

## Minutes of City of Dunkirk Finance Committee held on July 7th, 2014

**Present:** Councilman Mike Michalski, Chairperson

Councilman Andy Gonzalez, Member

Councilwoman Stephanie Kiyak, Member

Stacy Szukala, City Council

Ron Szot, City Attorney

Rich Halas, FAO

Mark Woods, City Treasurer

Guests: Gib Snyder- Observer, Sue Chiappone – Buffalo News, Kevin Wystup & Scott Dill – Johnson & Mackowiak (J&M) Accountants

**Opening:** Chairman Michalski opened the meeting at 4:15pm.

### **Meeting Content:**

#### **2013 City Audit:**

Wystup opened meeting with review of the 2013 city audit as performed by J&M. Fund I ended with a surplus of \$29,534, Funds II & III ended with deficit balances of -\$156,912 & - \$51,162 respectively. Collectively, the city lost nearly \$175,000 between all three funds. According to Wystup, the major reason for the deficit balances was a decrease in the number of water & sewer users in 2013 and will most likely get worse. Woods stated there was a scheduled water rate increase that went into effect in 2014 which doubled the minimum charge from \$22.50 to approximately \$45 per user. Woods felt the city would not realize the same loss in 2014 because revenues were adjusted downward in Funds II & III given the closing of the Carriage House facility.

Kiyak questioned Woods why the committee was not made aware sooner on the severity of reduced revenues in Funds II & III. Woods stated both expenses & revenues are discussed at finance committee meetings each month.

Some Fund I expenditures came under budget while others such as Firemen & Police personnel & overtime lines went over budget. There were also retirement “cash outs” that factored into exceeding these lines. Unspent CHIPS money in the budget was not over-inflating Fund I revenues according to Wystup.

Dill reported on the CDBG funding. There was \$34,000 in expenses during period, with the major program being from the DOT’s bike path project. There was significant progress made in the reporting and auditing controls within the department. The biggest area of improvement needs to be the development of a set of written policies & procedures to comply with HUD’s findings within the CDBG program.

Wystup noted improvements on the city's policies & procedures to include the accounts receivable (utility billings) area which should be helped by implementation of the KVS computer based accounting system. Wystup did note a personnel shortage within the Treasury department is also contributing to deficiencies within the accounts receivable/utility billing area.

Inter-fund transfers (due to – due from) continue to be an issue; however significant progress was made in this area during 2012.

Capital projects should also be closed out on a timelier basis once they are completed. Examples include the Boardwalk and Fourth Street projects.

Wystup then addressed the deficit balances in funds II & III and how important addressing this issue is to the city's finances.

**Budget Transfers:**

\$5,000 Police Dept. - repairs to aging patrol fleet

\$1,200 Recreation Dept. - replacing of tines on beach cleaning equipment

\$10,000 Fire Dept. - truck E-4 repairs to fuel tank & lines

\$1,300 Parks Dept - lighting for bike path behind Clarion

**Over Budget Report:**

Halas discussed over-time and employee benefits lines. Natural gas & contracted services are almost maxed out with six months remaining in the year.

**KVS Update:**

Woods reported on the KVS software upgrades to his department. The transition should not affect the school district with their tax collection. There has not been any "hands on" training in the department yet, which was supposed to occur at the end of May.

**Seawall Budget:**

According to Halas there is yet to be a budget put forth on the sea wall. There needs to be a meeting between city officials and project engineers to sort out the details of the project.

**Fee Schedule:**

Szukala requested a finance meeting to review & evaluate fees charged by various city departments.

**Meeting adjourned 5:15pm.**