

Public Record  
Statement by the  
Mayor Jay Knowles  
August 19th, 2008

When I ran for the office of mayor I promised to the people of Appleton City that my main objective would be to make sure that city will be financially responsible. According to The Missouri Statutes concerning Fourth Class Cities. Section 79200 “The mayor shall be active and vigilant in enforcing all laws and ordinances for the government of the city, and he shall cause all subordinate officers to be dealt with promptly for any neglect or violation of duty”.

Section 79.2 10 tells me that from time to time I shall communicate to the board of aldermen such measures as may, in his opinion, tend to the improvement of the finances, the police, health, security, ornament, comfort and general prosperity of the city.

Also by Statute 79.350 the mayor or the board of alderman shall have the power, as often as he or they deem it necessary, to require any officer of the city to exhibit his accounts or other papers or records, and to make report to the board of aldermen, in writing, touching any matter relating to his office.

It should also be noted that without audits and solid financial processes we are unable to apply for many grants and state funds to improve our city. We have not had an audit since 2001 and I talked with Butch Beeman our auditor who stated that we have major problems to solve before an audit is conducted. Donna Moore, alderman and Finance Commissioner, also talked with Butch Beeman and was given a similar message.

Since taking office I have found numerous problems with the accounting processes and oversight of city hall.

1. Our bank accounts do not reconcile with the financial statement. Rick Cook provides the financial statements. As of July 31, 2008, the reconciliation is off by over \$30,000.00. The city has a statutory obligation to publish a full and detailed account of the city financials. Rick has been reprimanded and must have a full and detailed report published by September 30.
2. All financial records must be backed up on the computer and kept in a secure environment. Back-ups must be done on a weekly basis. Rick gave me a disc and when I got home the disc was blank. I have no back up for our computer system.
3. Rick Cook was paying a personal bill with an Appleton City bank check. He has been ordered to not use the Appleton City accounts for his personal business.
4. Paychecks were being issued on unsigned or dated timesheets. We now have a time clock with a sign stating that any misuse or falsification of the time card will be cause for dismissal.
5. Rick Cook had an extensive amount of overtime on his payroll account, which is paid at the rate of \$22.50 per hour. He must have authorized overtime.
6. We are grossly over budget, especially in salaries and police expense.
7. The city has a procurement process that requires three bids. Rick is responsible for writing the bid specification so that everyone has a fair opportunity for city work

projects. There are no bid specifications being written. I have asked to see the bids on projects the city is involved in. These are to be kept in separate files and easy to access. Rick cannot find records of these bids. I have still not received the bids submitted by the accounting firms for the city audit.

8. By state statute, all city ordinances are to be kept in a binder for public viewing. No ordinances have been included in the binder since 2004. When I asked Rick for the ordinances so that I could review them, he printed out what he could find on his computer. He gave me a few ordinances and said he would get the rest later. He was told all the original ordinances with two copies and the signature of the mayor and city clerk must be organized and in a binder for public review. When I ask about the ordinances he keeps saying he's working on it.

I admit to using the help of my wife, Roseann, because of her great wealth of accounting experience and credentials. I call her "my deputy" and I admit to using this term loosely but I want everyone to know that Roseann is not an officer of the city. She has never been sworn in and acts only as my assistant in finance. She does this on a volunteer basis.

I have invited the alderman to my home to explain the financial statements and how our financials do not match with our bank statements. Only two aldermen were invited at a time so that we would not have a quorum. The aldermen all agreed that knowing how the books and financials work was very valuable and we all agreed to work together. My wife, Roseann, conducted the learning sessions so that everyone would understand how our financials should look. I guess because I'm new I called it a meeting and Rick Cook said that we were in violation of the sunshine law by not publishing the meeting. It seems to me that Rick did not want the aldermen to be educated about our financial situation. I called the "Freedom of Information Center" who oversee the Sunshine Laws and explained what happened and they did not think that we violated any law and was told that no harm was done. By their suggestion, any time two aldermen and the mayor are together for anything that looks like a meeting I will place a public notice on the city hall window. I'm new and still learning but want to do the right thing.

On Sunday, August 17th, Donna Moore (south side alderman and chief financial commissioner) went over the financial papers given to us by Rick. There were numerous mistakes and problems with the financial statements. Brian Knight (south side alderman and also a financial commissioner has also been asked to look over these financial statements but has been unable to do so.) Donna and I looked at the books in order to figure out where the mistakes were. We then went to city hall to look at the financials. The city computer which contains all city information was password protected so I were not able get the information we needed.

On Monday morning, I went into City Hall and asked Rick for the password and he refused to give it to me. According to our city ordinance 0010 that defines the job of the city clerk, Rick is the mayor's administrative assistant and the mayor has oversight of the position. I made a phone call to Joleen Wood, our city attorney and left a message. Joleen returned the call and I explained that Rick would not give me the password into the computer. Joleen said that Rick was insubordinate and that he could be terminated and that the computer should be secured until further investigation. I called our Police

chief Bob Grubb to accompany me and secure the computer. I went to City Hall and asked Rick one more time for the password on the computer, he refused, and I terminated him and asked him to leave. Bob Grubb secured the computer and it is now in the evidence room at city hall. We still do not have the password. Rick called Brian Knight and said that there was HIPPA information on the computer and that he could not give out the password.

The computer is considered public records according to the Sunshine Law 610.029. It also states that nothing that impairs the ability of the public to inspect or copy' the public records of that agency be stored on the public computer. If there is any HIPPA information about the medical conditions of the employees it should be kept in a locked Resource file cabinet.

I called the alderman to let them know what happened and Brian Knight said that I could not terminate Rick without the approval of the majority of the alderman. After looking at the statutes, Joleen said the termination will need the majority of the alderman to agree with me but the computer will stay in the evidence room at City Hall. I reinstated Rick and the computer will be kept secured until these problems can be worked out. Rick still has not given us the password for the computer. So it will be up to the aldermen whether Rick Cook should be terminated.

Brian Knight also told my wife told that she is instigating trouble for Rick Cook because she doesn't like him. That is not true and it is only Rick's perception since she has asked so many questions about what is going on at city hall. This is nothing personal Roseann has even gone and told Rick she would help him get his processes in order and help him understand how to reconcile his books. He said he would, but he has never asked. She is a citizen just like all of you and can ask for and receive public information, just as any other citizen would do. We can save Appleton City \$10,000.00 if our books are reconciled before the audit.

Roseann invited Brian on two occasions this week to look at the books because they were not in the format that Brian had told Rick to use. There are also major mistakes on the Profit and Loss Statements. On both occasions Brian never showed up.

I am still very determined to get the financial condition of our city in order. I ask every citizen of Appleton City to know that everything I do is in good faith and I take seriously the responsibilities you have given me. Appleton City is home to me. I grew Up here and truly enjoy the people. As I have said before I plan on being here until I die. I want Appleton City to survive and thrive. I do not want to see Appleton City going down because of misuse of funds or mismanagement. The financial statements are open to the public and if you want to see a copy, I will be glad to give you one. I am asking that you continue to support me and let your aldermen know you demand fiscal responsibility.