

**MANDEVILLE FINANCIAL OVERSIGHT COMMITTEE  
SUBCOMMITTEE OF THE MANDEVILLE CITY COUNCIL  
MINUTES FOR THE MEETING OF JUNE 18, 2015**

The meeting of the Financial Oversight Committee was called to order by Councilman Clay Madden at 5:35 p.m.

**PRESENT:** Clay Madden, Leonard Rohrbough, Bill Haacke, Ernest Burguieres, Marilyn Osborne, Vince Talazac, Frank Oliveri, Mayor Villere

**ABSENT:**

**1. Adoption of the May 19, 2015 Minutes**

A motion was made by Mr. Haacke and seconded by Mr. Burguieres for the adoption of the May 19, 2015. The motion passed 4-0.

**2. Updates and Announcements:**

Mr. Madden announced this is his last meeting. Rick Danielson will replace him as Chairman of the Finance Committee and Mr. Madden will become the Council Chairman. Also, Ernest Burguieres will be replaced by Carla Buchholz for the remainder of their term. Mr. Danielson will set the agenda items and verify the next meeting date with the committee.

The Mayor announced Bob Rust, MERS executive director, resigned today after allegations of fraud.

Mr. Burguieres asked the Mayor if he has a plan or goal to change the retiree system from a defined benefit to a defined contribution plan. The Mayor said there are a lot of restrictions from the legislature but whatever we do, we must do the same for the Police and City employees. A few years ago the governor introduced a cash balance plan and he asked Senator Donahue if the City could get on this plan. This plan was more of a defined contribution plan that would work with social security.

**3. Agenda Items**

Mr. Madden said we are still going to be looking at other parish's budgets to see what can be deleted or added in the City's budget so we can achieve the GFOA award. Mr. Haacke at our last meeting was to meet with Mr. Oliveri and he is here to discuss what occurred at that meeting. Mr. Haacke met with Mr. Oliveri and they agreed we should just follow GFOA guidelines as long as there is no conflict with the LA legislative auditor requirements. Mr. Oliveri said most of the items, in the sample Jefferson parish budget he and Mr. Haacke reviewed, we have in our budget, just in different areas. He will work with the committee to make some of the recommended changes to the budget format and include what is only required. The capital budget and revenue projections are almost done and he is working on the expense sides of the budget. Mr. Oliveri hopes to have a working budget document by the end of next week for the Council.

Mr. Haacke wanted to start a working library for the committee. If the committee has any questions on a policy or procedure they can refer to the "library".

Mr. Oliveri said there is a GFOA group internet-based course he wanted to offer to the committee. It is on August 13, 2015 at 2pm – 4pm and will discuss best practices in budgeting and fiscal policy. He can setup the meeting in the council chambers and all members are invited to attend. Mr. Haacke asked him to send everyone an outlook invitation as a reminder.

Mr. Oliveri is working on two different financial reports at this time. The Mayor said the civil service board has recommended a 15% increase in salaries. He wants to make sure that they plug in both the recommendation from the civil service board and his recommendation to see what the difference is over the next 5 years between the two. Plus, we still have the questions of whether we will or won't do an upgrade to City Hall. The Mayor stated if we do it right we can do the renovation/addition without dipping into the current fund balance. The pay increase would end up costing the City about 24%. Mr. Haacke asked if there is a way to get total compensation the city has paid over the past 3 years. Mr. Oliveri said he has that in last year's budget and may have that information as far back as 2012. The biggest difference is you budget for a certain amount of people like 122, but we actually have only 112. Those numbers will fluctuate year over year and the Police department benefits are handled different than City employees. Mr.

Haacke agrees, but the actual cost per person he would like to see, year over year, not budgeted. Mr. Burguieres asked what analysis the civil service board used to get to the 15%. The Mayor said New Orleans was getting a 10% increase and the State Police was getting 20%, so he guesses they just met in the middle, there was no reason. The Mayor said the Civil service board never even asked what the City could afford nor did they ask him for any information. The Mayor told the board he thought employees should be paid at the first level of anyone else in the Parish and their comment was "we don't want to be first we want to be far up there". Mr. Oliveri told them we do not have \$43 million available, we have \$10 million in the fund balance, the rest is restricted. We have \$33 million that can only be used for certain functions such as streets, roads, etc.. They perceived it can be used for payroll.

Mr. Haacke asked the Mayor is this is the year we are going to GASB 68 or is it next year. The Mayor said he will need to ask the actuary (Mr. Curran) for the information regarding the MERS and MPERS pension plans.

Mr. Madden started the discussion regarding assigning the employee retired health benefits. The council approved a resolution to assign a line item dedicated toward the retirement. The Mayor and Mr. Oliveri said this is not going to work with a designated line item; the proper way to do this would be to assign a certain amount of money from the general fund toward this benefit. The reason is first, the next council can undedicated a line item from the budget and secondly, any money left over will be lost and does not carry over. The council can just assign a portion of money from the general fund during each budget session for the retirement benefits and that will accomplish the same thing. Each year, the council can reassign this assignment during the budget sessions. General fund money can be used for any legal obligation of the City. Mr. Haacke said he feels all parties understand what the Council would like to be done, it is just each party is looking at it differently; one an accounting function, the other a cash function. Budgeting purposes and accounting purposes are a little different, this just needs to be an educational process. Mr. Talazac asked how we can achieve our goal. Mr. Oliveri said he talked with Todd with our accounting firm, and he does not recommend creating another fund. Mr. Oliveri will find out what are the appropriate procedures to do this allocation.

Mr. Rohrbough said we need to make sure that years down the road when we have a large amount of employees retire; we have the money for them to collect.

### **3. Recommendations to the Council:**

Next council meeting will have a resolution to officially switch over committee chairs and Mr. Madden will talk with Mr. Danielson regarding agenda items along with confirming the date of the next meeting. He asked all members to look for future emails regarding these changes.

### **4. Next Meeting: tentatively set for July 15, 2015 at 5:30 pm.**

### **ADJOURNMENT:**

A motion was made by Mr. Madden to adjourn the meeting, seconded by Mr. Rohrbough. All in favor 4-0. The meeting adjourned at 6:45p.m.



Kristine Scherer  
Council Clerk



Rick Danielson  
Committee Chairman