



**TOWN OF SOUTH BETHANY
BUDGET AND FINANCE COMMITTEE MEETING MINUTES
MAY 31, 2013**

MEETING: The SBBFC met at Town Hall on May 31, 2013 at 3:30 pm.

ATTENDEES: Pat Voveris, Renee McDorman, Steve Farrow, Keith Krenz, Kent Stephan, Joe Conway, Tony Caputo, and property owner, Jim Gross.

ABSENT: Todd Neven, Mark Damato, Melvin Cusick

Pat called the meeting to order, thanked all for coming, and followed the agenda for discussion, with one topic added on Financial Policy.

OLD BUSINESS:

FINANCIAL POLICY

The Financial Policy recommended to Council and subsequently reviewed by the Town attorney was brought forward by Steve, who incorporated the attorney's modifications. The group consensus was to review the BB policy again and research those of neighboring towns. Steve will present his findings at the next B&F meeting.

Jim remarked that the attorney opinion need not necessarily be implemented in its entirety, and neighboring information should be studied for possible recommendation to Council.

NEW CONSTRUCTION & RENOVATION PERMIT FEES

Pat prepared a handout to illustrate the Council's decision on the B&F recommendation to utilize the ICC indexing formulation for compiling these fees. The Council agreed ICC application with a revenue neutral producing percentage. She further pointed out the ICC square footage value will be changed in the fall. If this increases from current rate the Town will receive more revenue. If this decreases from current rate the Town will receive less revenue than using the old formula for calculation of permit fees. The committee agreed putting the indexing formula in place was a long awaited objective, and movement in the right direction for the Town.

NEW BUSINESS:

REVIEW OF FY2013 BUDGET RESULTS

The committee reviewed a handout Pat prepared highlighting line items for \$257,168 of the \$272,764 year to date revenue in excess of expenditures shown on her May 10, 2013, Treasurer's report. Renee pointed out the final surplus number will be approximately \$215,000, once long term reserve transfer is removed from the equation.

REVIEW OF PROPERTY TAX & RENTAL TAX REVENUE FY2012 VS. FY2013

Renee produced 2 charts illustrating this comparison (attached).

Property Tax in FY2013 showed a nominal increase. Bayside continues to provide the largest percentage of this revenue for our town, though Oceanside owners pay more per property. In Rental Tax we collected 6% more in FY2013 and sold 6% more in licenses. Most revenue was generated Oceanside, and Ocean Drive accounted for 51% of Oceanside revenue and 36% of the total Town revenue generated from Rental Tax.

DISCUSSION ON LONG TERM RESERVE PROJECTION

Joe presented results from compiling answers of relative questions by 10 participants, including the Town Manager, Financial Director, Treasurer, Council Members, and B&F Members. The questions he developed were predicated on a \$3 million catastrophic event, and inputs suggested a future possible reduction in external support from a historical 100% to a possible 53%. Joe calculated a LTR need ranging from \$267,600 to 558,000. At the next B&F meeting the formula will be reviewed with Tony's input from discussion with the auditor on categorizing reserves. B&F plans that Joe will present the LTR projection at the August, 2013 Council Workshop.

FY2014 BUDGET PRESENTATION & FY2015 RECOMMENDATIONS

Tony spoke to the improvement made on our pages preceding actual budget and the need to incorporate more information and pictures. Our budget document should number 30 pages at most and be a history marker, and overall picture and synopsis of our Town.

TRANSPARENCY IN REPORTING POTENTIAL PAYOUT/LIABILITY OF EMPLOYEE BENEFITS

Pat brought forward information discovered in a recent review of the personnel policy handbook, on the retirement bonus. The bonus is based upon years of service and only paid when leaving for retirement.

- 15 years of service – 1 month of pay
- 20 years of service – 2 months of pay
- 25 years of service – 3 months of pay
- 30 years of service – 4 months of pay

The current audit does not include any calculation for this potential liability. With several employees eligible for this benefit there should be reporting on this. All on the committee agreed this topic should have further attention and Pat said she is waiting for the auditor's response to her inquiry.

DISCUSSION OF FY2014 B&F ACTIVITY

The committee agreed the following topics should be acted upon.

- Defining Reserves
- Refining Joe's Formula for LTR Projection
- Creating Reserve Guidelines (as seen in Bethany Beach)
- Financial Policy
- Liability on Employee Benefits Payout

Pat thanked the group for all of their efforts and adjourned the meeting at 5:30 p.m.

**Town of South Bethany Property Tax Assessment
East - West**

May 28, 2013

2012 - 2013				
	Assessment	Property Tax	Average Assessment	Average Property Tax Bill
East	10,555,200	\$137,217.60	35,902	\$466.73
West	26,734,100	\$347,543.30	24,128	\$313.67
Total	37,289,300	\$484,760.90		

2011 - 2012				
	Assessment	Property Tax	Average Assessment	Average Property Tax Bill
East	10,452,439	\$135,881.70	35,284	\$458.69
West	26,569,050	\$345,397.65	23,947	\$311.31
Total	37,021,489	\$481,279.35		

**Town of South Bethany
Rental Tax Breakdown**

Updated June 3, 2013

2012 - 2013			
	Revenue Collected	Percentage of Budget	Licenses Sold
Ocean*	\$370,328	74.27%	129
Bayside	\$150,078	30.10%	151
Total	\$520,406	104.37%	280

2011 - 2012			
	Revenue Collected	Percentage of Budget	Licenses Sold
Ocean	\$344,075	70.00%	104
Bayside	\$145,000	30.00%	161
Total	\$489,075	100.00%	265

* 2012 - 2013 Rental Tax from Ocean Drive was \$188,641. A total of 52 licenses were sold. Ocean Drive Rental Tax revenue represents approximately 36% of total rental tax collected.