

## **Dewey Beach Budget & Finance Committee Meeting Minutes 3/16/2018**

The meeting was called to order at 4:00 pm.

Members in Attendance: Claire Walsh, Joe Kienle, Dave Davis (quorum)

Others in Attendance: Gary Persinger, Scott Koenig, Dale Cooke, Sheena Gosset, Gary Talley, Jim Degan, Chris Flood (Cape Gazette)

### **Administrative Items:**

The agenda and prior meeting minutes were adopted as written.

The group agreed to tentatively schedule the next meeting for Friday, April 27th, at 4 pm, pending input from Dennis Trencher and Steve Huse.

### **Discussion of Business:**

1. A brief discussion of the status of the conversion to eliminate below-the-line accounts in the accounting system revealed that this is in progress and we will begin the new fiscal year with the conversion complete. There will no longer be any below-the-line accounting, which brings the town into general conformance with GAAP as it is understood.
2. The group discussed the document that Dale and Sheena provided which itemized the changes made to redistribute some of the projected surplus funds that were available following their discovery that \$35k in DBE revenue to match up with the \$35k expenses had not been included. This resulted in a swing in the overall budget net from (736) to approximately \$34k surplus. The items listed in the handout were to replace amounts that had been previously cut to close the gap between revenue and expenses. No particular comments from the group were noted.
3. The group discussed the latest budget draft, which has now been transferred to the final and usual format. Gary Persinger noted what appears to be a discrepancy in the 2018 budget number for Transfer Tax in that it is net of the 20% set aside for Infrastructure. Action noted for follow-up by Sheena and Dale with Gary to clarify and possibly correct.
4. A question was posed about Brown Advisory fees associated with their role as town investment advisor, and Joe Kienle indicated that he and the Investment Committee have asked several times for a breakdown of the fees charged by Brown for their services, but have not been able to obtain same from town hall. New town manager Scott Koenig and Sheena noted, and will follow-up on this.
5. A question was posed about account 6030400 Snow Removal as duplicate of another account, and Sheena explained that the account is being retired and will be removed.

6. With no further comments on the budget draft, the committee voted unanimously (3-0) in favor of forwarding this budget on to Council for review and approval in their March 26 meeting. The final draft budget shows a net surplus of \$5,266 for the upcoming fiscal year. Dale, Sheena, and Steve are to be commended for the work done to accomplish this, along with the department heads.
7. The group briefly discussed the agenda item for reporting of performance versus budget. Luff and Associates is working with the Town Manager and financial staff to complete this task and we will request a status and draft version of the reporting format for our next meeting.
8. Dave suggested and the committee agreed to forward a series of recommendations on to Council along with the budget draft. Each of the following are recommended for the Council's consideration and requested approval in the upcoming meeting on March 26 or soon thereafter:
  - a. Research the cash flow necessary to fund monthly town operating expenses and determine how much of the town's unrestricted and non-committed surplus funds can be moved to the Investment Committee to have invested and gain interest and growth. During the same exercise, review the town's 19 bank accounts for potential cost savings and consolidation.
  - b. The Council should direct the Town Manager to commence a review of all staff in order to ensure that staffing is adequate but lean, and ensuring that duties are allocated to overcome the perennial audit comments that separation of roles to reduce risk is followed and maintained.
  - c. The Budget and Financial Committee requests approval to begin working on a plan and timeline, including wording for a referendum in the upcoming election, to raise the town's Accommodations Tax in view and likelihood of the state's enactment of an 8% tax on residential rental accommodations. As discussed, Rehoboth has already enacted an increase in their accommodations tax, and we believe that beginning to act on this now is both prudent and necessary. Any increase in accommodations tax that would be realized as a result of this process (if approved) would be used for long-term infrastructure needs of the town, for issues such as sea level rise, byside flooding remediation, and the like.

With no further business to be discussed, the meeting was adjourned at 4:50 pm

Respectfully submitted,

Dave Davis