

**Budget and Finance Committee Meeting**  
**July 18, 2013**  
**Minutes**

The Bethany Beach Budget and Finance Committee held a meeting on July 18, 2012. The following committee members were present: Jerry Dorfman, Chairman, who presided: Joseph Healy, Philip Rossi, Denise Boswell, Chuck Peterson, Martin Decre and Jerry Morris.

Also in attendance were : Cliff Graviet, Town Manager; Janet Connery, Finance Director; Tony McClenny, Mayor; and Council members Jack Gordon and Margaret Young. Also present was Bruce Frye.

**Approval of Agenda**

Mr. Decre made a motion to approve the agenda. Seconded by Mr. Rossi, the motion was unanimously approved.

**Approval of minutes of February 14, 2013 Meeting**

Following a noted change, Mr. Healy made a motion to approve the minutes. The motion was seconded by Mr. Rossi and unanimously approved.

**Final review of FY 2013**

Referring to handout *Results of Fiscal Year 2013 with Comparison to Budget and Prior Year*, Ms. Connery noted that this page is a condensed overview of the year that ended in March. She explained that revenues are shown at the top, operating expenses in the middle and a summary including depreciation at the bottom. The columns on the left compare the actual results to the budget while the columns on the right compare the actual results to the prior year.

Ms. Connery stated that as we know from our prior reviews, FY 2013 was a good year financially. The comparison to budget in the left columns shows that FY 2013 ended 10% over budget in revenues and 3% under budget in operating costs. The comparison to the prior fiscal year in the right columns shows that FY 2013 ended 11% above the prior year in revenues and 3% above the prior year in operating costs.

Ms. Connery noted that it is important to keep in mind that much of the revenue increase seen in the General Fund came from one-time receipts and revenues that can vary significantly year to year.

- Transfer tax increased \$166k.
- Building permit revenue is \$103k of the increase in “Licenses & Permits/Fees”
- \$68k of the contribution is the one-time receipt of cash from taking over the parade.
- \$178k in prior year refunds are both one-time items.
  - \$134k from Verizon for the Garfield Pkwy utility relocation project

- \$43k from the State reimbursing town costs when they found the energy efficiency grant program had money left over.

Ms. Connery reviewed a summary page which included depreciation to show if the town is covering costs, which is important to consider when reviewing fees.

- The General Fund brought in \$841k more revenue than costs, mainly from the variable and one-time items we just went over.
- The Sanitation Fund showed a loss of \$76k. The Committee and Council already took action on this expected loss by increasing trash fees.
- The Water Fund brought in \$140k more revenue than costs.

The draft financial statements were included in the packet for committee review. Pages 6 through 20 is the narrative, which is intended to inform anyone interested in the town's finances. A few minor cosmetic changes have already been made and the statements are still in draft form in case anyone has any comments or suggestions. The Audit Committee met last week and discussed the statements in more detail. We plan on giving the auditors the OK to finalize the statements on Monday.

### **Review 1<sup>st</sup> quarter of FY 2014**

Referring to handout *Review of the 1<sup>st</sup> Quarter of FY 2014 in comparison with the 1<sup>st</sup> Quarter of FY 2013*, Ms. Connery advised that we are three months into the year and we are off to a good start overall.

Town-wide revenues are \$154k, 4.3% higher than last year.

- Revenues related to housing (transfer taxes, building permits and water impact fees) are all up from last year.
- Sanitation fees increased \$87k from the 12% rate increase.
- Parking revenue is \$58k lower. The season start was delayed due to construction on Garfield Parkway. Rainy weather is also having a negative effect on revenue.

Operating expenses are 3.8% higher than last year, which is close to the 3.4% increase in the amount budgeted so is as expected. Three months in is really too early to look closely at operating costs since the timing of payments vary from year to year.

### **Discussion of Sanitation and Water Enterprise Funds**

Referring to handout *Income and Expense History for the Sanitation and Water Funds*, Ms. Connery reviewed a worksheet that showed the trend of revenues and expenses over the past five years.

- Sanitation fees were no longer covering cost, which is why this committee proposed the fee increase that took effect in April and resulted in a \$87k revenue increase.
- Water fees are still covering costs, though by a smaller amount each year. We should keep an eye on these figures in the Water Fund to know when rates need to be adjusted. Usage rates were last adjusted for fiscal year 2009.

Before the meeting was adjourned, the next meeting was scheduled for 1:00 p.m. on October 24, 2013.

Mr. Peterson made a motion to adjourn. The motion was seconded by Mr. Morris and unanimously approved.

The meeting was adjourned at 1:20 p.m.