

MINUTES OF A SPECIAL MEETING OF THE CITY COUNCIL FOR THE CITY OF  
EAST DETROIT, MACOMB COUNTY, MICHIGAN, HELD ON THURSDAY,  
MARCH 19, 1992, IN THE CITY HALL

The meeting was called to order at 7:00 p.m. by Mayor Curley with the following Councilmembers present:

Abke, Campbell, Gerds and Hagen

Mayor Curley announced the hearing of the public with no public participation.

Keith Francis and Laura Stanko, from Plante Moran, were present and discussed with Council their preliminary findings with respect to the transition audit which is required by Charter when there is a change in the office of Director of Finance. Mr. Francis indicated that his office is unable to complete the audit until such time as the following is completed:

1) Bank reconciliations must be prepared for the following cash accounts through February 29, 1992;

General Fund Checking -- formal bank reconciliations are completed through July, 1991; preliminary work performed on outstanding check list through October, 1991

General Fund Money Market Fund -- formal bank reconciliations are completed through July, 1991

Retirement Fund Checking -- formal bank reconciliations are completed through October, 1991; preliminary, unreviewed reconciliations completed through January, 1992

Retirement Fund Money Market Fund -- formal bank reconciliations are completed through October, 1991

Death Benefit Money Market Fund -- formal bank reconciliations are completed through October, 1991

2) Investment accounts must be analyzed, reconciled and summarized for the following accounts through February 29, 1992;

General Fund Investments -- formal reconciliation and summary is completed through July, 1991

Retirement Fund Investments -- formal reconciliation and summary is completed through October, 1991

Death Benefit Fund Investments -- formal reconciliation and summary is completed through October, 1991

3) General ledger account balances should be reviewed to ensure all cash and investment accounts have been updated.

4) The following accounting records have not been updated:

General Fund Accounts Payable -- analyze current account balance of approximately \$50,000; locate where payments were posted, if any.

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Downtown Development Authority Fund -- entries do not appear to be current; no bond activity entries noted

General Ledger Cash Accounts and Transfer to/from Other Funds -- negative cash balances exist in the following funds: Local Street Fund, Capital Improvement Fund, Downtown Development Authority Fund, Community Development Block Grant Fund, Library Fund, Chapter 20 Drain Fund, Retirement Fund; evaluation of the need for additional operating transfers does not appear to have been made; interfund receivables and payables were not adjusted since July 1, 1991; due to/from does not balance (due from other funds in excess of \$1.5 million in the Retirement Fund)

All Funds Receivable Balances -- receivables at June 30, 1991 were not offset as funds were received; must review receipts subsequent to June 30, 1991 to ensure all recorded receivables were received

Capital Improvement Fund Revenues -- analyze revenues (including special assessments) and allocate appropriate revenues to the Capital Improvement Fund

Retirement Fund -- entries have been recorded through October, 1991

Municipal Court Activity -- appears to have been updated through December, 1991

Property Tax Revenues -- the February tax distribution has not currently been done; review amounts recorded against "reserve" accounts and correct current trial balances; close out the Unallocated Tax Fund

Federal Programs -- review current status of all programs and authorize expenditures as needed

All Funds Cash Receipts -- February, 1992 postings are not complete

Mr. Francis recommended that Council consider securing the services of "outside" accounting personnel to bring the books up to date so that the transition audit can be completed as soon as possible. Mr. Francis suggested that although his firm could provide accounting services, it would be better if Plante Moran did not do the accounting work as well as the audit. He recommended Accountants Robin Rutila and David Walkowski and indicated that they are available to provide the service at \$25 per hour.

Upon questioning by City Council, Keith Francis expressed the opinion that the present condition of the City's financial records is unacceptable.

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Motion by Campbell supported by Gerds authorizing the retention of two independent accountants (David Walkowski and Robin Rutila) at twenty-five dollars (\$25) per hour each to bring the accounting records up to date; with the expenditure not exceeding \$10,000 East without further Council authorization.

Yeas: Campbell, Gerds, Abke, Hagen and Curley  
Nays: None

Joe Missant, representing the Teamster/non-union employee pension negotiating team, informed Council that they were scheduled to meet with the City Manager on Friday at which time they will present a counter proposal to the City's pension offer and discuss the issues with the Manager.

Motion by Campbell supported by Abke to adjourn the meeting at 7:25 p.m.

Yeas: Campbell, Abke, Gerds, Hagen and Curley  
Nays: None

  
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S. WESLEY McALLISTER, JR.  
CITY CLERK

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HARVEY M. CURLEY  
MAYOR