

**MANDEVILLE FINANCIAL OVERSIGHT COMMITTEE
SUBCOMMITTEE OF THE MANDEVILLE CITY COUNCIL
MINUTES FOR THE MEETING OF SEPTEMBER 17, 2014**

The meeting of the Financial Oversight Committee was called to order by Councilman Clay Madden at 6:00 p.m.

PRESENT: Clay Madden, David Ellis, Vince Talazac

ABSENT: Leonard Rohrbough, Marilyn Osborne, Glen Runyon

1. Adoption of the August 20, 2014 Minutes.

A motion was made by Mr. Talazac and seconded by Mr. Ellis for the adoption of the August 20, 2014 minutes. The motion passed 3-0.

2. City Council Resolution No. 14-50, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANDEVILLE RECOMMENDING ITEMS TO BE REVIEWED AND RESEARCHED BY THE MANDEVILLE FINANCIAL OVERSIGHT COMMITTEE WITH COMMITTEE RECOMMENDATIONS TO BE CONSIDERED FOR INCORPORATION INTO THE OPERATING BUDGET AND CAPITAL BUDGET

Mr. Madden withdrew this item from the agenda because the recommended discussion items, outlined under Resolution No. 14-50, failed to pass at the last Council meeting.

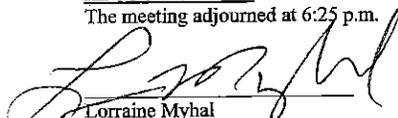
3. Surplus & Required Fund Balances, Recommend Required Minimum Balances, Either a Percentage or a Dollar Amount

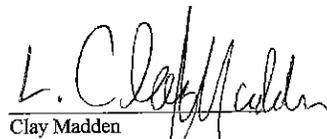
At the last MFOC meeting, the members reviewed the current City of Mandeville Financial Policy: "The City will include an amount in the general fund budget (i.e. a line item for contingencies) for unforeseen operating expenditures or for shortfalls caused by revenue declines. The amount will represent approximately \$1,500,000 or 15% of the general fund operating budget, whichever is less." At that meeting, the members discussed a recommendation of 20-25% or three months of the general fund operating budget and the adoption of a general fund operating reserve policy. Mr. William Haacke, 831 Magnolia Ridge, recommended three months of operating expenses. He added that it will be interesting to see how the new GASB rules, effective for 2015 reports, will affect the municipal retirement system and unfunded liabilities. In the new pronouncement, they will have to calculate a funding deficiency in terms of years. An actuary will have to get involved. He stated that he sent the committee members, earlier in the week by email, the 2013 audit reports and actuarial reports for both the municipal employees and police retirement systems. Under the new GASB, they will have to report how the fair market values are calculated. A lot of funds that they are in are private equity funds. The City might want to consider this (volatility) when calculating our reserves. Currently, the Mayor adds reserves back into revenue to get total spendable funds; it is not GAAP accounting, it is his way of doing accounting. He takes restricted and unrestricted funds into account. Mr. Haacke stated that another consideration was the unfunded liability for post-retirement health benefits which is increasing \$300,000 each year and is currently at \$5 million. This figure was reported in the footnotes of the City's latest financials. In addition to the unfunded liability for post-retirement benefits, the Council should also come up with a number for unfunded pension liabilities when considering reserves.

4. Next Meeting: Wednesday, October 22, 2014, 6:00 pm

ADJOURNMENT:

The meeting adjourned at 6:25 p.m.


Lorraine Myhal
Council Clerk


Clay Madden
Chairman