

**TOWN OF HAYMARKET, VA.
Chartered in 1799
County of Prince William**

**TOWN COUNCIL SPECIAL MEETING
January 26, 8:00 P.M.**

MAYOR

John R. Kapp

ATTORNEY

John Arledge, Smith & Davenport

COUNCIL

James Shepard, Vice Mayor

Lynda Farr

David Taylor

Bob Miller

Sheila Jarboe

Michelle Neal-Heard (absent)

Mayor Kapp opened the special meeting, to discuss the finances of the town, Clerks position, and Town Property at 8:02 p.m.

Financials

Mayor Kapp reported that a detailed financial statement had not been prepared prior because information had not been entered correctly into the financial database. The auditor has been working very closely with Mr. Miller and Mayor Kapp. The auditor has received all the information required and we anticipate a final report shortly. Unfortunately, the audit has taken longer than anticipated which was due primarily because not everything had been entered into the database and we needed to verify bank records. For example, in order to prepare 1099's, my name was entered as Jack, John, Mayor, and Mister Kapp. It is necessary that one's name be entered only once in order to keep the financial database straight. Ms. Glaze has been working diligently on cleaning up the financial database and we are trying to get it to a point where we will be moving forward very rapidly. Mr. Miller has been working nights and weekends on this, too.

Councilman Miller expressed his thanks to Mayor Kapp for allowing him to make some comments. Mr. Miller noted that he wanted to make a statement with regards to finances and his position on those finances. Mr. Miller noted the importance of being open and transparent about the finances of the town with the citizens of Haymarket. Contrary to published reports in the newspaper, Mr. Miller noted he had made a comment that was in contradiction of what he was trying to say. His actual views were opposite of what was reported and what he was referring to that night was the audit process. All pertinent data had been turned over to the auditor and once that data has been turned over, we do not have anything more to do with it. Now we have to wait for the auditor to complete the report and give us the final comments. Mr. Miller noted that is what he meant and that is what he was referring to. Mr. Miller apologized to the residents, the Mayor and to the Town Council members for saying things in such a way that were misconstrued. Mr. Miller also noted that he certainly doesn't believe that and he does not practice that. Mr. Miller also noted that we should be open and forthright about the town finances. He believes he has been working hard to produce an accurate financial report. A copy of the most recent financial report was distributed to the members of the Town Council

and to the citizens for their review. Mr. Miller noted it was only a preliminary report and had not been audited. In the near future, a complete, financial report will be made available. Mr. Miller again thanked the Town Council and the citizens for their time.

Mayor Kapp noted the financial report might have been somewhat hard to read, but just to give everyone a clear picture; we are in very good standing. Our budgeted income for the year was \$651,000. For the first six months, income was \$386,000. As you can see for half of the year, we are over our projected income. Our biggest months will be March and April where we will collect Real Estate taxes, Personal Property Taxes, and monies from Town Tags. Mayor Kapp noted we are way ahead of the curve.

Councilman Taylor asked Mayor Kapp if the financial report was based on the approved numbers and if the report took into account funds that were not included in the budget that was approved in July, such as rental income or interest received from our CD's. Councilman Miller noted it reflected the actual approved figures from the budget passed by the previous Town Council.

Councilman Taylor asks, "Is that going to be rectified with the audit? Will those accounts be identified and accounted for?"

Councilman Miller states, " There are two accounts. One is a Town Center account. All rent is deposited there. Then the regular checking account, with day to day operations, is what the report reflects."

Mayor Kapp states, " I reported the figures on the Town Center account at the last meeting. The Town Center Account pays for itself and the Town Hall."

Terri Karnes asks, "On page 3 of 6, under personnel, you have no money spent for a Town Clerk or Deputy Clerk for July through December, although there was both during that time?"

Councilman Miller responds, "The reason for that, I think partially, we have a payroll service. So it doesn't get entered like that."

Ms. Karnes asked, "So your budget will have to just move from all your money into payroll verses separated from Deputy Clerk and Town Clerk?"

Councilman Miller responds, " Yes, because we pay the payroll service. So it is not getting entered that way."

Mayor Kapp states, "We will get that data from Paychex and get that entered."

Terri Karnes asks, "Why does a financial report have to wait for an audit when that is not what is allowable from F.O.I.A.?"

Mayor Kapp states, "The financial report did not have to wait on the audit."

Terri Karnes responds, “The reason we did not get a balance sheet at the January 6 meeting plus these numbers have not gone through audit or comments that Bob Miller is making. That should not play a factor in whether the reports are given over to the public or not.”

Mayor Kapp states, “ The audit had nothing to do with not getting the report out. The data, which was entered by prior personnel, is screwed up. For example the last Town Clerk stated to me she had everything up to date in Quickbooks. There were 15 or 20 checks not entered. We didn’t want to release a report that was erroneous. If anyone wants any information I will give it to you. We have 5 days to do that. Contrary to what was in the newspaper, any information that anyone wants, come to the office, request it and we will give it to you.”

Terri Karnes asks, “In reference to the fact that no expense on the Town Hall was coming from the taxpayers, when officially you did pay yourselves back at the end of the year about \$11,000.00 that had come out of general fund money. Yet, this month you spent \$7,000.00 that will go to the renovations of this building. So, in fact, the taxpayers did pay for it.”

Mayor Kapp said, “Yes, and we will have the Town Center account.”

Pam Stutz asks, “Under Public Safety you don’t have payroll figures there and you have payroll taxes as 0. So your true bottom line is not correct. Under employee benefits you’ve spent you spent \$12,000.00 of your \$13,000.00. Why are employee benefits coming out of here? So that doesn’t come out of your payroll?”

Mayor Kapp states, “Employee benefits is the insurance. We pay the insurance.”

Linda Landwehr comments, “ I think it would be helpful to have a page of definitions.”

Dottie Leonard asks, “What is the status of the audit?”

Councilman Miller replies, “ There have been a great many delays on the audit, due to incorrect data given to the auditor, due to mistakes here at the Town Hall, prior to July and from July through October. False information. I don’t have it documented but the auditor does. That will be part of 3 notebooks worth of documentation that goes with the audit and it has cost us extra money and has significantly delayed what we wanted to have ready. It is done in draft and will be approved.”

Jeanie Heflin asks, “I would like a copy of comments from the auditor and a copy of all statements that implicate any former clerks.”

Chuck Carnahan asks, “what steps will be taken to prevent this from ever happening again?”

Mayor Kapp stated, “We will be more consistent.”

Jeanie Heflin comments, “There was not a meeting of the minds on accounting methods. I had never met with Judy Wright, auditor. The letter sent to residents sounded very accusatory.”

Councilman Taylor states, “no one is making accusations of any willful misconduct. The fact is, there are errors in the way that data was entered into that software. There are obviously errors that are causing delays in the audit. We are working to rectify these errors and get correct information out to residents.”

Councilman Miller stated, “The auditor has made recommendations that we will be implemented.”

Terri Karnes asks, “ isn’t it in your ordinances to do it every year?”

Mayor Kapp states, “It will be every year or every other year. We will strive very hard to get the database totally accurate and once we get it totally accurate and get the audit up to date I will match our books with anybody’s. If anyone in town wants to call for state audit, that’s fine, because we have nothing to hide. Granted, the database isn’t 100 percent accurate. We are working very hard to get it accurate. Ms. Glaze was hired as part time and is putting 50 hours a week.”

Mayor Kapp noted Pam Spilman’s resignation. Mayor Kapp noted she had left after reviewing the Town Clerk’s job description.

Jeanie Heflin requested any correspondence, documentation or verbal reference to her during any closed session or open sessions or mention of her former position as Town Clerk, Secretary, and Treasurer.

Councilman Taylor again noted that no one was trying to lay blame on anyone. The simple fact is the auditor has indicated there are problems in the way the books have been maintained.

Chuck Carnahan mentioned, on page 5 of the Preliminary financial report, under operating revenue-other, there was an unbudgeted amount of \$82,431.00.

Councilman Miller re-interatted the financial report was preliminary.

Chuck Carnahan believes the meeting was spin control.

Councilman Taylor responded by saying no one was making a career of being a politician and noted there were other items on the agenda.

Mayor Kapp noted the advertisement for the Town Clerk’s position. Mayor Kapp also noted the Town Council has been very thorough on interviewing for that position.

Councilwoman Jarboe made a motion to go into executive session under 2.1-3-711 A sub sections 1&3 for the discussion of prospective candidates for Town Clerk and the disposition of the Town Center property. Seconded by Vice Mayor Shepard. Motion passes with 5/0 vote.

Town Council went into closed session at 9:13 p.m.

Town Council came out of closed session at 10:49 p.m.

Councilman Taylor made motion to vacate and obtain proposals to demolish the property located at 6620 Jefferson Street and 15000 Washington Street, seconded by Vice Mayor Shepard. Motion passes with 5/0 vote.

Councilwoman Jarboe made a motion to offer the position of Town Clerk to Jennifer Preli at \$14.50 an hour with benefits. Seconded by Vice Mayor Shepard. Motion passes with 5/0 vote.

Councilwoman Jarboe made a motion to offer the position of Deputy Town Clerk to Stephanie Glaze at \$13.50 an hour. Seconded by Vice Mayor Shepard. Motion passes with 5/0 vote.

Vice Mayor Shepard made a motion to adjourn, seconded by Councilwoman Jarboe. Motion passes with 5/0 vote.

RESPECTFULLY SUBMITTED:

APPROVED:

Stephanie J. Glaze, Deputy Clerk

John R. Kapp, Mayor

