



**FINANCE COMMITTEE MINUTES  
Wednesday, July 10, 2019 10:00 A.M.**

Present: Committee Members: Chairperson, Ashby Foote, Vice Chair; Aaron Banks; Melvin Priester, Jr.; Council President, Virgi Lindsay and Charles Tillman. Directors: Dr. Robert Blaine, Chief Administrative Officer; Angela Harris, Deputy City Clerk; Shanekia Mosley, Deputy City Clerk and Timothy Howard, City Attorney.

Absent: De'Keither Stamps.

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The meeting was called to order by **Chairperson, Ashby Foote**.

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**DISCUSSION: 2018 AUDIT: Chairperson Foote** requested that **Scott Hodges**, a representative of Tann Brown & Russ provide an overview of the 2018 Audit.

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**Attorney Timothy Howard**, City Attorney, stated that a discussion was needed to determine if an Executive Session would be needed in order to have a discussion regarding the 2018 Audit.

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**Council Member Priester** moved, seconded by **President Lindsay** to consider going into Executive Session to discuss matters regarding potential litigation.

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**Chairperson Foote** recognized **Timothy Howard**, City Attorney, who requested that **Scott Hodges**, a representative of Tann Brown & Russ, provide the Council with background information pertaining to the audit findings as it relates to Water & Sewer. Thereafter, **Council Member Priester** and **President Lindsay** withdrew their motion and second to enter Executive Session.

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**Scott Hodges**, a representative of Tann Brown & Russ provided the following information:

- On page 20 of the September 30, 2018 CAFR, the main focus is the Accounts Receivable which is a little less than \$56 million after an allowance for uncollectable amounts.
  - Gross Amount is approximately \$116 million
  - Allowance for uncollectable of \$60 million
- On page 23, cash received from customers was \$46,375,120 (less than the billing amounts)
  - Operating activities was \$7.4 million
  - Principal paid on capital debt was \$11,621,396
  - Interest paid on capital debt was \$10,982,336



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- Decrease in cash received (beginning balance was \$23 million, ending balance was \$10 million) resulting in no operating unrestricted cash available
- Primary concern is there has been some usage from the Reserve Fund to cover bonds. Bonds are required to be at a certain level, and they were below the required level at the end of September 30, 2018 as well as the previous year.
- Findings related to Water/Sewer:
  - Monthly reconciliations between billings and receivables were not being performed in a timely manner. Resulting to incorrect information being provided for financial reports.

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Thereafter, **Mr. Hodges** answered questions posed to him by Council members.

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**DISCUSSION: WATER/SEWER COLLECTIONS: Chairperson Foote** asked **Robert Miller**, Director of Public Works to provided responses to the following questions:

1. What is the latest forecast of revenues by September 30, 2019?
2. What are the plans to handle any shortfalls?
3. What’s the status of the billing office investigations?

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**Robert Miller**, Director of Public Works stated the following:

- Approximately 85% of customer accounts are being billed and 15% of customer accounts are stranded.
- Only billing approximately \$5 million monthly, should be billing approximately \$7-\$8 million monthly.
- Out of the amount of bills being billed, 99% is being collected
- In June 2019, 99% of bills were made, only 55.6 of customers made payments (paid current amount + an arrearage = 99% collections
- Approximately 200-300 turnoff notices are mailed daily (only 40-50 may be actually performed)
- No customer turnoffs will be done during extreme heat conditions as a provision of the customer “Bill of Rights.”
- What does it take to fix the system?
  - It would cost an additional cost of \$3.5-\$4 million dollars to remediate implementation for a previously failed implementation.
  - \$1 million to Origin for portions of the Remediation Plan



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- \$1 million to West Monroe Partners for portions of the Remediation Plan
  - \$1 million to execute “Lift and Shift” strategy with Mythics
  - \$1 million to Mueller and subcontractor, Keystone to resolve the backlog of field activities.
- What is the status of the Water/Sewer investigation?
- Upon the announcement of the internal investigations, 10% of personnel either resigned or retired.
  - All WSBA personnel has been interviewed
  - All Water/Sewer maintenance personnel has been interviewed
  - Customers that participated in the illegal activity has been interviewed

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**Chairperson Foote** recognized **LaaWanda Horton**, Director of Administration, who stated that her department took the financial model prepared by Public Works and plugged in numbers from April, May & June to forecast for July, August & September 2019. They looked at the estimated shortfalls, collections, billing, expenditures and known adjustments.

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**Chairperson Foote** recognized **Sharon Thames**, Deputy Director of Administration, who stated that she added in five (5) that would be due to Veoila by year end and payments to United Water that wasn’t budgeted as well as the debt service payment. The debt service payment is due September 1<sup>st</sup> but must be on the August docket. **Ms. Thames** stated that including Water/Sewer collections from August and September, there will be a \$3.2 million deficient for the bond payment.

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**Council Member Priester** moved, seconded by **President Lindsay** to consider going into Executive Session to discuss potential litigation and personnel matters. The motion prevailed by the following vote:

Yeas- Banks, Foote, Lindsay, Priester and Tillman.  
Nays- None.  
Absent- Stamps.

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**Council Member Priester** moved, seconded by **Council Member Tillman** to go into Executive Session to discuss matters of potential litigation and personnel matters. The motion prevailed by the following vote:

Yeas- Banks, Foote, Lindsay, Priester and Tillman.  
Nays- None.  
Absent- Stamps.

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**Chairperson Foote** announced to the public that the Council voted to go into Executive Session.

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**Council Member Priester** moved, seconded by **President Lindsay** to come out of Executive Session. The motion prevailed by the following vote:

Yeas- Banks, Foote, Lindsay, Priester and Tillman.

Nays- None.

Absent- Stamps.

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There being no further business to come before the committee, the meeting stood adjourned at 12:14 p.m.