

**EXAMINATION OF CERTAIN PROCESSES,
CONTROLS, AND TRANSACTIONS OF
THE CITY OF GEORGETOWN**



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C R I T L U A L L E N
A U D I T O R O F P U B L I C A C C O U N T S

August 22, 2005

Everette L. Varney, Mayor
City of Georgetown
100 Court Street
P.O. Box 677
Georgetown, Kentucky 40324

RE: City of Georgetown Examination

Dear Mayor Varney and City Council members:

We have completed our examination of certain processes, controls, and transactions of the City of Georgetown (City). This examination was conducted pursuant to our Memorandum of Agreement with the City that detailed the purpose of the examination, to evaluate the City's procurement process in general, and particularly in relation to dealings with a City's contractor, CompData, an information systems consultant.

Examination procedures included interviews with the individual doing business as CompData, numerous City officials and employees, and many current and former City Council members. We also contacted and requested documentation from other current and former clients of CompData. Various documents were scheduled and analyzed, including contracts, invoices, and checks. We examined the City's adopted and approved Purchasing Policy. City Council minutes were also reviewed to identify discussions and actions relevant to CompData.

The City entered into 14 contracts with CompData, totaling \$740,466 plus daily expenses, to perform various services from 1998 through 2004. Payments to CompData for the same period, however, totaled \$1,869,439. Issues identified in this report reveal:

- various areas of noncompliance with established procurement policies;
- certain payments to CompData were not presented to City Council;
- CompData invoices lacked sufficient detail and resulted in questionable charges;
- a lack of oversight in the initiation of contracts with CompData; and,
- failure to adequately monitor the cost of contractor services.

These issues contributed to a disparity of over \$1 million between contractual obligations and payments actually made to CompData.



Mayor Varney and City Council members
August 22, 2005
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Detailed findings discussing these and other issues are presented in this report. We also offer our recommendations for improvements to the City's procurement process. Due to the findings resulting from this examination, we have referred this report to the Attorney General's Office, the City Attorney, the Commonwealth Attorney, and the Scott County Attorney to consider whether further investigation is warranted.

We wish to thank Mayor Varney, City Council members, and all City employees who were most helpful during the course of our examination.

Very truly yours,

A handwritten signature in black ink, appearing to read "Crit Luallen". The signature is fluid and cursive, with a long horizontal stroke at the end.

Crit Luallen
Auditor of Public Accounts

Background

City enters into first contract with CompData in November 1998.

In 1998, the City of Georgetown (City) experienced a series of computer system failures. These failures impacted various portions of the City's computer system, including the City's payroll function, resulting in the City's determination to seek immediate remediation. Acting upon a recommendation of an area software company, the City entered into a contract with CompData to resolve these immediate concerns.

The first contract with CompData was signed in November 1998 by the City's acting Mayor. After this initial contract for services, the City then decided to purchase new computer hardware and software. A committee of the City Council was formed to determine the computer system that would best serve the City's needs. Once the system was selected, the contractual relationship with CompData that was initiated in November 1998 continued through December 2004. For this period, we identified 14 contracts between the City and CompData (Exhibits A and E). CompData is comprised of one individual who performs the work of this company. For several months during the period examined, the contractor used a relative as a subcontractor to perform limited services.

In fiscal year 2002, the City Council discussed the need to hire an Information Technology (IT) employee in order to reduce the City's technology costs. In November 2002, the City hired the contractor's relative as a part-time IT employee resulting in a transition period during which time the contractor could train the new IT staff person on the City's computer system. This employee was hired full time in July 2003.

City Council questions payments to CompData and requests independent technology assessment.

In fiscal year 2004, the City Council continued to question sizable payments made to CompData for IT assistance. In July 2004, the council requested the assistance of a third party to evaluate the current computer system. The City contracted with an IT consultant with experience in business technology systems to perform this evaluation.

The consultant's report detailed the costs incurred to create and maintain the City's computer system from June 2000 through August 2004. The consultant's report identified payments to CompData totaling over \$1.7 million. This amount excludes payment to CompData prior to June 2000 as well as payments to other vendors. To gain a better understanding of the process and financial controls related to these expenditures and the City's contractual relationship with CompData, the City engaged the Auditor of Public Accounts to perform an examination.

Findings and Recommendations

The City failed to follow established purchasing policies.

The City did not comply with its existing policies that specify the procurement process to be followed to solicit contractors. Specifically, these issues include:

- Failure to make emergency declaration;
- Failure to document purchasing methodology; and,
- Failure to notify legislative body of procurement activities.

The City did not declare an emergency for the initial contracts with CompData.

The initial contract with CompData resulted from an emergency situation due to a series of system failures in the fall of 1998. While none of the parties interviewed disputed the immediate need to repair the system, especially concerning the payroll function, the City did not follow its designated procedure for declaring an emergency.

In sections 7.1 through 7.11, the City's Purchasing Policy states, "[n]on-competitive negotiation may be used only when written determination is made that competition is not feasible and it is further determined in writing by the Mayor that an emergency exists which will cause public harm as a result of the delay in competitive procedure."

The Mayor and City Attorney had no recollection that an emergency was established through written declaration. The two contracts on November 25, 1998 and December 8, 1998 were signed by the then acting Mayor.

The City did not follow any of the acceptable methods of procurement, as described in the City's Purchasing Policy, regarding the services provided by CompData. Acceptable methods include: small purchase, sealed bid, competitive negotiation, and non-competitive negotiations. Four contracts could potentially have been procured through small purchases. However, 10 of the 14 contracts were in excess of \$10,000 and should have been procured through one of the other three methods.

The City did not advertise for bids or proposals.

Sealed bid and competitive negotiations require advertising for a bid or request for proposals. These methodologies allow the City the opportunity to receive and evaluate competing offers. Further, these methods allow for the documentation of the objective criteria used to evaluate the proposals and select the winning vendor. The City did not advertise for a bid or proposal for any of the work awarded to CompData.

The City did not document that CompData's services qualified for non-competitive negotiation.

The method most closely resembling that used by the City to procure the services of CompData is non-competitive negotiation. However, the City also failed to meet the requirements of this procurement method. As stated in Section 7, non-competitive negotiation is allowable "only when written determination is made that competition is not feasible." Further, the Mayor must determine in writing that a qualifying criterion is met. These criteria include the existence of an emergency, a single source, and the services of a licensed professional or technician. The City did not document a determination that competition was not feasible for the services provided by CompData, nor did the former or current Mayor make a written determination identifying the criteria used to permit non-competitive negotiation.

The Finance Director acknowledged that another vendor was interested in providing similar computer services to the City. The existence of a potential competitor should have negated the option of using the non-competitive negotiation procurement method.

Finance Director failed to properly notify the City Council of all procurement activities.

Purchasing Policy 2.4 states, "[t]he Finance Director shall provide the legislative body with a written summary of all procurement activities" including identification of all contracts resulting from sealed bids, from competitive negotiations, and "from non-competitive negotiations along with a copy of the written determination to use that form of procurement." The Finance Director did not provide the City Council with these reports. City Council minutes did not document discussions to initiate contracts with CompData.

Recommendations

The City should enforce compliance with existing policies to ensure all aspects of the purchasing process are properly followed, including:

- Following the designated procedure for declaring an emergency contract;
- Determining the appropriate method for procuring goods and services and adhering to the specific policies associated with that method.
- At a minimum, annually presenting the City Council with “a written summary of all procurement activities,” as required by Purchasing Policy 2.4.

We further recommend procurement policies be distributed to all appropriate personnel, and require each employee to sign an acknowledgement stating they have received the policies. Periodic training should be provided to employees to ensure a thorough understanding of the employees’ duties and responsibilities to comply with these policies.

Over \$1 million paid to CompData are not supported by specific contract agreements.

From 1999 through August 2004, the City paid \$1,879,140 to CompData. During this period, the City had 14 signed contracts with CompData totaling \$740,466 plus daily expenses (Exhibits A and E). Daily expenses for the period, as presented on CompData invoices, total \$72,421. The result is a total in excess of \$1 million in payments to CompData unsupported by contract.

Most of this difference is attributable to the time period covered by the Maintenance Agreement. This contract covered the four calendar years 2001 through 2004. During this period, the City paid approximately \$900,000 to CompData over and above the amounts specifically obligated by contract.

The Maintenance Agreement contained an “umbrella clause,” which stated that additional hours over 260 per year “cannot be used and billed without prior consent of the Finance Director.” According to both CompData and the Finance Director, additional work was frequently requested and authorized by the Finance Director, but these approvals were made verbally, for which no documentation exists. The umbrella clause appears to have been broadly applied to include any additional work performed by CompData and not just those services pertaining to the maintenance of the existing system.

Contractor charged for additional work without fulfilling the specific requirements of the Maintenance Agreement.

The Maintenance Agreement required CompData to work 26 ten-hour days each year for four years. The Maintenance Agreement set the cost of these services at \$170 per hour plus \$105 per day for expenses. Our summary of CompData invoices shows only 67 days billed at the Maintenance Agreement rate rather than the 104 days expected per the agreement (Exhibit B). On the other hand, 4,043 hours, or more than 400 typical 10-hour days, were billed to the City for ostensibly non-maintenance agreement work. CompData charged the City \$210 per hour for this “additional” work, despite having not met the minimum hours required by the contract at \$170 per hour.

Additionally, the daily expense fee charged by CompData increased from \$105 to \$130 in July 2002. From July 2002 through August 2004, the City was billed for more than 220 days’ expenses at the higher rate. The City has no contract with CompData specifying a daily expense fee of \$130. According to CompData, the fee charged is in accordance with the “prevailing rates and terms” for additional approved hours in the maintenance contract.

Work description on certain invoices imply work should have been charged at lower rate.

Numerous invoices billed to the City at the \$210 hourly rate contained work descriptions that reasonably appear to fall within the heading of a Maintenance Agreement. Several invoices early in the term of the Maintenance Agreement describe services such as “Basement network chgs” and “ISP provider research” that are described exactly the same way on other invoices billed at the \$210 rate. Contrasting the actual work performed at the \$210 rate with that at the \$170 rate after June 2001 is difficult, since the lower rate invoices say only “per services agreement.”

The City did not monitor time charges and payments associated with contracts.

The Finance Director stated that his department relied on CompData to comply with the requirements of the Maintenance Agreement, and that the City did not maintain a running total of time and dollars applied to that contract. By failing to match invoices to contracts and therefore being unaware of hours available associated with the Maintenance Agreement, the City missed an opportunity to question whether work should have been performed under the Maintenance Agreement at the lower rate. The City may have overpaid by as much as \$14,800 for these services. This amount is comprised of the 37 days of work unfulfilled under the Maintenance Agreement multiplied by \$400 per day, which is the difference between the “prevailing rate” and the Maintenance Agreement rate for a 10-hour day.

Invoices paid exceed wireless network contract amount by \$175,000.

In September 1999, the City contracted with CompData for services related to the installation of a wireless network. The amount of this agreement was \$215,500, plus expenses. The City received and paid two invoices totaling \$390,663 in November 2000 associated with this contract. The City also paid invoiced daily expenses associated with this work. Therefore, the City paid approximately \$175,000 in excess of the stated contract amount. The contractor stated the difference would be attributable to the hardware and other equipment necessary for the network.

The contract is ambiguous regarding the items of hardware and equipment necessary to complete this project and how much of the cost is included in the contract amount. Regardless, no documentation was available to identify whether equipment purchased resulted in the \$175,000 difference. The City did not question the additional \$175,000 invoiced for the wireless network contract.

The City overpaid telephone support contract by \$5,280.

In March 2001, the Finance Director signed an agreement with CompData for telephone support. The agreement covered a three and one-half year period beginning in July 2001. The contract specified annual payments of \$11,376 for the first three years and \$5,688 for the final six months. CompData invoiced the City \$14,016 for the second year and another \$14,016 for the third year. The City also received and paid an invoice totaling \$7,008 for the final six months. CompData gave the City a credit of \$1,328 for this final overpayment when the City questioned the bill. However, the City never questioned the previous two years' overpayments totaling \$5,280. The contractor stated the difference in the billings was due to network services in addition to those offered in the first year of the contract. The Finance Director stated that no contract modifications occurred.

Recommendations

We recommend City policies be modified to require a unique contract number be assigned to each contract. We further recommend contractor invoices be required to reference the appropriate contract number on each invoice.

This process will assist the City's contract management by:

- identifying invoices associated with a specific contract;
- identifying invoices for work unrelated to existing contracts;

- identifying the amount to date paid for a contract;
- identifying whether payments are approaching the maximum amount of the contract;
- identifying whether progress made in completing the terms of the contract reasonably correspond with contract payments; and,
- identifying whether contract terms need to be modified.

We further recommend that contract invoices be thoroughly scrutinized and appropriate action taken to address any issues or questions that result from this review.

Payments to CompData totaling \$206,411 were not presented to City Council.

The City Council meets twice a month on alternate Thursdays. At regular City Council meetings, each City Council member is provided with a packet of information. This packet includes a check register listing all checks paid the previous Friday, and an encumbrance list of all bills to be paid the next day. Since all City checks are typically written on Fridays, the City Council is thereby informed of all bills paid by the City.

By examining certain encumbrance lists submitted to the City Council and comparing to check registers produced the next day, we identified three payments to CompData in 2004 that were omitted from the encumbrance list. These payments, totaling \$206,411, were therefore not provided to the City Council.

According to one individual interviewed, the Finance Director instructed that these CompData invoices be excluded or removed from the encumbrance list prior to the City Council meeting, and then added to the vouchers paid subsequent to the meeting. Upon questioning, the Finance Director said he would have no reason to omit such an invoice from the encumbrance list. He stated that while adding a payment to the previous day's encumbrance list was the exception, and not the rule, such an occurrence was not unusual and involved other vendors. He stated that possible explanations for these late additions would include a need to rush the payment, a late-arriving invoice, or a staff error in preparing the encumbrance list. The Finance Director also stated the encumbrance list was not the official record of City expenditures.

These omissions from the encumbrance list indicate that the City Council does not necessarily see every expense incurred by the City, and may help explain why several City Council members expressed surprise at the total payments made to CompData.

Recommendations

We recommend that any revisions to expenditure information previously provided to the City Council be reported and highlighted in the packet distributed at the next City Council meeting.

We further recommend a written policy be developed that identifies the information required to be distributed to the City Council.

CompData invoices lacked sufficient detail, contained errors and questionable charges.

Many invoices received from CompData lacked appropriate detail or contained apparent errors or other questionable items.

Certain invoices refer to a block of hours worked, but do not identify specific dates. For example, two invoices dated November 15, 2003, charge for 85 hours of service, but do not specify the dates worked. These invoices fall within a six-week period in which five other invoices billed for 272 additional hours of service.

Full days expense fee charged for limited days work.

Several invoices charge a full day's expense for half a day, or less, of on-site work. For example, an invoice for work performed March 3, 2004, charged a full day's expense fee of \$130 but charged for only two hours' work. By contrast, the invoice for November 14, 2002, charged \$65 expenses, or half a day's rate, for 3½ hours worked. The contracts with CompData do not specify how daily expense for partial days worked will be calculated.

Many invoices are dated several months prior to the date of actual payment. For instance, one check to CompData for \$93,555 was dated June 18, 2004, and was supported by 23 separate invoices. Of these invoices, 15 reference work performed between October 2003 and February 2004. In another instance, a check for \$50,161 dated May 21, 2004, was supported by 10 separate invoices. Each of these invoices references work performed between August and October 2003. The untimely receipt of vendor invoices compounds the difficulty of verifying the nature and extent of services performed. Conversely, holding invoices for payment increases the risk of duplicate billing and can impact financial reporting and budgeting.

30 invoices were dated prior to work performed.

On 30 occasions the City received invoices from CompData dated prior to the date listed for the work performed (Exhibit C). While CompData believes many of these invoices were simply misdated, the City failed to question these invoices. This is another indication of the City's lack of sufficient oversight.

Near the end of 2001, the contractor offered the assistance of a subcontractor to perform more basic tasks at a rate of \$25 per hour. Billings for the subcontractor's time were presented monthly to the City through CompData invoices. Each month's billings included a summary sheet detailing dates, hours, and brief descriptions of the tasks performed.

CompData charged for training its subcontractor.

Invoices for services on December 2, 2001, January 6, 2002, May 30, 2002, and August 13, 2002 document the contractor charged the City a total of 12 hours at a rate of \$210 an hour for training the subcontractor. On January 6, 2002, the contractor billed the City for the four hours the subcontractor was being trained. Contracts do not provide for the contractor to train his own subcontractor at the City's expense. Reimbursement to the contractor and subcontractor for training cost the City, at a minimum, \$2,620.

Further, in 1999 the City Council appointed a committee whose charge was to examine the City's computer needs and make a system recommendation to the full Council upon completion of the review.

As part of this process one councilmember, accompanied by the CompData contractor, traveled to Colorado to observe a systems demonstration and to determine the systems compatibility with the City's needs.

The City paid the contractor in excess of \$4,500 for this Colorado trip. According to the councilmember, CompData was already under contract with the City to provide computer services. However, we found that the language within the three contracts existing at that time addresses specific hardware, software, and installation services and does not address consultation on the selection of a new computer system. CompData provided this office with two invoices associated with this trip. One of these invoices for \$4,086 referenced an AAA voucher that was not provided. We could not determine what comprised the total invoice amount.

Due to billing discrepancies noted during our examination of invoices submitted to the City, we requested documentation from current and former clients of CompData to determine whether this information would result in additional questionable billings to the City. Certain clients did provide this office with contracts and invoices covering the same time period of our examination.

On numerous occasions the contractor charged daily expenses to multiple clients for the same day.

By comparing this data with information from the City, we discovered other billing conflicts. These included 24 instances where CompData billed daily expenses to both the City and to another client on the same day. CompData provided information suggesting that four of these conflicting dates resulted from misdating the information on the invoice. The amount of the 24 discrepancies identified total \$2,680. CompData provided explanations related to four billings that reduced the amount to \$2,235 (Exhibit D).

These conflicting invoices revealed three days in which a total of 20 or more hours were billed to the City and another client. CompData explained that there was an error on each of the three invoices. From earlier discussion with CompData, it was explained that hours charged excluded travel time, making it difficult to work as many hours as claimed on invoices.

Recommendations

We recommend the City affix a date stamp to invoices as they are received. This will assist in determining the timeliness of submitting and paying invoices.

We recommend the City include the following language in its contracts:

The contractor agrees that the City or its designated agent shall have access to any books, documents, papers, records, or other evidence which are directly pertinent to a City contract for the purpose of financial audit or other review.

We further recommend the City employ a methodology to provide a consistent thorough review of invoices prior to payment.

**Contracts with
CompData were
inadequate to safeguard
the City's interests**

The City entered into 14 separate contracts with CompData (Exhibits A and E). Each of these contracts was a vendor-generated document created with little participation from the City. We identified several issues that, at a minimum, were not advantageous to the City or were in direct violation of City policy.

- Purchasing Policy 12-4 requires contracts extending beyond one fiscal year to contain a clause allowing for cancellation without penalty in the event funds are not budgeted for the contract. Two contracts with CompData, the Maintenance Agreement of October 30, 2000, and telephone support contract of March 6, 2001, were for multiple years. Neither contained the cancellation clause.
- Contracts for task-specific projects contain no “project end date,” providing no assurance to the City of timely completion and no penalties for delays.
- The contracts do not contain a “not to exceed” clause, but frequently allow CompData to determine “that it is necessary to perform additional services that exceed the services represented” in the contract. The contracts state these additional services must be authorized in writing.
- The contracts as written do not permit the City to terminate the contracts without the City agreeing “to pay CompData for the total services as stated” in the contracts.
- The contracts did not contain a continuation method, such as numbering pages, and the City had difficulty distinguishing draft pages and exhibits from actual contracts.
- Contracts do not address how to apply daily expenses for partial days work.

Contract clause allowed contractor to set his own rate and terms.

The contract of October 30, 2000, known as the Maintenance Agreement, states that “CompData will provide consulting and installation services” for the four-year term of the contract. This language conflicts with the apparent understanding that the contract was for maintenance of the existing system. This contract also contains an “umbrella clause” that allows excess hours to be billed with the consent of the Finance Director under “CompData’s prevailing rate and terms.” The contract does not require proper written authorization nor does it allow the City to negotiate or establish a maximum amount it is willing to pay for these services.

Many of the issues discussed above could have been alleviated had the City taken a more active role in negotiating these contracts. While the Purchasing Policy does not require participation from the City Attorney in the contracting process, a legal review of contracts that exceed a certain amount could ensure the protection of the City’s interest.

Recommendations

We recommend procurement policies be modified to also require an attorney’s signature for contracts exceeding a specified dollar amount. This signature represents that a thorough legal review of the contract was performed to safeguard the interests of the City.

We further recommend the contractor not be allowed to begin work until the contract is signed by the Attorney and other authorized party.

Finance Director’s approval of several contracts violated City policy and state statute.

The City’s Purchasing Policy 2.1 through 2.12 states, “[t]he Mayor shall be responsible for the administration of the procurement function of the City. The Mayor delegates to department heads or other administrative personnel he/she deems appropriate such authority as may be appropriate and necessary for the proper performance of the procurement function. No delegation of authority shall be made to award any contract in excess of \$10,000.00.”

KRS 83A.130(8) requires authority delegated by the Mayor for contracting to be designated by executive order.

According to the Mayor and the City Attorney, any deviation from the policy above must be made in the form of an executive order. This policy reflects the requirement of KRS 83A.130(8) which states, “[a]ll bonds, notes, contracts and written obligations of the city shall be made and executed by the mayor or his agent designated by executive order.” The Mayor made no such delegation of authority to an agent designated by executive order.

The City's Finance Director signed four contracts with CompData. Absent the Mayor's agency designation by executive order, the Finance Director had no legal authority to sign these four contracts. Three of these contracts were in excess of \$10,000. Therefore, according to the Purchasing Policy, these three contracts were not subject to the Mayor's delegation of authority to an agent.

Finance Director signed four-year Maintenance Agreement.

In October 2000, the Finance Director signed a four-year contract with CompData known as the Maintenance Agreement. The terms of this Agreement called for the City to pay a total of \$44,200 plus \$105 per day for expenses in exchange for 260 hours of work to be performed on site each year. The contract over the four-year period, including daily expenses, totaled \$187,720. Therefore, the City committed to a \$187,720 contract on the sole signature of the Finance Director who did not possess, and by City policy could not exercise, contracting authority.

Finance Director had no delegated authority to approve additional services by the contractor.

The Maintenance Agreement also contained language referred to as the umbrella clause, which states "[t]otal on site hours expended over 260 hours will be billed at CompData's prevailing rates and terms. CompData understands that, on an annual basis, additional hours over 260 cannot be used and billed without prior consent of the Finance Director." According to both the Finance Director and contractor, substantial amounts of additional services were performed by the Finance Director's verbal approval pursuant to this umbrella clause. Inasmuch as the Finance Director had no delegated authority from the Mayor to execute such a contract, neither did he have the City's authorization to verbally approve additional services.

A contract for wireless networking was signed by the Mayor in September 1999. In December 2000, the Finance Director signed another agreement described as a "contract addition" to the original wireless network contract. According to this contract addition, the City agreed to pay \$74,130 plus \$105 per day for expenses. As with the Maintenance Agreement, the amount of this contract exceeded the procurement authority of the Finance Director.

In March 2001, the Finance Director signed a telephone support contract with CompData. The contract specified a three and one-half year term at \$11,376 per year and \$5,688 for the final six months. This totaled \$39,816 for the contract period. Once again, this exceeded the procurement authority of the Finance Director.

The Finance Director stated that all directors signed City contracts. Two departmental heads interviewed confirmed they had signed contracts, but for amounts less than \$10,000.

The City did not comply with policy requiring pre-approved purchase orders.

In addition, Purchasing Policy 17.1 states, “[a]ll Purchase Orders for materials or services in excess of \$250.00 shall be signed by the Finance Director prior to the purchase.” The City did not use pre-approved purchase orders for the services performed by CompData.

Recommendations

We recommend the City implement appropriate measures to ensure compliance with existing policies. Specifically,

- the Mayor should issue an executive order that clearly identifies the procurement authority delegated to department heads or other personnel;
- training should be provided periodically to appropriate personnel to ensure a clear understanding of the employees’ responsibilities and authority; and,
- purchase orders should be consistently used to document the pre-approval of procuring goods and services.

We further recommend the City modify its procurement policy to require the City Attorney’s review and signature for contracts over a designated amount. This review will ensure adherence with the approval parameters established by policy and executive order.

The City disregarded its responsibility to monitor contract activity and associated payments.

The City’s procurement process failed to provide proper oversight regarding the contracts and payments associated with CompData. Review of all invoices and contracts related to CompData revealed several errors and discrepancies, which could have been avoided had the City practiced proper oversight.

The City did not examine invoices to ensure agreement with contract terms.

Specifically, the City did not compare invoices to related contracts to ensure the billings agreed with the contract terms and prices or that a contract existed for the services claimed. Without proper oversight, the City also was unable to determine what services remained to be performed, what equipment was yet to be provided, and the total cost associated with each contract.

Hours billed were typically not verified.

While the Finance Director and the Payroll Clerk acknowledge that hours were verified for project work for which the Payroll Clerk was directly involved, hours billed were not typically verified. In order to work on the computer system and not disrupt employees' work schedules, the contractor often worked nights and weekends. This practice is not uncommon in the computer field; however, the City had no record of his schedule. In some instances, invoices provided little or no detail of the work performed or even the specific days worked. The City relied on whether the computer system operated properly to determine if the work had been performed, rather than monitoring the on-site hours worked by the contractor.

Given proper oversight, the City would have been aware, at all times, of the amount paid on computer upgrades and services. Such oversight may have also caused City personnel to question the extent of work not directly associated with a contract as well as billings for items such as costs for out-of-state travel and subcontractor training, neither of which were specified in any contract and are not common billable items.

Lack of oversight contributed to overpayments.

Lack of proper oversight contributed to overpayments to CompData. The four instances cited below total \$5,030 in overpayments to CompData.

In one instance, the contractor listed a daily fee for the same date on two separate invoices, causing overpayment of \$105.

In another instance, the contractor invoiced \$2,230 for 10 hours including expenses for a specific day. The contractor then charged 10 additional hours for the same day on a different invoice, at the hourly service contract rate plus expenses for a total of \$1,805. This amount appears to be an overpayment to CompData. These consecutively numbered invoices were paid with the same check, yet the City did not question the apparent overcharge. In addressing this issue, CompData explained that one of these invoices was misdated, however, did not provide an alternate date.

In two instances, the City paid the same invoice twice and in a third instance the City paid for the same work billed on different invoices. While the City's system is designed to prevent duplicate payments of specific invoices, the control became ineffective when payments failed to reference associated invoice numbers. In one of these three instances, CompData provided the City with a credit, leaving an overpayment of \$2,540.

Another overpayment of \$580 resulted from an invoice that included time for CompData and a subcontractor. The City subsequently recalculated the invoice paying for more contractor time than was actually billed.

Recommendations

We believe recommendations made earlier in this report address the concerns raised in this section. These recommendations advised the City:

- to date stamp vendor invoices as they arrive;
 - to require a contract number be assigned to each contract and referenced on vendor invoices; and,
 - to scrutinize vendor invoices for completeness and accuracy.
-

Referral

Due to the findings resulting from this examination, we have referred this report to the Attorney General's Office, the City Attorney, the Commonwealth Attorney, and the Scott County Attorney to consider whether further investigation is warranted.

EXHIBITS

EXHIBIT A

City Contracts With CompData

	Date	Signer for City	Amount + Expenses	Brief Description
1	11/25/1998	Kirk	\$ 4,419	\$90/day no attachment provided
2	12/8/1998	Kirk	\$ 94,651	\$90/day Equipment and installation
3	1/22/1999	Varney & Gravitt	\$ 12,361	\$90/day Equipment and installation
4	6/11/1999	Varney	\$ 13,500	\$90/day Property tax application- installed
5	6/11/1999	Varney	\$ 3,200	\$90/day KRS application- installed
6	6/11/1999	Varney	\$ 13,685	\$90/day Network printers and installation
7	6/11/1999	Varney	\$ 9,505	\$90/day Ethernet conversion
8	6/11/1999	Varney	\$ 43,689	\$90/day Fire Dept. equipment and installation
9	6/11/1999	Varney	\$ 32,990	\$90/day Cardome equipment and installation
10	9/17/1999	Varney	\$ 215,500	\$105/day Wireless network consulting and installation
11	6/15/2000	Gravitt	\$ 6,220	One year telephone support- FY 2001
12	10/30/2000	Gravitt	\$ 176,800	\$105/day Four years consulting and installation
13	12/4/2000	Gravitt	\$ 74,130	\$105/day Network equipment and services
14	3/6/2001	Gravitt	<u>\$ 39,816</u>	3.5 years telephone support through CY 2004
Total Contracts Amount			<u>\$ 740,466</u>	

EXHIBIT B

Payments made under Maintenance Agreement

Date of Invoice	Invoice Number	Dates Worked	Hours	Hours times Daily Hourly rate	Expense	Invoice Total	Hours per year
1/27/2001	7499	1/25/2001	10	1700	105 \$	1,805	
2/5/2001	7558	2/22/2000	10	1700	105 \$	1,805	
2/6/2001	7513	2/1/2001	10	1700	105 \$	1,805	
2/16/2001	7540	2/8/2000	10	1700	105 \$	1,805	
3/14/2001	7591	3/8/2000	10	1700	105 \$	1,805	
3/25/2001	7617	3/22/2001	10	1700	105 \$	1,805	
4/5/2001	7642	4/5/2001	10	1700	105 \$	1,805	
5/5/2001	7683	4/26/2001	10	1700	105 \$	1,805	
6/30/2001	7761	6/26/2001	10	1700	105 \$	1,805	
6/30/2001	7762	6/27/2001	10	1700	105 \$	1,805	
6/30/2001	7763	6/28/2001	10	1700	105 \$	1,805	
7/5/2001	7782	7/5/2001	10	1700	105 \$	1,805	
7/20/2001	7790	7/19/2001	10	1700	105 \$	1,805	
8/5/2001	7800	7/31/2001	10	1700	105 \$	1,805	
8/15/2001	7814	8/13/2001	10	1700	105 \$	1,805	
8/15/2001	7815	8/14/2001	10	1700	105 \$	1,805	
9/15/2001	7847	9/15/2001	10	1700	105 \$	1,805	
10/8/2001	7871	10/4,5/2001	10	1700	105 \$	1,805	
11/2/2001	7898	11/2/2001	10	1700	105 \$	1,805	
11/25/2001	8020	11/20/2001	10	1700	105 \$	1,805	
12/15/2001	8043	12/10/2001	10	1700	105 \$	1,805	
12/20/2001	8047	12/19/2001	10	1700	105 \$	1,805	
12/31/2001	8051	12/31/2001	10	1700	105 \$	1,805	230
1/15/2002	8060	1/7/2002	10	1700	105 \$	1,805	
1/30/2002	8076	1/24/2002	10	1700	105 \$	1,805	
2/20/2002	8100	2/19/2002	10	1700	105 \$	1,805	
2/20/2002	8101	2/20/2002	10	1700	105 \$	1,805	
2/20/2002	8120	3/12,20/2002	10	1700	105 \$	1,805	
9/20/2002	8306	9/16/2002	10	1700	105 \$	1,805	
9/20/2002	8307	9/17/2002	10	1700	105 \$	1,805	
9/20/2002	8308	9/18/2002	10	1700	105 \$	1,805	
9/30/2002	8315	9/26/2002	10	1700	105 \$	1,805	
10/15/2002	8343	10/15/2002	10	1700	105 \$	1,805	
10/15/2002	8343	10/16/2002	10	1700	105 \$	1,805	
11/1/2002	8359	11/1/2002	10	1700	105 \$	1,805	
11/15/2002	8367	11/10/2002	10	1700	105 \$	1,805	
12/15/2002	8391	12/5/2002	10	1700	105 \$	1,805	
12/15/2002	8396	12/6/2002	10	1700	105 \$	1,805	
12/15/2002	8398	12/12/2002	10	1700	105 \$	1,805	
12/25/2002	8408	12/12/2002	10	1700	105 \$	1,805	170

Date of Invoice	Invoice Number	Dates Worked	Hours	Hours times Daily Hourly rate	Daily Expense	Invoice Total	Hours per year
2/5/2003	8460	2/3/2003	10	1700	105 \$	1,805	
2/20/2003	8475	2/20/2003	10	1700	105 \$	1,805	
3/10/2003	8481	2/28/2003	10	1700	105 \$	1,805	
3/30/2003	8510	3/27/2003	10	1700	105 \$	1,805	
12/31/2003	8772	12/22,23/2003	20	3400	210 \$	3,610	
12/31/2003	8773	12/24/2003	10	1700	105 \$	1,805	70
1/15/2004	8777	1/8,9/2004	20	3400	210 \$	3,610	
1/15/2004	8782	1/13/2004	10	1700	105 \$	1,805	
2/15/2004	8800	2/4,5/2004	20	3400	210 \$	3,610	
2/28/2004	8804	2/11-12/2004	20	3400	210 \$	3,610	
2/28/2004	8817	2/24/2004	10	1700	105 \$	1,805	
4/30/2004	8871	4/21/2004	10	1700	105 \$	1,805	
5/30/2004	8892	5/13/2004	10	1700	105 \$	1,805	
5/30/2004	8893	5/18/2004	10	1700	105 \$	1,805	
5/30/2004	8897	5/21/2004	10	1700	105 \$	1,805	
5/30/2004	8898	5/22/2004	10	1700	105 \$	1,805	
7/6/2004	8917	off site	10	1700	\$	1,700	
7/12/2004	8918	off site	10	1700	\$	1,700	
7/30/2004	8934	off site	10	1700	\$	1,700	
7/30/2004	8937	7/24/2004	10	1700	105 \$	1,805	
7/30/2004	8938	7/25/2004	10	1700	105 \$	1,805	
8/2/2004	8947	8/1/2004	10	1700	105 \$	1,805	
8/2/2004	8948	8/2/2004	10	1700	105 \$	1,805	200
							0
Four-year totals			670	\$113,900	\$6,720	\$120,620	670 hours

EXHIBIT C

Invoices dated prior to work performed:

1. Invoice 7350 – Dated 8/10/00, Work Performed 8/7,10,12
2. Invoice 7362 – Dated 8/22/00, Work Performed 8/21-26
3. Invoice 7397 – Dated 10/30/00, Work Performed 10/30,31
4. Invoice 7447 – Dated 12/10/00, Work Performed 12/10-13/00
5. Invoice 7558 – Dated 2/5/00, Work Performed 2/22/00 [note: should be 2001]
6. Invoice 7706 – Dated 5/25/01, Work Performed 5/29,6/1,3
7. Invoice 7857 – Dated 9/20/01, Work Performed 9/21/01
8. Invoice 8031 – Dated 11/30/01, Work Performed 12/2/01
9. Invoice 8120 – Dated 2/20/02, Work Performed 3/12,20/02.
10. Invoice 8228 – Dated 6/30/02, Work Performed 7/2&3/02
11. Invoice 8232 – Dated 6/30/02, Work Performed 7/7/02
12. Invoice 8233 – Dated 6/30/02, Work Performed 7/9/02
13. Invoice 8246 – Dated 7/24/02, Work Performed 7/26/02
14. Invoice 8270 – Dated 8/15/02, Work Performed 8/16/02
15. Invoice 8272 – Dated 8/15/02, Work Performed 8/19 &21/02
16. Invoice 8282 – Dated 8/30/02, Work Performed 8/30&31/02
17. Invoice 8459 – Dated 1/31/03, Work Performed 2/1-2/03
18. Invoice 8313 – Dated 9/20/02, Work Performed 9/23/02
19. Invoice 8325 – Dated 9/30/02, Work Performed 10/02/02
20. Invoice 8362 – Dated 10/31/02, Work Performed 11/5/02
21. Invoice 8434 – Dated 1/15/03, Work Performed 1/16/03
22. Invoice 8459 – Dated 1/31/03, Work Performed 2/1&2/03
23. Invoice 8529 – Dated 4/15/03, Work Performed 4/16-18/03
24. Invoice 8532 – Dated 4/15/03, Work Performed 4/20/03
25. Invoice 8539 – Dated 5/20/03, Work Performed 5/17-21/03
26. Invoice 8587 – Dated 6/30/03, Work Performed 6/30; 7/1
27. Invoice 8614 – Dated 7/30/03, Work Performed 7/30-31/03
28. Invoice 8746 – Dated 11/15/03, Work Performed 11/17-21/03
29. Invoice 8927 – Dated 6/30/04, Work Performed 7/04-12/04
30. Invoice 8949 – Dated 8/2/04, Work Performed 8/3/04

EXHIBIT D

Daily fees applied to multiple clients for same day:

1. 7/7/2000 – Invoice 7317: Charged Georgetown full day expense
Invoice 7320: Charged another client full day expense
2. 7/9/2000 – Invoice 7324: Charged Georgetown full day expense
Invoice 7322: Charged another client full day expense
3. 8/27/00 – Invoice 7367: Charged Georgetown full day expense
Invoice 7366: Charged another client full day expenses
4. 9/17/00 – Invoice 7380: Charged Georgetown full day expense
Invoice 7376: Charged another client full day expense
5. 10/6/00 – Invoice 7382: Charged Georgetown full day expense
Invoice 7384: Charged another client full day expense
6. 2/23/01 – Invoice 7559: Charged Georgetown full day expense
Invoice 7560: Charged another client half day expense
7. 5/31/01 – Invoice 7711: Charged Georgetown full day expense
Invoice 7712: Charged another client full day expense
8. 9/24/01 – Invoice 7861: Charged Georgetown full day expense
Invoice 7860: Charged another client full day expense
9. 10/4/01 – Invoice 7871: Charged Georgetown full day expense
Invoice 7863: Charged another client full day expense
10. 10/30/01 – Invoice 7893: Charged Georgetown full day expense
Invoice 7894: Charged another client full day expense
11. 11/16/01 – Invoice 8018: Charged Georgetown full day expense
Invoice 8019: Charged another client full day expense
12. 1/10/02 – Invoice 8063: Charged Georgetown full day expense
Invoice 8063: Charged another client full day expense
13. 2/1/02 – Invoice 8082: Charged Georgetown full day expense
Invoice 8082: Charged another client full day expense
14. 2/20/02 – Invoice 8101: Charged Georgetown full day expense
Invoice 8102: Charged another client full day expense
15. 3/19/02 – Invoice 8123: Charged Georgetown full day expense
Invoice 8122: Charged another client full day expense

16. 6/15/02 – Invoice 8212: Charged Georgetown full day expense
Invoice 8205: Charged another client full day expense
17. 7/17/02 – Invoice 8237: Charged Georgetown full day expense
Invoice 8242: Charged another client full day expense
18. 12/8/02 – Invoice 8404: Charged Georgetown full day expense
Invoice 8359: Charged another client full day expense
19. 12/31/02 – Invoice 8421: Charged Georgetown full day expense
Invoice 8424: Charged another client full day expense
20. 2/15/03 – Invoice 8472: Charged Georgetown full day expense
Invoice 8470: Charged another client full day expense
21. 4/27/03 – Invoice 8534: Charged Georgetown full day expense
Invoice 8535: Charged another client full day expense
22. 12/23/03 – Invoice 8772: Charged Georgetown full day expense
Invoice 8770: Charged another client half day expense
23. 2/12/04 – Invoice 8804: Charged Georgetown full day expense
Invoice 8805: Charged another client full day expense
24. 3/19/04 – Invoice 8835: Charged Georgetown full day expense
Invoice 8831: Charged another client full day expense

EXHIBIT E

CompData

Authorized IBM Industry Remarketer

3936 Leighwood Drive
Ashland, Ky. 41102
(606) 329-9664

Custom Services

Scope of Services: CompData will perform services and/or supply hardware/software for City of Georgetown (also referred to as "Customer") as outlined in "Exhibit A" as attached. If CompData determines that it is necessary to perform additional services that exceed the services represented in "Exhibit A" as attached, we will inform you, in writing, as soon as practical. In such event, you may authorize additional services in writing.

Completion Criteria: Services will end when (1) you advise CompData, in writing, that further services are not required; or (2) CompData performs all services as represented in "Exhibit A" as attached; or (3) the project end date, if stated, expires. In any event, City of Georgetown agrees to pay CompData for the total services as stated in the paragraph "Charges" below.

Charges: CompData will provide services and/or supply hardware/software as represented in "Exhibit A" as attached. The time required to perform all services as represented in "Exhibit A" as attached is 7 business days. The charges for the completion of these services is \$ 4419.00 plus \$ 90 per day for expenses. In addition, CompData will bill at it's cost, the IBM media charges incurred from IBM, if applicable. Upon services completion, City of Georgetown agrees to pay each invoice within 30 days of receipt.

Warranty - Hardware/Software: All hardware/software warranties are the sole responsibility of the Manufacturer of the Hardware/Software. CompData and it's Managing Industry Remarketer makes no warranty, express or implied, for any hardware/software purchased by CompData or CompData's customers.

Remedy: Written notice and an explanation of circumstances concerning any claims that hardware or software products are defective shall be given promptly by the Customer to CompData. The Customer's sole and exclusive remedy in the event of a defect is expressly limited to the correction of the defect. In the event that the hardware/software warranty should fail its essential purpose, or at CompData's option, the Customer's remedy shall be limited to damages for breach of warranty, provided that in no event shall CompData's obligation hereunder exceed a refund of monies actually paid to CompData by the Customer. Customer specifically indemnifies CompData for any and all claims of damage by breach of warranty for all amounts in excess of the purchase price paid to CompData for the allegedly defective hardware and/or software.

CompData

Authorized IBM Industry Remarketer

3936 Leighwood Drive
Ashland, Ky. 41102
(606) 329-9664

Disclaimer: EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT, THERE ARE NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE BY COMPDATA TO CUSTOMER OR ANYONE CLAIMING BY, THROUGH, UNDER OR FOR CUSTOMER. COMPDATA SHALL NOT BE LIABLE HEREUNDER TO ANY PARTY FOR SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND WHATSOEVER.

Agreed To:

Agreed To:

Customer Name: City of Georgetown

CompData

By: Traci Kirk
#98-003, Attorney Mays

By:

Name: Traci Kirk

Name: _____

Dated: 11-25-98

Dated: _____

CompData

Authorized IBM Industry Remarketer

3936 Leighwood Drive
Ashland, Ky. 41102
(606) 329-9664

Custom Services

Scope of Services: CompData will perform services and/or supply hardware/software for City of Georgetown (also referred to as "Customer") as outlined in "Exhibit A" and "Exhibit B" as attached. If CompData determines that it is necessary to perform additional services that exceed the services represented in "Exhibit A" and "Exhibit B" as attached, we will inform you, in writing, as soon as practical. In such event, you may authorize additional services in writing.

Completion Criteria: Services will end when (1) you advise CompData, in writing, that further services are not required; or (2) CompData performs all services as represented in "Exhibit A" and "Exhibit B" as attached; or (3) the project end date, if stated, expires. In any event, City of Georgetown agrees to pay CompData for the total services as stated in the paragraph "Charges" below.

Charges: CompData will provide services and/or supply hardware/software as represented in "Exhibit A" and "Exhibit B" as attached. The time required to perform all services as represented in "Exhibit A" and "Exhibit B" as attached is 13 business days. The charges for the completion of these services is \$ 94651.00 (leased from IBM Credit Corporation) plus \$ 90 per day for expenses. In addition, CompData will bill at it's cost, the IBM media charges incurred from IBM, if applicable. Upon services completion, City of Georgetown agrees to pay each CompData invoice within 30 days of receipt.

Warranty - Hardware/Software: All hardware/software warranties are the sole responsibility of the Manufacturer of the Hardware/Software. CompData and it's Managing Industry Remarketer makes no warranty, express or implied, for any hardware/software purchased by CompData or CompData's customers.

Remedy: Written notice and an explanation of circumstances concerning any claims that hardware or software products are defective shall be given promptly by the Customer to CompData. The Customer's sole and exclusive remedy in the event of a defect is expressly limited to the correction of the defect. In the event that the hardware/software warranty should fail its essential purpose, or at CompData's option, the Customer's remedy shall be limited to damages for breach of warranty, provided that in no event shall CompData's obligation hereunder exceed a refund of monies actually paid to CompData by the Customer. Customer specifically indemnifies CompData for any and all claims of damage by breach of warranty for all amounts in excess of the purchase price paid to CompData for the allegedly defective hardware and/or software.

Exhibit "A"

City of Georgetown

IBM 9406-170	15081.00
- 128mb main storage	
- 12gb disk	
- IPCS w/token-ring attach	
- 2.5 GB QIC tape drive	
- OS/400 V4R2	
- Kentucky state contract BP008391	
UPS	1540.00
IBM 8235-021 DIALS	4975.00
- feature 5018	1954.00
IBM 5769-XW1	2475.00
- Client Access for Windows Family (unlimited users)	
- Kentucky state contract BP008391	
IBM 300GL (quan 7)	11366.00
- Pentium PC's	
- Network ready	
- 17" monitors	
- Kentucky state contract	
Network software	7418.00
- Dials access software	
- OS/2 Warp Server	

TCP/IP

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Token-ring network hardware	5605.00
- NIC's	
- MAU's	
MicroSoft Office 97 Std (quan 7)	2425.00
Installation services	13780.00
- AS/400 installation	
- network wiring for 7 local client PC's	
- network implementation for 7 local client PC's attached to AS/400	
- Client Access installation and configuration	
- access to Warp Server (remote PC's only)	
- 8235 DIALS installation and management implementation	
Training (3 8-hour days on-site)	6450.00
- AS/400 familiarization (access and commands)	
- Client Access implementation and use	
- DIALS use (remote only)	
SCT Year 2000 conversion (RISC)	5223.00
- plus level 40 security implementation	
System Total.....	78292.00
ICC 5-year G' lease (annual payments in arrears).....	20433.00
(first payment due 07/01/2000)	

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Notes:

- 1. Usage of existing PC's locally assumes Pentium processor/64mb memory/300mb free disk space/Windows 95.**
- 2. ICC lease figures are an approximation. Your rate may vary due to your unique credit rating. Payment is dependent on lease executed by 01/20/1999.**
- 3. A loaner PC running V3R2 will be supplied so the W2's can be produced.**
- 4. Above offer good until 12/20/1998.**

Exhibit "B"

City of Georgetown

IBM 300GL (quan 1)	1623.00
- Pentium PC's	
- Network ready	
- 17" monitors	
- Kentucky state contract	
Network software	1059.00
- Dials access software	
- OS/2 Warp Server	
Token-ring network hardware	2515.00
- NIC's	
- MAU's	
MicroSoft Office 97 Std (quan 1)	346.00
Installation services	2936.00
- AS/400 installation	
- network wiring for 2 local client PC's	
- network implementation for 2 local client PC's attached to AS/400	
- Client Access installation and configuration	
- IBM 4247 installation	
Training (1 8-hour days on-site)	2150.00
- AS/400 familiarization (access and commands)	
- Client Access implementation and use	
IBM 4247 printer	4980.00
- twinax interface	750.00

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System Total.....	16359.00
ICC 5-year G' lease (annual payments in arrears)..... (first payment due 07/01/2000)	4268.00

Notes:

1. Usage of existing PC's locally assumes Pentium processor/64mb memory/300mb free disk space/Windows 95.
2. ICC lease figures are an approximation. Your rate may vary due to your unique credit rating. Payment is dependent on lease executed by 01/20/1999.
3. Above offer good until 12/20/1998.

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Agreed To:

Customer Name: City of Georgetown

By: *Traci A. Kirk* #98-003

Name: *Traci A. Kirk*

Dated: *12-8-98*

Agreed To:

CompData

By: *Steve Williams*

Name: *STEVE WILLIAMS*

Dated: *12/6/98*

CompData

Authorized IBM Industry Remarketer

3936 Leighwood Drive
Ashland, Ky. 41102
(606) 329-9664

Custom Services

Scope of Services: CompData will perform services and/or supply hardware/software for City of Georgetown (also referred to as "Customer") as outlined in "Exhibit C" as attached. If CompData determines that it is necessary to perform additional services that exceed the services represented in "Exhibit C" as attached, we will inform you, in writing, as soon as practical. In such event, you may authorize additional services in writing.

Completion Criteria: Services will end when (1) you advise CompData, in writing, that further services are not required; or (2) CompData performs all services as represented in "Exhibit C" as attached; or (3) the project end date, if stated, expires. In any event, City of Georgetown agrees to pay CompData for the total services as stated in the paragraph "Charges" below.

Charges: CompData will provide services and/or supply hardware/software as represented in "Exhibit C" as attached. The time required to perform all services as represented in "Exhibit C" as attached is 3 business days. The charges for the completion of these services is \$ 12361.00 (leased from IBM Credit Corporation) plus \$ 90 per day for expenses. In addition, CompData will bill at it's cost, the IBM media charges incurred from IBM, if applicable. Upon services completion, City of Goergetown agrees to pay each CompData invoice within 30 days of receipt.

Warranty - Hardware/Software: All hardware/software warranties are the sole responsibility of the Manufacturer of the Hardware/Software. CompData and it's Managing industry Remarketer makes no warranty, express or implied, for any hardware/software purchased by CompData or CompData's customers.

Remedy: Written notice and an explanation of circumstances concerning any claims that hardware or software products are defective shall be given promptly by the Customer to CompData. The Customer's sole and exclusive remedy in the event of a defect is expressly limited to the correction of the defect. In the event that the hardware/software warranty should fail its essential purpose, or at CompData's option, the Customer's remedy shall be limited to damages for breach of warranty, provided that in no event shall CompData's obligation hereunder exceed a refund of monies actually paid to CompData by the Customer. Customer specifically indemnifies CompData for any and all claims of damage by breach of warranty for all amounts in excess of the purchase price paid to CompData for the allegedly defective hardware and/or software.

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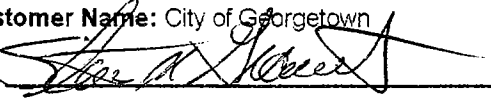
Agreed To:

Agreed To:

Customer Name: City of Georgetown

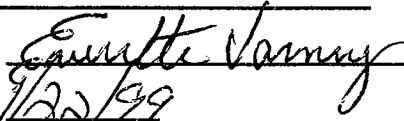
CompData

By:



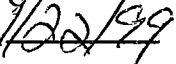
By:

Name:



Name: _____

Dated:



Dated: _____

Exhibit "C"

City of Georgetown

IBM 300GL (quan 2)	3246.00
- Pentium PC's	
- Network ready	
- 17" monitors	
- Kentucky state contract	
Network software	2059.00
- OS/2 Warp Server	
Token-ring network hardware	698.00
- NIC's	
MicroSoft Office 97 Std (quan 2)	692.00
Installation services	2936.00
- AS/400 installation	
- network wiring for 2 local client PC's	
- network implementation for 2 local client PC's attached to AS/400	
- Client Access installation and configuration	
- IBM 2381 installation	
IBM 2381 printer	1980.00
- twinax interface	750.00

System Total.....	12361.00
ICC 5-year G' lease (annual payments in arrears)..... (first payment due 07/01/2000)	3226.00

Notes:

- 1. Usage of existing PC's locally assumes Pentium processor/64mb memory/300mb free disk space/Windows 95.**
- 2. ICC lease figures are an approximation. Your rate may vary due to your unique credit rating. Payment is dependent on lease executed by 01/20/1999.**
- 3. Above offer good until 01/30/1999.**

CompData

Authorized IBM Industry Remarketer

3936 Leighwood Drive
Ashland, Ky. 41102
(606) 329-9664

Custom Services

Scope of Services: CompData will perform services and/or supply hardware/software for City of Georgetown (also referred to as "Customer") as outlined in "Exhibit H" as attached. If CompData determines that it is necessary to perform additional services that exceed the services represented in "Exhibit H" as attached, we will inform you, in writing, as soon as practical. In such event, you may authorize additional services in writing.

Completion Criteria: Services will end when (1) you advise CompData, in writing, that further services are not required; or (2) CompData performs all services as represented in "Exhibit H" as attached; or (3) the project end date, if stated, expires. In any event, City of Georgetown agrees to pay CompData for the total services as stated in the paragraph "Charges" below.

Charges: CompData will provide services and/or supply hardware/software as represented in "Exhibit H" as attached. The time required to perform all services as represented in "Exhibit H" as attached is 3 business days. The charges for the completion of these services is \$ 13500.00 plus \$ 90 per day for expenses. In addition, CompData will bill at it's cost, the IBM media charges incurred from IBM, if applicable. Upon services completion, City of Georgetown agrees to pay each CompData invoice within 30 days of receipt.

Warranty - Hardware/Software: All hardware/software warranties are the sole responsibility of the Manufacturer of the Hardware/Software. CompData and it's Managing Industry Remarketer makes no warranty, express or implied, for any hardware/software purchased by CompData or CompData's customers.

Remedy: Written notice and an explanation of circumstances concerning any claims that hardware or software products are defective shall be given promptly by the Customer to CompData. The Customer's sole and exclusive remedy in the event of a defect is expressly limited to the correction of the defect. In the event that the hardware/software warranty should fail its essential purpose, or at CompData's option, the Customer's remedy shall be limited to damages for breach of warranty, provided that in no event shall CompData's obligation hereunder exceed a refund of monies actually paid to CompData by the Customer. Customer specifically indemnifies CompData for any and all claims of damage by breach of warranty for all amounts in excess of the purchase price paid to CompData for the allegedly defective hardware and/or software.

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Agreed To:

Agreed To:

Customer Name: City of Georgetown

CompData

By: Emmette Varnay By: Steve Williams

Name: _____ Name: STEVE WILLIAMS

Dated: _____

Dated: 6/11/1999

CompData

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Exhibit "H"

City of Georgetown

Property Tax application - installed	13500.00
1-day training	N/C
System Total.....	13500.00

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Custom Services

Scope of Services: CompData will perform services and/or supply hardware/software for City of Georgetown (also referred to as "Customer") as outlined in "Exhibit I" as attached. If CompData determines that it is necessary to perform additional services that exceed the services represented in "Exhibit I" as attached, we will inform you, in writing, as soon as practical. In such event, you may authorize additional services in writing.

Completion Criteria: Services will end when (1) you advise CompData, in writing, that further services are not required; or (2) CompData performs all services as represented in "Exhibit I" as attached; or (3) the project end date, if stated, expires. In any event, City of Georgetown agrees to pay CompData for the total services as stated in the paragraph "Charges" below.

Charges: CompData will provide services and/or supply hardware/software as represented in "Exhibit I" as attached. The time required to perform all services as represented in "Exhibit I" as attached is 3 business days. The charges for the completion of these services is \$ 3200.00 plus \$ 90 per day for expenses. In addition, CompData will bill at it's cost, the IBM media charges incurred from IBM, if applicable. Upon services completion, City of Georgetown agrees to pay each CompData invoice within 30 days of receipt.

Warranty - Hardware/Software: All hardware/software warranties are the sole responsibility of the Manufacturer of the Hardware/Software. CompData and it's Managing Industry Remarketer makes no warranty, express or implied, for any hardware/software purchased by CompData or CompData's customers.

Remedy: Written notice and an explanation of circumstances concerning any claims that hardware or software products are defective shall be given promptly by the Customer to CompData. The Customer's sole and exclusive remedy in the event of a defect is expressly limited to the correction of the defect. In the event that the hardware/software warranty should fail its essential purpose, or at CompData's option, the Customer's remedy shall be limited to damages for breach of warranty, provided that in no event shall CompData's obligation hereunder exceed a refund of monies actually paid to CompData by the Customer. Customer specifically indemnifies CompData for any and all claims of damage by breach of warranty for all amounts in excess of the purchase price paid to CompData for the allegedly defective hardware and/or software.

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Agreed To:

Agreed To:

Customer Name: City of Georgetown

CompData

By:

Emmett Varney

By:

Steve Williams

Name:

Name:

STEVE WILLIAMS

Dated:

Dated:

6/11/1999

CompData

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Exhibit "I"

City of Georgetown

KRS application - installed	3200.00
System Total.....	3200.00

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Custom Services

Scope of Services: CompData will perform services and/or supply hardware/software for City of Georgetown (also referred to as "Customer") as outlined in "Exhibit F" as attached. If CompData determines that it is necessary to perform additional services that exceed the services represented in "Exhibit F" as attached, we will inform you, in writing, as soon as practical. In such event, you may authorize additional services in writing.

Completion Criteria: Services will end when (1) you advise CompData, in writing, that further services are not required; or (2) CompData performs all services as represented in "Exhibit F" as attached; or (3) the project end date, if stated, expires. In any event, City of Georgetown agrees to pay CompData for the total services as stated in the paragraph "Charges" below.

Charges: CompData will provide services and/or supply hardware/software as represented in "Exhibit F" as attached. The time required to perform all services as represented in "Exhibit F" as attached is 3 business days. The charges for the completion of these services is \$ 13685.00 (leased from IBM Credit Corporation) plus \$ 90 per day for expenses. In addition, CompData will bill at it's cost, the IBM media charges incurred from IBM, if applicable. Upon services completion, City of Georgetown agrees to pay each CompData invoice within 30 days of receipt.

Warranty - Hardware/Software: All hardware/software warranties are the sole responsibility of the Manufacturer of the Hardware/Software. CompData and it's Managing Industry Remarketer makes no warranty, express or implied, for any hardware/software purchased by CompData or CompData's customers.

Remedy: Written notice and an explanation of circumstances concerning any claims that hardware or software products are defective shall be given promptly by the Customer to CompData. The Customer's sole and exclusive remedy in the event of a defect is expressly limited to the correction of the defect. In the event that the hardware/software warranty should fail its essential purpose, or at CompData's option, the Customer's remedy shall be limited to damages for breach of warranty, provided that in no event shall CompData's obligation hereunder exceed a refund of monies actually paid to CompData by the Customer. Customer specifically indemnifies CompData for any and all claims of damage by breach of warranty for all amounts in excess of the purchase price paid to CompData for the allegedly defective hardware and/or software.

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Agreed To:

Agreed To:

Customer Name: City of Georgetown

CompData

By:

Emirette Varney

By:

Stu Bl

Name:

Name:

STEVE WILLIAMS - PARS

Dated:

Dated:

6/11/1995

Exhibit "F"

City of Georgetown – Network Printers

IBM 4312-001 Network Printer (OCA)	1980.00
- network interface	940.00
IBM 4312-001 Network Printer (Clerk)	1980.00
- network interface	940.00
HP 2000C (Finance)	2335.00
- network interface	940.00
Twinaxial hub for first floor	790.00
Wiring and installation	3780.00
System Total.....	13685.00

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Custom Services

Scope of Services: CompData will perform services and/or supply hardware/software for City of Georgetown (also referred to as "Customer") as outlined in "Exhibit G" as attached. If CompData determines that it is necessary to perform additional services that exceed the services represented in "Exhibit G" as attached, we will inform you, in writing, as soon as practical. In such event, you may authorize additional services in writing.

Completion Criteria: Services will end when (1) you advise CompData, in writing, that further services are not required; or (2) CompData performs all services as represented in "Exhibit G" as attached; or (3) the project end date, if stated, expires. In any event, City of Georgetown agrees to pay CompData for the total services as stated in the paragraph "Charges" below.

Charges: CompData will provide services and/or supply hardware/software as represented in "Exhibit G" as attached. The time required to perform all services as represented in "Exhibit G" as attached is 3 business days. The charges for the completion of these services is \$ 9505.00 (leased from IBM Credit Corporation) plus \$ 90 per day for expenses. In addition, CompData will bill at it's cost, the IBM media charges incurred from IBM, if applicable. Upon services completion, City of Georgetown agrees to pay each CompData invoice within 30 days of receipt.

Warranty - Hardware/Software: All hardware/software warranties are the sole responsibility of the Manufacturer of the Hardware/Software. CompData and it's Managing Industry Remarketer makes no warranty, express or implied, for any hardware/software purchased by CompData or CompData's customers.

Remedy: Written notice and an explanation of circumstances concerning any claims that hardware or software products are defective shall be given promptly by the Customer to CompData. The Customer's sole and exclusive remedy in the event of a defect is expressly limited to the correction of the defect. In the event that the hardware/software warranty should fail its essential purpose, or at CompData's option, the Customer's remedy shall be limited to damages for breach of warranty, provided that in no event shall CompData's obligation hereunder exceed a refund of monies actually paid to CompData by the Customer. Customer specifically indemnifies CompData for any and all claims of damage by breach of warranty for all amounts in excess of the purchase price paid to CompData for the allegedly defective hardware and/or software.

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Agreed To:

Agreed To:

Customer Name: City of Georgetown

CompData

By: Emorette Varney By: Steve Williams

Name: _____ Name: STEVE WILLIAMS

Dated: _____

Dated: 6/11/1999

CompData

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Page 49

Exhibit "G"

City of Georgetown – Ethernet Conversion

IBM fea 2723 PCI ethernet IOA	1980.00
Network interface cards (X10)	1945.00
Network hubs (X2)	1780.00
Services for implementation (2-days)	3800.00
System Total.....	9505.00

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Custom Services

Scope of Services: CompData will perform services and/or supply hardware/software for City of Georgetown (also referred to as "Customer") as outlined in "Exhibit D" as attached. If CompData determines that it is necessary to perform additional services that exceed the services represented in "Exhibit D" as attached, we will inform you, in writing, as soon as practical. In such event, you may authorize additional services in writing.

Completion Criteria: Services will end when (1) you advise CompData, in writing, that further services are not required; or (2) CompData performs all services as represented in "Exhibit D" as attached; or (3) the project end date, if stated, expires. In any event, City of Georgetown agrees to pay CompData for the total services as stated in the paragraph "Charges" below.

Charges: CompData will provide services and/or supply hardware/software as represented in "Exhibit D" as attached. The time required to perform all services as represented in "Exhibit D" as attached is 3 business days. The charges for the completion of these services is \$ 43689.00 (leased from IBM Credit Corporation) plus \$ 90 per day for expenses. In addition, CompData will bill at it's cost, the IBM media charges incurred from IBM, if applicable. Upon services completion, City of Georgetown agrees to pay each CompData invoice within 30 days of receipt.

Warranty - Hardware/Software: All hardware/software warranties are the sole responsibility of the Manufacturer of the Hardware/Software. CompData and it's Managing Industry Remarketer makes no warranty, express or implied, for any hardware/software purchased by CompData or CompData's customers.

Remedy: Written notice and an explanation of circumstances concerning any claims that hardware or software products are defective shall be given promptly by the Customer to CompData. The Customer's sole and exclusive remedy in the event of a defect is expressly limited to the correction of the defect. In the event that the hardware/software warranty should fail its essential purpose, or at CompData's option, the Customer's remedy shall be limited to damages for breach of warranty, provided that in no event shall CompData's obligation hereunder exceed a refund of monies actually paid to CompData by the Customer. Customer specifically indemnifies CompData for any and all claims of damage by breach of warranty for all amounts in excess of the purchase price paid to CompData for the allegedly defective hardware and/or software.

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Agreed To:

Agreed To:

Customer Name: City of Georgetown

CompData

By: Emmette Varney

By: Steve Williams

Name: _____

Name: STEVE WILLIAMS

Dated: _____

Dated: 6/11/1999

CompData

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Exhibit "D"

City of Georgetown – Fire Dept

IBM 8235-051 DIALS	4995.00
- feature 5018	1954.00
IBM 300GL (quan 7)	11365.00
- Pentium PC's	
Network software (6-user)	4418.00
- Windows NT Server	
Network hardware	6175.00
- NIC's	
- HUB	
- modems	
MicroSoft Office 97 Pro (quan 6)	3222.00
Installation services	11580.00
- migration of existing software & data	
- establishment & training for a secure backup	
- local (not remote) network printing to one printer	
- network installation for 4 local client PC's	
- network installation for 2 remote client PC's	
- network concentrator installation and management implementation	
- dial-in network link to city building & AS/400	
System Total.....	43689.00
ICC 5-year G' lease (annual payments in arrears)..... (first payment due 07/01/2000)	11358.00

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Notes:

1. ICC lease figures are an approximation. Your rate may vary due to your unique credit rating.
2. Above offer good until 05/01/1999.
3. Telephone line costs not included.
4. Windows 98 will be pre-installed on supplied client PC's.
5. ALL LICENSE DOCUMENTATION WILL BE PRESENTED TO THE CUSTOMER !!!

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Custom Services

Scope of Services: CompData will perform services and/or supply hardware/software for City of Georgetown (also referred to as "Customer") as outlined in "Exhibit E" as attached. If CompData determines that it is necessary to perform additional services that exceed the services represented in "Exhibit E" as attached, we will inform you, in writing, as soon as practical. In such event, you may authorize additional services in writing.

Completion Criteria: Services will end when (1) you advise CompData, in writing, that further services are not required; or (2) CompData performs all services as represented in "Exhibit E" as attached; or (3) the project end date, if stated, expires. In any event, City of Georgetown agrees to pay CompData for the total services as stated in the paragraph "Charges" below.

Charges: CompData will provide services and/or supply hardware/software as represented in "Exhibit E" as attached. The time required to perform all services as represented in "Exhibit E" as attached is 4 business days. The charges for the completion of these services is \$ 32990.00 (leased from IBM Credit Corporation) plus \$ 90 per day for expenses. In addition, CompData will bill at it's cost, the IBM media charges incurred from IBM, if applicable. Upon services completion, City of Georgetown agrees to pay each CompData invoice within 30 days of receipt.

Warranty - Hardware/Software: All hardware/software warranties are the sole responsibility of the Manufacturer of the Hardware/Software. CompData and it's Managing Industry Remarketer makes no warranty, express or implied, for any hardware/software purchased by CompData or CompData's customers.

Remedy: Written notice and an explanation of circumstances concerning any claims that hardware or software products are defective shall be given promptly by the Customer to CompData. The Customer's sole and exclusive remedy in the event of a defect is expressly limited to the correction of the defect. In the event that the hardware/software warranty should fail its essential purpose, or at CompData's option, the Customer's remedy shall be limited to damages for breach of warranty, provided that in no event shall CompData's obligation hereunder exceed a refund of monies actually paid to CompData by the Customer. Customer specifically indemnifies CompData for any and all claims of damage by breach of warranty for all amounts in excess of the purchase price paid to CompData for the allegedly defective hardware and/or software.

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Agreed To:

Agreed To:

Customer Name: City of Georgetown

CompData

By:

Evelyn Varnum

By:

Stu Williams

Name:

Name:

STEVE WILLIAMS

Dated:

Dated:

6/11/1999

Exhibit "E"

City of Georgetown – Cardome

IBM 8235-051 DIALS	4995.00
- feature 5018	1954.00
IBM 300GL (quan 2)	3246.00
IBM 2381 line printer	1980.00
Network hardware	9175.00
- NIC's	
- HUB	
- modems	
MicroSoft Office 97 Pro (quan 4)	2680.00
Installation services	8960.00
- migration of existing software & data	
- local network printing to one printer	
- network installation for 4 local client PC's	
- network concentrator installation and management implementation	
- dial-in network link to city building & AS/400	
System Total.....	32990.00
ICC 5-year G' lease (annual payments in arrears)..... (first payment due 07/01/2000)	8577.00

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Notes:

1. ICC lease figures are an approximation. Your rate may vary due to your unique credit rating.
2. Above offer good until 05/01/1999.
3. Telephone line costs not included.
4. Windows 98 will be pre-installed on supplied client PC's.
5. ALL LICENSE DOCUMENTATION WILL BE PRESENTED TO THE CUSTOMER !!!

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Custom Services

Scope of Services: CompData will perform services and/or supply hardware/software for City of Georgetown (also referred to as "Customer") as outlined in "Exhibit Network" as attached. If CompData determines that it is necessary to perform additional services that exceed the services represented in "Exhibit Network" as attached, we will inform you, in writing, as soon as practical. In such event, you may authorize additional services in writing.

Completion Criteria: Services will end when (1) you advise CompData, in writing, that further services are not required; or (2) CompData performs all services as represented in "Exhibit Network" as attached; or (3) the project end date, if stated, expires. In any event, City of Georgetown agrees to pay CompData for the total services as stated in the paragraph "Charges" below.

Charges: CompData will provide services and/or supply hardware/software as represented in "Exhibit Network" as attached. The time required to perform all services as represented in "Exhibit Network" as attached is 70 business days. The charges for the completion of these services is \$ 215500.00 plus \$ 105 per day for expenses. Upon services completion, City of Georgetown agrees to pay each CompData invoice within 30 days of receipt.

Software: CompData will provide third-party software as part of this Agreement. Since the software can only be directly licensed to the City of Georgetown, the City of Georgetown will have to execute the licensing agreements directly.

Warranty - Hardware/Software: All hardware/software warranties are the sole responsibility of the Manufacturer of the Hardware/Software. CompData and its Managing Industry Remarketer makes no warranty, express or implied, for any hardware/software purchased by CompData or CompData's customers.

Remedy: Written notice and an explanation of circumstances concerning any claims that hardware or software products are defective shall be given promptly by the Customer to CompData. The Customer's sole and exclusive remedy in the event of a defect is expressly limited to the correction of the defect. In the event that the hardware/software warranty should fail its essential purpose, or at CompData's option, the Customer's remedy shall be limited to damages for breach of warranty, provided that in no event shall CompData's obligation hereunder exceed a refund of monies actually paid to CompData by the Customer. Customer specifically indemnifies CompData for any and all claims of damage by breach of warranty for all amounts in excess of the purchase price paid to CompData for the allegedly defective hardware and/or software.

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Agreed To:

Customer Name: City of Georgetown

By: Everette Varney

Name: Everette Varney

Dated: 9-17-'99

Agreed To:

CompData

By: Steve Williams

Name: STEVE WILLIAMS

Dated: 9/14/1999

Exhibit "Network"

City of Georgetown

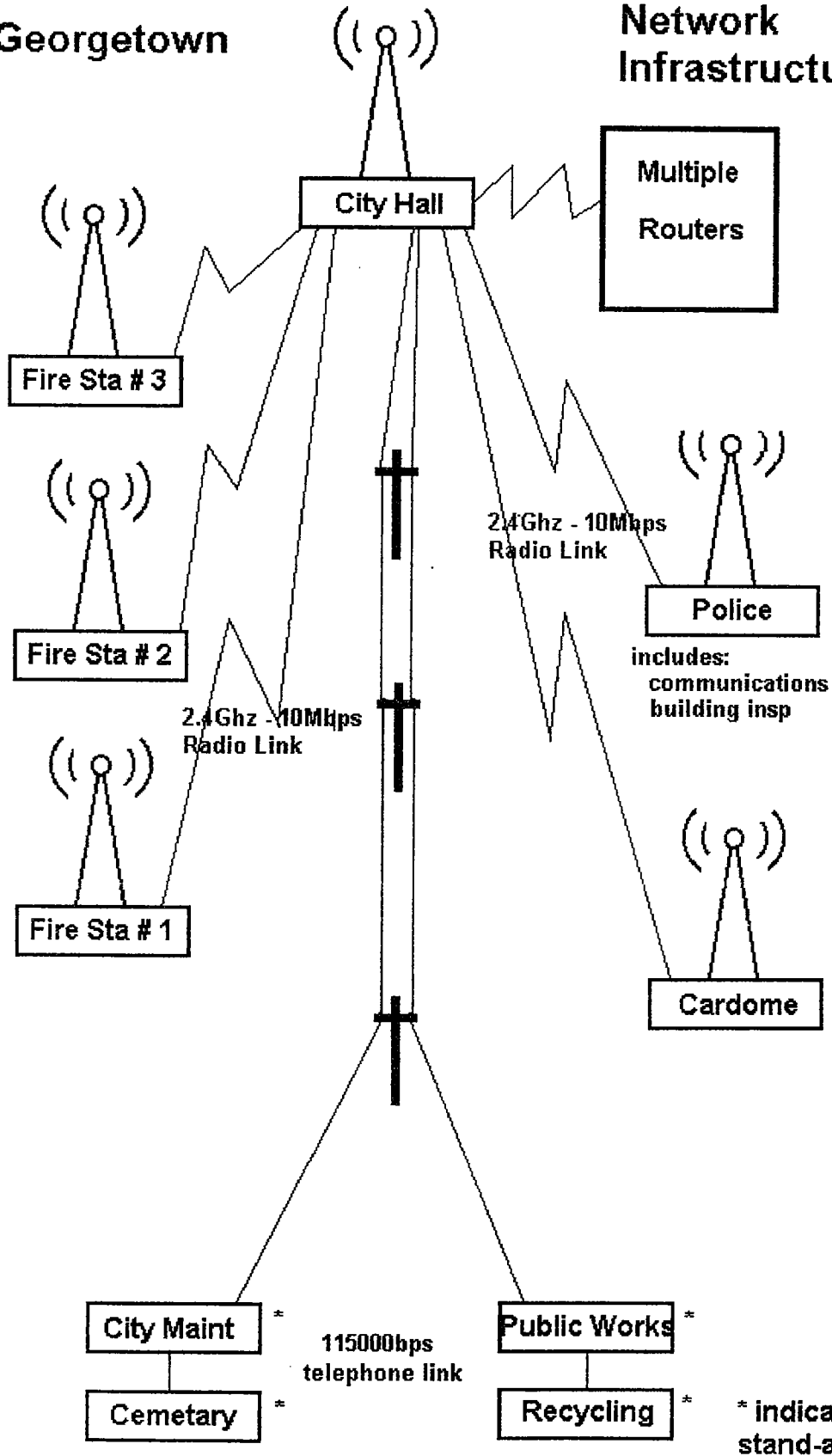
Scope of services:

1. CompData will provide consulting and installation services to implement a stand-alone wireless network as illustrated in Diagram "A"; and
2. The City of Georgetown agrees that said network is to link individual, pre-existing networks that are named in Diagram "A", where the pre-existing networks are "as-is" without additional connectivity or function beyond what pre-exists; and
3. The City of Georgetown agrees that said wireless network is to link individual, stand alone PC's that are named in Diagram "A", where the pre-existing PC's are "as-is" without additional connectivity or function beyond what pre-exists. If adequate PC's do not exist at the locations named in Diagram "A", the city agrees to supply adequate PC's; and
4. The City of Georgetown agrees to supply city personnel (Public Works personnel, for example, but not limited to Public Works personnel) to assist CompData in performing the services for this project; and
5. The City of Georgetown agrees that any request for additional connectivity or function beyond the basic network implementation as shown in Diagram "A" will be provided by CompData under a separate services agreement; and
6. CompData agrees to provide the services needed to procure, via guidelines set forth by the city, all hardware, software and miscellaneous equipment as required for CompData to implement this project. CompData agrees that all approval and acceptance for purchases rests with the City of Georgetown.

Consulting Services Total.....	\$ 187,000.00
Internet and E-mail implementation services.....	\$ 28500.00

Diagram "A"
City of Georgetown

**Intra-Department
 Network
 Infrastructure**



* indicates stand-alone PC

CompData

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(606) 329-9664

Custom Services

Scope of Services: CompData will perform services for City of Georgetown (also referred to as "Customer") as outlined in "Exhibit A" as attached.

Completion Criteria: Services will end when CompData performs all services as represented in "Exhibit A" as attached. The City of Georgetown agrees to pay CompData for the total services as stated in the paragraph "Charges" below.


Charges: CompData will provide services as represented in "Exhibit A" as attached. The charges for the provision of these services is \$ 6220.00. Customer agrees that services will not begin until this contract is paid in full.

Agreed To:

Agreed To:

Customer Name: City of Georgetown

CompData

By: X 

By: 

Name: X STEVEN M GRAVIT

Name: STEVE WILLIAMS

Dated: X 6/15/2000

Dated: 6/1/00

CompData

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Ashland, Ky. 41102
(606) 329-9664

Custom Services

Scope of Services: CompData will perform services and/or supply hardware/software for City of Georgetown (also referred to as "Customer") as outlined in "Exhibit Network" as attached. If CompData determines that it is necessary to perform additional services that exceed the services represented in "Exhibit Network" as attached, we will inform you, in writing, as soon as practical. In such event, you may authorize additional services in writing.

Completion Criteria: Services will end when (1) you advise CompData, in writing, that further services are not required; or (2) CompData performs all services as represented in "Exhibit Network" as attached; or (3) the project end date, if stated, expires. In any event, City of Georgetown agrees to pay CompData for the total services as stated in the paragraph "Charges" below.

Charges: CompData will provide services and/or supply hardware/software as represented in "Exhibit Network" as attached. The time required to perform all services as represented in "Exhibit Network" as attached is 18 business days. The charges for the completion of these services is \$ 74130.00 plus \$ 105 per day for expenses. Upon services completion, City of Georgetown agrees to pay each CompData invoice within 30 days of receipt.

Warranty - Hardware/Software: All hardware/software warranties are the sole responsibility of the Manufacturer of the Hardware/Software. CompData and it's Managing Industry Remarketer makes no warranty, express or implied, for any hardware/software purchased by CompData or CompData's customers.

Remedy: Written notice and an explanation of circumstances concerning any claims that hardware or software products are defective shall be given promptly by the Customer to CompData. The Customer's sole and exclusive remedy in the event of a defect is expressly limited to the correction of the defect. In the event that the hardware/software warranty should fail its essential purpose, or at CompData's option, the Customer's remedy shall be limited to damages for breach of warranty, provided that in no event shall CompData's obligation hereunder exceed a refund of monies actually paid to CompData by the Customer. Customer specifically indemnifies CompData for any and all claims of damage by breach of warranty for all amounts in excess of the purchase price paid to CompData for the allegedly defective hardware and/or software.

Exhibit "Network"

City of Georgetown

Scope of services:

1. Compdata will provide installation services and equipment to provide equivalent wireless connectivity per the previous agreement; and
2. The City of Georgetown agrees that this contract addition is required because Compdata was not allowed to continue the physical installation as previously discussed and agreed to; and
3. Compdata agrees that the additional monies to complete this contract addition will net be due and payable until 07/01/2001.

Contract Addition:	Equipment:	56780.00
	Labor:	26250.00
	Credit:	8900.00 (cemetery tower)
Total Contract Addition.....		74130.00

CompData

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Ashland, Ky. 41102
(606) 329-9664

Custom Services

Scope of Services: CompData will perform services for the City of Georgetown as outlined in "Exhibit A" as attached

Charges: CompData will provide services as represented in "Exhibit A" as attached. The time required to perform all services as represented in "Exhibit A" as attached is 1040 hours to be completed over 4 years from 01/01/2001. The annual charges for the completion of these services is \$ 44200.00 plus \$ 105 per day for expenses. Billing will occur as outlined in "Exhibit A".

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Agreed To:

Customer Name: City of Georgetown

By: Steven M. Graitt

Name: Steven GRAITT

Dated: 10/30/2000

Agreed To:

CompData

By: Steve Williams

Name: STEVE WILLIAMS

Dated: 10/30/2000

Exhibit "A"

City of Georgetown

Scope of services and terms:

1. CompData will provide consulting and installation services on site for 260 hours per fiscal year. Total on site hours expended over 260 hours will be billed at CompData's prevailing rates and terms. CompData understands that, on an annual basis, additional hours over 260 cannot be used and billed without prior consent of the Finance Director.
2. The on site time will be spent in increments of one 10- hour business day bi-weekly. When this schedule cannot be met, CompData will provide equivalent time subject to the direction of the Finance Director. However, at the end of the each 52 week period starting 01/01/2001, CompData agrees to have provided 260 hours on site for that same 52 week period.
3. CompData will provide telephone and dial-in support via a separate contract.
4. The City of Georgetown agrees to pay CompData \$ 170.00 per hour for on site services under this contract. Additional, approved hours will be billed under CompData's prevailing rates and terms.
5. The City of Georgetown agrees to pay CompData \$ 105.00 per day for expenses on site.

Exhibit "A"

City of Georgetown (continued)

6. Departments covered under this contract are: City Hall, Cardome, Fire and the microwave network (city portion) installed by CompData. Any services supplied to any other department or entity are NOT covered under this contract.
7. CompData will bill for the above services and expenses monthly.
8. The term of the contract is four years from 01/01/2001.

CompData

Authorized IBM Industry Remarketer

3936 Leighwood Drive
Ashland, Ky. 41102
(606) 329-9664

Custom Services

Scope of Services: CompData will perform services and/or supply hardware/software for City of Georgetown (also referred to as "Customer") as outlined in "Exhibit Network" as attached. If CompData determines that it is necessary to perform additional services that exceed the services represented in "Exhibit Network" as attached, we will inform you, in writing, as soon as practical. In such event, you may authorize additional services in writing.

Completion Criteria: Services will end when (1) you advise CompData, in writing, that further services are not required; or (2) CompData performs all services as represented in "Exhibit Network" as attached; or (3) the project end date, if stated, expires. In any event, City of Georgetown agrees to pay CompData for the total services as stated in the paragraph "Charges" below.

Charges: CompData will provide services and/or supply hardware/software as represented in "Exhibit Network" as attached. The time required to perform all services as represented in "Exhibit Network" as attached is 18 business days. The charges for the completion of these services is \$ 74130.00 plus \$ 105 per day for expenses. Upon services completion, City of Georgetown agrees to pay each CompData invoice within 30 days of receipt.

Warranty - Hardware/Software: All hardware/software warranties are the sole responsibility of the Manufacturer of the Hardware/Software. CompData and it's Managing Industry Remarketer makes no warranty, express or implied, for any hardware/software purchased by CompData or CompData's customers.

Remedy: Written notice and an explanation of circumstances concerning any claims that hardware or software products are defective shall be given promptly by the Customer to CompData. The Customer's sole and exclusive remedy in the event of a defect is expressly limited to the correction of the defect. In the event that the hardware/software warranty should fail its essential purpose, or at CompData's option, the Customer's remedy shall be limited to damages for breach of warranty, provided that in no event shall CompData's obligation hereunder exceed a refund of monies actually paid to CompData by the Customer. Customer specifically indemnifies CompData for any and all claims of damage by breach of warranty for all amounts in excess of the purchase price paid to CompData for the allegedly defective hardware and/or software.

Exhibit "Network"

City of Georgetown

Scope of services:

1. Compdata will provide installation services and equipment to provide equivalent wireless connectivity per the previous agreement; and
2. The City of Georgetown agrees that this contract addition is required because Compdata was not allowed to continue the physical installation as previously discussed and agreed to; and
3. Compdata agrees that the additional monies to complete this contract addition will net be due and payable until 07/01/2001.

Contract Addition:	Equipment:	56780.00
	Labor:	26250.00
	Credit:	8900.00 (cemetery tower)
Total Contract Addition.....		74130.00

CompData

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Agreed To:

Customer Name: City of Georgetown

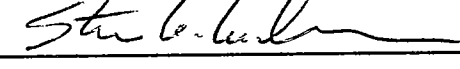
By: 

Name: STEVEN M. GRAIT

Dated: 12/4/2000

Agreed To:

CompData

By: 

Name: STEVE A. WILLIAMS

Dated: 12/4/2000

CompData

Authorized IBM Industry Remarketer

3936 Leighwood Drive
Ashland, Ky. 41102
(606) 329-9664

Custom Services

Scope of Services: CompData will perform services for City of Georgetown (also referred to as "Customer") as outlined in "Exhibit A" as attached.

Completion Criteria: Services will end when CompData performs all services as represented in "Exhibit A" as attached. The City of Georgetown agrees to pay CompData for the total services as stated in the paragraph "Charges" below.

Charges: CompData will provide services as represented in "Exhibit A" as attached. The charges for the provision of these services is \$ 11376.00 per year in advance beginning 07/01/2001. These charges will be \$ 5688.00 for the period of 07/01/2004 through 12/31/2004. Customer agrees that services will not begin until this contract is paid in full.

Agreed To:

Customer Name: City of Georgetown

By: Steven M. Grawitt

Name: STEVEN M. GRAVITT

Dated: 3/6/01

Agreed To:

CompData

By: Steve Williams

Name: STEVE WILLIAMS

Dated: 3/2/2001

CompData

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Exhibit "A"

Telephone support will be provided as itemized below:

1. Telephone support will be handled via phone number (606) 922-2488.
2. Contract period is from 07/01/2001 through 12/31/2004.
3. Calls will be returned no later than 4pm next business day.
4. Covers all customer calls within contracted time.
5. Covers all dial-in support within contracted time.
6. CompData cannot guarantee service results
7. CompData reserves the right to determine what type of problem can be handled via telephone support.
8. Support contract must be paid by 07/15/2001, 07/15/2002, 07/15/2003, 07/15/2004
9. Items covered: AS/400 (1) / NT Servers (cityhall/fire/cardome) / Ky Ret System / Property tax / Microwave network

