

**TOWN OF SOUTH BETHANY  
BIDGET AND FINANCE COMMITTEE MEETING MINUTES  
MAY 2, 2014**

**MEETING CALLED TO ORDER**

Tony Caputo, Chairperson, called the May 2, 2014, meeting to order at 3:30 p.m.

**ATTENDANCE**

Tony Caputo (Chairperson), Melvin Cusick (Town Manager), Renee McDorman (Finance Director), Kent Stephan (Committee Member), and Joe Conway (Committee Member) were present. Steve Farrow (Committee Member) and Al Rae (Committee Member) were not present.

**PUBLIC COMMENTS**

None. Council persons Jim Gross and Pat Voveris were present.

**MINUTES FROM MARCH 21, 2014 MEETING**

The minutes from the March 21, 2014 meeting were approved without change.

**REVIEW OF THE FY 2014 BUDGET DOCUMENT**

Tony asked the group if they had any suggestions for improving the final FY 2015 Budget Document. There were no recommendations. Tony asked that if anyone came up with some suggestion please forward them to him by email. Tony discussed the steps in the budget building process and how it differed from recent past years; the process is discussed in the Budget Document. There was no resolution or recommendation. Tony said he will ask the Committee members by survey on the issue.

**PRESENTATION AND DISCUSSION ON RESERVES OF FUND BALANCES POLICIES**

Joe Conway gave a 21 page Power Point presentation (attached) that basically supported the use and construct of Reserves of Fund Balance, along with draft recommendations. On a separate handout Joe provided a "Draft Budget Stabilization Fund Policy" with details. Everyone seems to agree that setting up Reserves is something the Town needs to seriously consider. Joe had some draft guidelines as to what the size of the three Reserves should be.

Tony used the white board to list Joe's three recommended Reserves with rough approximations amounts that totaled \$3.18 million. The amount consisted of a "Budge Stabilization Reserve" of 40% to 50% of the operating budget (\$1.0 million), a "Capital Projects Reserve" equal to the accumulated depreciation (\$1.5 million) and a "Contingency Reserve" Based upon a formula designed from a survey Joe conducted some time ago (\$0.580 million). Tony pointed out that the Town has a Fund Balance of \$1.8 million and to get to the rough number of \$3.18 it would likely need to raise taxes and it would be a difficult task to justify to property owners that we needed to raise taxes to increase reserves.

Tony said he would work with Joe to come up with draft policies for a "Capital Projects" and "Contingency" Reserves. Tony said he would comment on Joe's draft by email, after he had an opportunity to look over it further.

**DISCUSSION ON BUDGET ITEMS THE CDOMMITTEE COULD ADDRESS IN RECOMMENDATIONS TO THE CPOUNCIL EARLY IN THE BUDGET BUILDING PROCESS**

The Committee agreed that we could make recommendations related to salary schedules, balanced budget, long term revenue planning, and publishing a schedule. Tony explained that Renee does have a schedule in the instructions that she provides to folks requesting budget expenses, but some of the Committee members may not know it existed. Tony asked that if anyone came up with some suggestion please forward them to him by email.

**DISCUSSION ON INVESTMENT POLICIES**

Steve was to lead the discussion, but was unable to join in on the discussions. Steve had provided a draft policy for our consideration. Several of those present had some questions the

Steve would be best to answer. Tony suggested that we wait to discuss the Investment Policy until Steve could be present. Joe did want to table the issue since the current investment situation is not good and there is not much to gain at this time. The Town "invests" in CD's who's interest rates are below 1%.

#### **DISCUSSION ON FIXED ASSET CAPITALIZATION AND DEPRECIATION POLICIES**

Tony explained that the current draft Fixed Asset Capitalization and Depreciation Policy incorporated items from the work done in 2012, and he is ready to present it again to Council after the Committee agrees on it. Tony tried to take a vote but none was taken. Tony said he will recirculate the draft again to the Committee for a vote. Tony was not sure how a Committee "approval" was to be made; maybe a simple vote would be needed.

#### **PUBLIC COMMENTS**

Jim Gross stated that as a Council member he would not vote for any policy related to B&F Committee issues unless the Committee agrees upon it.

#### **ADJOURNMENT**

A motion was made by Joe, seconded by Kent, to adjourn the May 2, 2014 Budget and Finance Committee Meeting at 5:45 p.m. The motion was unanimously carried.