

CITY OF BURTON  
SPECIAL COUNCIL MEETING MINUTES  
MAY 18, 1998, 6:00 P.M., COUNCIL CHAMBERS

Revised 5-29-98

The Special Meeting was called to order by President, Ted Hammon at 6:00 P.M.

MEMBERS PRESENT: Centilli, Cox, Cross, Hammon, Martinbianco, Walls and Zelenko.

MEMBERS ABSENT: None.

OTHERS PRESENT: Mayor Charles Smiley; C. Abbey, Administrative Assistance; J. Major, DPW Director; B. Becker, Controller; Attorney Richard Hamilton and G. Webster, City Clerk.

PURPOSE OF THE MEETING: Review of Finance Committee Letter and Recommendation dated April 29, 1998, with possible action by Council.

PRESENTATION:

Mayor Smiley said this meeting was being held in response to the Finance Committee's letter dated April 29, 1998 and received by the Council on May 4, 1998. The Committee requested an audit of the Veteran's Memorial and Memorial Day activities from 1997.

Mr. Cox said the letter was a request from the Finance Committee to the Council President Ted Hammon. The Finance Committee requested a State audit of policy and procedures used in administering this budget and a review of these practices in the strictest legal accounting sense. The review must include expenditures and revenues in regards to the Veteran's Memorial and Memorial Day activities of 1997. He asked that the focus of this meeting be held to the review of this letter. He read the letter into the minutes. (See Finance Committee letter dated April 29, 1998, RE: Capital Improvement Budget Audit.)

AUDIENCE PARTICIPATION:

Al Hindes, 2511 Windywood, wanted to hold his remarks in reference to this issue until the Regular Council Meeting.

Laurie Tinnin, 2340 Harmony Dr., reviewed the responsibilities of Dupuis & Ryden in reference to our annual audit procedures. She suggested there was not a detailed audit.

COUNCIL DISCUSSION:

Mr. Centilli asked Brad Becker to clarify Dupuis & Ryden's role in our annual audit.

Mr. Becker said Mrs. Tinnin reported from a cover letter added to the audit report. Stated in the letter, Dupuis & Ryden will continue to provide services to Burton for the next three years. The auditors don't review every transaction, but they do a sufficient number of samplings through out the financial report to satisfy their standards, as they complete the budget. Dupuis & Ryden has conducted audits for the City of Burton for the past 15 to 20 years.

Mr. Hammon passed the gavel while commenting on this issue.

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Mr. Hammon has been in contact with Dupuis & Ryden in regards to expenditures of the Veteran's Memorial and the recent audit. He asked Mrs. Zelenko to read into the minutes the response of Tad Harburn, CPA, Principal, Dupuis & Ryden, dated May 15, 1998. The letter states that the audit sampled nine transactions of the Veteran's Memorial project. These transactions were examined as to propriety. The auditors found those transactions to be properly supported by invoices and in accordance with City purchasing policies. In addition, they reviewed the funds of the City for compliance with the State Budgeting Act (P.A. 621 of 1978 as amended). Their understanding is that the City adopted a Capital Improvement Fund budget on a total Fund/department basis, of which the Veteran's Memorial was one of many approved projects to make up the total Fund budget. As a result, expenditures can be made for projects within the Capital Improvement Fund. These funds can be transferred between the projects as long as the total appropriation level for the Fund is not exceeded. Given the above circumstance, Dupuis & Ryden believe there were no budget act violations with regard to expenditures within the Capital Improvement Fund. (For additional information, see attached letter from Dupuis & Ryden dated May 15, 1998.)

Mrs. Walls said Mr. Becker gave a satisfactory explanation. Dupuis & Ryden said they have sampled nine transactions specifically dealing with the Veteran's Memorial. This gives us an idea of where we are with expenditures on this project. She thinks the Finance letter doesn't deserve a response. Also, she had concerns with a recent newspaper article that reported comments made on the Veteran's Memorial donations.

Mr. Centilli asked for an explanation of comments made in a recent news article.

Mr. Cross said the letter from Dupuis & Ryden cleared up some questions he had in regards to policies, procedures and expenditures dealing with the Veteran's Memorial.

Mr. Becker said the funding of the Veteran's Memorial was thoroughly discussed at a Finance Meeting held January 29, 1998, which lasted two hours and twenty minutes. The Memorial was the only issue discussed at that meeting.

Mr. Cox said it is a wonderful Memorial and the City appreciates all the work and donations that went into building the monument. He had a problem with how money was transferred and spent without prior Council approval. He said there was a \$26,000 shortfall on the project, and Council only approved \$15,000 for the monument. The Council should determine budgetary issues.

Mr. Hammon said the Finance Committee letter insinuated that something illegal or inappropriate had been done in regards to funding and expenditures of the Veteran's Memorial and Memorial Day activities. He contacted Dupuis & Ryden, the City Attorney, Brad Becker, and the Administration in reference to this request. He found no basis for initiating an audit and thinks this letter was inappropriate.

Mayor Smiley said the Finance Committee spent over two hours discussing the Veteran's Memorial on January 21, 1998. He said the Council was updated regularly at meetings and was well aware of the status of the Memorial.

The Mayor said the Finance Committee violated a City policy by holding a secret meeting to address this issue, resulting in the Finance Committee letter dated April 29, 1998. (See Regular Council Meeting Minutes, March 18, 1998/ 7:30 P.M., Page 4, Resolution #5, Policy on Meetings of Appointed Committees.)

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Mr. Martinbianco said the letter was drafted and signed by each Finance member independently, not at a meeting. He thinks when Council adopts a budget, they are adopting a savings and spending policy. Money is set aside for a specific purposes. He said money spent was set aside for a fire vehicle.

Mayor Smiley said the fire vehicle was not in jeopardy at any time. The funds are available for the fire truck. The money was just transferred from one line item to another. This has been done many times before and it is not unusual.

Mr. Martinbianco said we should address the procedures and policies to help establish guidelines for future projects.

Mr. Cox questioned the correctness of the financial procedures with regards to the Veteran's Memorial and its festivities in 1997. He said Council approved \$15,000.00 for the project and an additional \$26,000.00 was spent without their approval.

Mr. Abbey did not have a problem with addressing financial accountability. He said we have made these types of transactions with similar projects, such as Memorial Library. He said a subcommittee was created to investigate the defunct BNHS. He felt like a similar committee could be formed to address the Veteran Memorial project and clear up any questions for the Finance Committee.

Mr. Hammon planned to adjourn this meeting at 7:00P.M., due to previously scheduled meetings at 7:00 and 7:30. He wanted the Council to meet with the public and discuss this issue. He will not be sending this issue to the state for an audit.

Mr. Becker said Council was aware of the shortfalls in this budget in May 1997, when he gave an update on the project at a Regular Council Meeting. He said the project was unusual only in the sense that there were outside donations, as well as City money being used to fund the project. There have been three similar projects with this type of funding. Mr. Becker would be glad to meet with the Finance Committee and resolve any issues.

Mr. Cox thought the only financial responsibility the City would have was the \$15,000.00 in seed money and maintenance on the property. He wanted to know how bills got paid without Council approval.

Mr. Becker said he provides a regular Financial Report to keep Council up to date with expenditures.

Mrs. Zelenko asked for clarification on the transfers of funds in relation to similar projects.

Mr. Becker said the budget is approved on a departmental basis. The departmental total, that Dupuis and Ryden referred to in their letter, points out that moneys can be moved within line items, as long as the departmental totals are not exceeded. That is exactly what happened in the capital improvement budget with the Veteran's Memorial. Some projects become more complex due to the overlap at the end of the fiscal year. Memorial Day activities were dealt with in the General Fund Budget in the same departmental manner.

Mrs. Zelenko questioned when the Finance Committee made a determination to draft the letter dated April 29, 1998. It all boils down to the Finance Committee questioning procedure. She thought the letter was inappropriate. The Finance recommendation should have been addressed to the entire Council as a whole. The Council as a whole should make the decision by a vote.

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Mr. Centilli reviewed the worth of the Memorial.

Ian Hohloch, CHMP Engineering, estimated the cost of the Memorial at \$350,000 to \$400,000.

Mr. Centilli said the project greatly escalated from the original plans. He was given donations of materials and skilled labor, as the project kept growing. He wanted the best memorial possible from the generous resources that were available. He said this memorial will last 200 years. He is very proud of the Veteran's Memorial.

Mr. Cross commended Mr. Centilli for building the memorial. He thought it was hard to get information on this project and hoped for better communication in dealing with these matters.

Mrs. Zelenko hoped we could put this matter behind us and in the future, communicate better with each other before circumstances become so extreme. She would like the Finance Committee to research policies that would encompass these types of community projects.

Mrs. Zelenko moved to adjourn the meeting.

Mrs. Walls asked if it was customary to handle shortfalls and transfers in the same manner as we did with the Veteran's Memorial project. She understood why the Finance Committee had concerns about money being spent that wasn't allocated.

Mr. Becker said every fiscal year we have several budgetary shortfalls. Transfers are made to adjust for these transactions.

Mrs. Walls has worked hard to promote the sale of plaques on the memorial. She supports the memorial physically, financially and anyway possible.

A short discussion followed in reference to the waiver presented to Council members.

Mr. Hamilton said the waiver was to be signed by any member that was not present for a vote. All seven members were present, so waivers did not need to be signed.

#### COUNCIL ACTION:

Zelenko moved and Centilli supported to adjourn the meeting. Motion Carried 4-3 with Cox, Cross and Martinbianco voting no.

Meeting Adjourned at 7:10 P.M.

Gayle Webster  
City Clerk

GW/cml