

**Audit Committee  
Meeting Minutes  
July 16, 2009**

The Bethany Beach Audit Committee held a meeting on Thursday, July 16, 2009, at 10:00 am in the Town Meeting Room.

Members present: Don Doyle, Chairman, who presided; Jerry Dorfman; Chuck Peterson, Also present: Herb Geary and Roy Geiser with the auditing firm Trice, Geary & Myers; Mayor, Tony McClenny; Sec./Treasurer, Jack Gordon; Town Council Members, Lew Killmer and Joe Healy; Internal Auditor, Phil Rossi; Town Manager, Cliff Graviet; Finance Director, Janet Connery; and Admin. Secretary, Joanna Nichols.

Approval of the Agenda

Mr. Doyle made a motion to approve the agenda. The motion was seconded by Mr. Peterson and was unanimously approved.

Approval of the Minutes

Mr. Peterson made a motion to approve the minutes as amended. Mr. Doyle seconded the motion and it was unanimously approved.

Report by accounting firm Trice, Geary & Myers LLC on this year's Audit and Financial Statements

Mr. Geary stated this year's audit could not have gone more efficiently. Thanking Ms. Connery and other staff for all their help providing all information requested in a timely manner.

Mr. Geary informed the committee that effective July 1<sup>st</sup> their company has merged with another Salisbury auditing firm that specialized in local governments. The name of the firm is now TGM Group, LLC.

Mr. Geary praised the town for having very good controls. He mentioned that they have recently seen several frauds involving towns and a board of education. The controls that the Town of Bethany Beach has in place would have prevented or detected these frauds.

Mr. Geary stressed the value of having an active Audit Committee, an Internal Auditor and an active Budget and Finance Committee. This, along with solid internal controls and the work of employees, has helped to make the town fiscally sound and makes the audits go smoothly. His auditors found no problems and they have no recommendations for improvements.

Mr. Geary addressed the issue of the new standard GASB 45 which relates to the town's liability for post employment healthcare. This year the town is disclosing an estimate, next year the town will have an actuarial estimate prepared and will record a liability.

Ms. Connery mentioned that on page 38 of the draft statements shows the estimated liability as \$300,000. She said that this estimate should be increased to \$440,000 due to the inclusion of an addition spouse and child that were not included in the original estimate. She explained that Mr. Healy had reviewed the figures and feels the town should use a higher estimate of \$600,000.

Mr. Healy suggested updating the amount to use a range of \$400,000 to \$600,000. The committee agreed.

Mr. Geary responded that they would make that change to the draft financial statements along with fixing the few grammatical errors that had been found. The statements are ready to be finalized as soon as the town has completed its review.

Mr. Peterson added that the footnotes made things much more clear and were very informative.

#### Questions/Comments by Audit Committee

Mr. Doyle said that he was still concerned about the security of DELGIP investments. Ms. Connery explained that DELGIP is the Delaware Local Government Investment Pool, a State managed pooling of funds from municipalities throughout Delaware. By investing in that pool we are taking advantage of the State's work on maximizing returns while minimizing risk. She said that there is no real need for the Town to invest funds in DELGIP and offered to pull the funds out if he preferred.

Mr. Gordon said the topic of DELGIP could be put on the agenda for the Budget and Finance Committee to discuss and decide if we should continue to be a part of the investment pool. Committee members agreed.

With minor changes to be made, Mr. Peterson made a motion to accept the draft financial report. The motion was seconded by Mr. Dorfman and unanimously approved.

#### Any other matters

Mr. Rossi summarized his review of the internal audit report. Committee members accepted his reports and had no concerns.

#### Adjourn

Mr. Peterson made a motion to adjourn the meeting at 11:05 a.m. No date was set for a future meeting.