

DLDC SPECIAL MEETING – August 15, 2012

Present: Mayor Anthony J. Dolce, Lacy Lawrence, Steve Neratko, Joe Becerra, James Muscato, Stephanie Kiyak, Rosemary Banach, Andy Gonzalez, Richard Halas, Nicole Waite and Judy Presutti. Also present was Mike Michalski, First ward councilmen, Kevin Wystup, Matt Overfield, auditors with Johnson, Mackowiak and Associates.

Absent: Jaime Rodriguez, Ginger Pokoj, Tim Gornikiewicz, Judy Lockett, and Mark Woods.

Meeting was called to order by Steve Neratko at 11:06 AM, located in the Mayor's Conference Room.

DLDC Audit was then discussed.

Rich Halas asked if net assets released from restrictions \$186,041 from page 4 could be explained. Kevin Wystup responded that it is amount of money received from the city, normally in form of CDBG money, which comes in with certain strings attached with it. When used and strings are satisfied then it becomes released from restrictions and becomes part of the operation.

Rich Halas also confirmed with Auditors that Festivals revenue was noted at \$49,351 and expenses at \$60,495 equating an \$11,000 estimated loss for 2011. Steve Neratko noted that as of this year we are ahead.

Rich Halas then question why under cash flows from investing activities it shows interest income at \$21,720, yet below it shows as adjustment to reconcile change in net assets. Kevin Wystup explained that interest income is not an operating activity, it is from investing purposes. This figure is mainly from interest paid on loans, as our loans are considered an investment.

Judy Presutti asked if principle was considered revenue in which Kevin Wystup clarified it is not. It is changing from one asset to another, simply collecting on a loan. Just like issuing a loan is not an expense. It was mentioned however that eventually some of our loans do become expenses through reclassification. If a company maintains or creates certain employment marks/contingencies then the money that was loaned turns into grant. It will convert from an existing loan to grant. This term is not applied to all loans, only some.

Segregation of Duties needs to be applied more strictly especially within such small entities in order to assure a more secured future.

1099 forms need to be given out to recipients of DLDC payments. If the payment is being applied to a company not considered and INC. or for purchases of "stuff" and the amount is \$600 or more. Matt Overfield explained that a 1099 informs a person who received the money that they are liable for the income tax on that money. If DLDC does not inform that person that they w income tax, in theory, DLDC could be liable for the income tax on that money. Kevin Wystup also mentioned that Penalty fees can apply to this also and that it is best to have these forms filled out prior to payment.

Quickbooks software was mentioned. It would be nice a nice program to be used for future thoughts. Steve Neratko explained only one computer is equipped with this software at the moment and currently their loans are used in a “sharkloans” programs. Internal Balance sheets would be a great item to be given out at every meeting. Also Steve Neratko mentioned he liked the idea that in the future at possibility could be Nicole Waite could write checks, who then has them checked with Tim Gornikiewicz, and finalized by Steve Neratko, himself. This system would give them more of a checks and balances approach.

Festivals were discussed. Steve Neratko mentioned due to the fact that Development is such a small department that the festivals committee needs to be reinstated to take off some of the burden. He said there is a lot of legwork that needs to be done. This year is almost done so this would be for the upcoming year. He said he advised someone from the committee be present during to over view financials. Judy Presutti asked if Festivals really needs to be with DLDC. Steve Neratko said if we are going to continue our close relationship with the Dunkirk Chamber of Commerce where they are a main donor it may be appropriate to have a committee that is made up of partially members from this board and theirs, along with some city employees and have an independent group.

Resolution #11-2012

Authorizing Nicole Waite to Submit CDBG Proposal.

Andy Gonzalez made a motion to allow proposal to be submitted. Stephanie Kiyak seconded it. Carried, all voting aye.

Resolution #12-2012

Adopting Organizational Chart.

Judy Presutti made a motion to approve adoption. Rich Halas seconded it. Carried, all voting aye.

Resoluion #13-2012

Adopting Mission Statement and Performance Measures.

Joe Becerra made a motion to approve adoption. Andy Gonzalez seconded it. Carried, all voting aye.

Please note Shannon Solarres has resigned from the board.

Jim Muscato made a motion to adjourn. Carried, all voting aye