

Madame Chairman,

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With your indulgence, I have prepared my remarks in an effort to make sure that my statements were concise, and that in the process of discussion that I didn't leave anything out.

Personally, I believed and still believe the legislative auditors when they say they are convinced that no fraudulent acts were committed, and no money **has been or is** missing from the city's accounts. This fact was echoed by the report we received from Crow Chizek, and has been substantiated even further to me in my subsequent meetings with our new Finance Director, Mr. Barksdale.

I would like to interject at this point that I do feel that, up until now, we have experienced a lack of oversight in the day to day accounting practices in our city's finance department...something I am most confident that Mr. Barksdale is quickly correcting. I feel like our practices have been sloppy, and that training and corrective action must take place to restore a full level of confidence in our fiscal management capabilities. Again, I am confident that Mr. Barksdale is doing just that.

That having been said, I was concerned all along about the scope of work that was outlined for Crow Chizek. Even with concerns, however, I felt that all the members of this council were placed in a position where we had no choice but to

vote for the resolution...because none of us would ever want to appear that we take the public's trust in our stewardship of their money lightly. Now that the process is over and we have our report back, I believe more than ever that my initial instincts were correct.

As a former banker, the accounting deficiencies that we all knew to exist were troubling. As a former chairman of this committee with a background in finance, I took time from my personal schedule and spent several hours with Mr. Barksdale over the past several days asking questions and reviewing both the work of Crow Chizek and our finance department.

**The charge given Crow Chizek was not to conduct an audit.** They made it very clear in both the scope memo supplied to us and the draft report we were given that this in no way was an audit. In general, they were to report back on the financial and accounting practices within the department, and to determine if certain specific expenditures were in compliance with state and local laws at the time of their execution.

**For \$80,000, we found out what we already knew...that we had sloppy accounting practices.....but no fraud..... and we have all our money.** They also found **no issues** of non-compliance with any local or state laws in any of the expenditure categories we asked them to review. For that reason, I am glad the process was completed.

Mr. Barksdale and his staff have now had an opportunity to begin their work on reviewing these same items. As you will see from his presentation this afternoon, we have gotten far more detailed information in-house as to the actual classification of the expenditures in question than we received in our report. I consider this a great thing...it means that we now have a finance department headed by a qualified individual with the auditing and management experience we need to get our practices and procedures accurate and timely.

Moving forward, we need to give them time to do their job. One way or the other, there will be a new administration in January 2009. Do we need a clean bill of health and an accurate accounting of all city assets and monies for that transition?....Absolutely we do.

Legislative audit has told us that they are convinced that there is no fraud, illegal activity or missing money...and Crow Chizek told us the same thing. **We have no credible basis that I've seen that would lead us to believe otherwise.**

We **now** know how much was spent on furniture. We know that advertising practices for JETS followed the law. We know that the only money that was spent by the city for the Convention Center was for legal work in reviewing Mr. Hammon's lease proposal and in preparing documents for this council to bring the matter before the public for a vote.

In fact, because of my service on the Convention Center Ad Hoc Committee, I took the responsibility upon myself to investigate this matter even further.

Based on my research, other than the previously mentioned fees for legal counsel, I find that all the money expended was done so by NEAIDC. These included payments for research, studies, polling and additional legal services.

There were no additional city monies appropriated to NEAIDC **other than the original budget appropriation we make to them annually for economic development activities.**

NEAIDC takes our money and puts it in an economic development account with monies appropriated them by the county. Their board, **the NEAIDC board**, then has autonomous jurisdiction in what projects and activities they deem important to economic development. Neither the Mayor, the Judge, the Quorum Court or this Council is charged with the responsibility of dictating their scope of work.

NEAIDC has clearly documented minutes of all meetings and appropriations for this project. Their leadership has served our community well and made us one of the premiere small cities in America to do business.

~~Madam Chairman, I am growing tired of the efforts to leave false~~

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~~impressions of wrongdoing that are keeping our community in turmoil by continuing to create an environment of investigations into unfounded issues.~~

**It's time to move forward and get on with the city's business.** We need to let Mr. Barksdale, his staff and legislative audit move on with their jobs. I need not remind this committee that legislative audit, by their own admission and charge, is far more scrutinizing and has much more history of finding fraud than any private firm auditing a city.

Let them do the work they have to do...and do whatever is necessary to make sure that we have a clean audit moving into the next administration.

**I really and truly believe, that to do anything else is at this point, in my opinion.....is a waste of taxpayer money.**