

Minutes of City of Dunkirk Finance Committee held on March 11th, 2013

Present: Councilman Mike Michalski, Chairperson
Councilwoman Stacy Szukala, Member
Councilwoman-at-Large Stephanie Kiyak, Member
Rich Halas, FAO
Mark Woods, City Treasurer
Ron Szot, City Attorney
AJ Dolce, Mayor
Guests: Diane Chodan, Observer staff reporter

Opening: Chairman Michalski opened the meeting at 4:17pm.

Meeting Content:

Motion to accept prior meeting minutes of January 22nd and February 11th made by Szukala seconded by Kiyak, all voting in favor.

Halas is trying to step up closing of the 2012 year books before city can feasibly convert over to the KVS accounting software sometime in May.

Halas reviewed the overall fiscal health of the city (difference between revenues and expenses will result in a fund balance surplus or deficit). Halas reviewed past city financial statements and gave brief explanations of each.

Halas noted the deficit balances trending substantially upwards (increasing) from 2003 to 2011 across the three major fund balances.

End of year budget transfers were than discussed. Michalski noted past discussions have focused on whether transfers should be made during the year or at the end of the year. Each option has its advantages/disadvantages. It was decided to let the accounts run into the negative to point out problem areas within the budget.

Halas was under the opinion that the various year-end transfers were, for the most part (outside of very large or mandated transfers), unnecessary to close out the books.

Due- to and Due- from transfers were than discussed. Halas felt most had to do with past loans between Fund 1 to Funds 2 & 3. He felt that with offsetting transfers, the deficit amount could be reduced by approximately half.

Auditors Johnson Mackowiak, in a letter to the Mayor dated 2008 and again in 2009, specifically stated the city needed to clean up the Due-to and Due- from transfers.

Szukala questioned how the city plans to address the due-to/due-from transfers. Halas said that once a final determination is made in regards to the due-to/due-from amount, we may have to budget annual transfers in the budget to pay back amounts owed to Fund 1.

Szukala questioned how we could have been informed in past meetings with Johnson & Mackowiak that past transfers could be forgiven to where we are today being told they must be paid back. Halas stated they (transfers) cannot just be forgiven. Woods questioned why? Halas stated funds 2 & 3 owed fund 1 money. If the receivables are forgiven, then they must be expensed and eventually offset with additional revenues in order to balance the fund. Kiyak stated there are fewer users (water/sewer) in the city, which in turn means there is a larger burden on those users remaining and how important the proposed North County Water District is to the city.

Woods & Halas both agreed that a reasonable effort or plan needs to be in place to address this issue and satisfy state/federal regulators.

Meeting adjourned 5:30 pm.