

**TOWN OF SOUTH BETHANY
BUDGET AND FINANCE COMMITTEE MEETING MINUTES
February 11, 2020 – South Bethany Town Hall**

ATTENDANCE

Don Boteler (Committee Chair), Steve Farrow (Committee Member), Steve Farrow (Committee Member), Chris Keefe (Committee Member), Joe Mormando (Committee Member), Maureen Hartman (Town Manager), Renee McDorman (Finance Director).

Review of FY2020 Financial Reports/budget

The Committee found the January financials to be in order and sound and agreed that the town's year-to-date performance against budget was satisfactory.

Review of FY 2021 Budget

In its review of the draft operating budget for FY 2021, the Committee began by complimenting and thanking the staff for completing the work begun at the Committee's prior meeting to bring the draft operating budget into balance. The Committee then agreed upon several additional adjustments and identified several additional, mostly minor, items for research and follow up for consideration at the committee's next meeting

The Committee then resumed a discussion it had begun at its prior meeting about the possibility of recommending a modest increase in the property tax rate to: (1) help meet operating costs that have risen steadily over the eleven year period since the 2009 increase, and (2) to help build reserves needed to fund the projects included in the town's capital plan. On further reflection, the Committee agreed that, notwithstanding historically high transfer tax revenue (currently the town's largest revenue stream) that will likely, as in the past, decline precipitously at the next economic and/or market downturn and produce a substantial deficit in the town's operating budget, it would likely be a steep challenge to gain support for even a modest "anticipatory" property tax increase given a balanced budget and healthy, although virtually totally committed, reserves. The Committee thus agreed to forego recommending a tax increase at the current time, pending a material unexpected change in the town's finances. The Committee agreed that the next downturn will force the town to confront difficult choices between raising revenue, reducing broadly supported commitments, seeking external financing, or some combination.

The Committee then conducted its first review of the town's ten-year capital plan, which was presented on an extensive spreadsheet showing ten years of data on estimated reserves, changes in reserves, uses of reserves, and expected capital expenditures. The committee identified several areas where additional information is needed and considered how to simplify and clarify the distinction between reserves presented as "capital accounts" and separately presented as "sources" to fund capital expenditures. Chris Keefe and Renee McDorman undertook to refine certain of the spreadsheet's contents accordingly and to review and refine as necessary the related calculations and the spreadsheet's calculations more generally, prior to the committee's next meeting.

Adjournment

Meeting adjourned at 11:30am