the motion. Mayor Watkins called for a vote. Daulfin Bennett –yes, Jason Wagnon – yes, Connie Poole – yes. Motion passes. Adjourned to KUA.