

**QUARTERLY BUDGET MINUTES
FOR THE CITY COUNCIL MEETING OF JANUARY 31, 2024**

The regular meeting of the Mandeville City Council was called to order by the Council Chairman at 6:00 p.m. followed by roll call.

ROLL CALL - present: Jason Zuckerman, Jill McGuire, Rick Danielson, Skelly Kreller, Rebecca Bush

Also present: Keith LaGrange, Public Works Director, Mayor Madden, Elizabeth Sconzert, City Attorney, Kathleen Sides, Finance Director, Cara Bartholomew, Planning Director

NEW BUSINESS:

I. Finance Report and Presentation

The mayor read a statement dismissing the rumors of the state of the city's financial status.

Mrs. Sides read the December financial report summary and asked if the Council had any questions on December. Mr. Danielson stated from a revenue perspective we are over revenue year over year, but we are below pace by about \$348K on budget. We budgeted a 5.5% increase even though the auditor suggested a 2.5% increase. Mrs. Sides stated we did 4.5%. Mr. Danielson asked when do we decide to make any budget adjustments. Mrs. Sides does not feel the first quarter is the time for a budget adjustment. December sales taxes are not included and at the end of the year there is a surplus. Mr. Zuckerman explained you cannot just take where we are currently and multiply by 4 to get a year end projection, nor can you take the budgeted numbers and divide by 12 to get a monthly estimate. He made a comparison of the past 3 years and the trends do not support a concern based upon the first quarter numbers, it is too early to do an adjustment. You cannot do a straight-line calculation. Mr. Danielson feels the exercise Mr. Zuckerman conducted is exactly what he feels we need to get from the administration, but he was not stating we need to do a budget adjustment now, his question was when does the administration and council consider if one is needed? Mrs. Sides explained the end of the month reports are not totally final because invoices still come in for a few weeks. As far as the fiscal year reports, they are now done except for any audit adjustments. Mr. Danielson explained he assumed when the numbers were done the council would get an updated budget report to see what the numbers looked like and know where we are starting on September 1st. Mrs. Sides will work on this tomorrow. Dr. Kreller would like to have this posted on the website.

Mr. Zuckerman wanted to confirm that as of right now the city has zero debt. Mrs. Sides confirmed that was correct. Mr. Zuckerman explained the rate study was required and it was determined we need to do changes because we have been operating at a loss for years. Did the firm take this into consideration when they did the financial forecast? Mrs. Sides explained the forecast was done before the rate study, so it did not include any more revenues. The rate study has been done and we know what our increases need to be. The enterprise fund balance is reducing, thereby affecting the total fund balance. Mr. Danielson asked what is next with the study. Mr. LaGrange explained they are getting with the company, and they will have work sessions before creating an ordinance. He feels we are looking at 6 months. Mr. Danielson would like this to be sooner rather than later because 6 months is in the new budget discussions. Mr. LaGrange stated it must start by September 1, 2024. Mr. Zuckerman said the graph showing the depletion of the fund balance in 2028, does that include this study? Mrs. Sides said her understanding is it does not include any additional revenues. Some projects will not be done if we don't have external funding, there are a lot of misassumptions in that report. Mr. Danielson stated there were concerns about where we are from the auditor and even Mrs. Sides. She stated over the past 18 months we have made huge salary increases and we have done no revenue increases. We are getting to a point and at the same

time in this current fiscal year Our uncontrollable operating expenses have grown exponentially- insurance, fuel, utility...this is to me dangerous to continue as a whole. We cannot continue to increase our expenditure and not increase our revenue. So, there are concerns expressed by both, we are very strong today, but his concern is in 5 years from now we could be going in a different direction. If the revenue is not there, we need to be careful because we don't know what some expenses will be in the future. The mayor said we have these conversations every year at the budget and pass a balanced budget. Mr. Zuckerman stated in the big picture what is the correct number to say how much money is enough and when we start giving the money back to residents. Mrs. Sides stated she has no concerns for the 1st quarter. There may be a few stragglers, but there are a lot more steps to process invoices. Property taxes are starting to come in, she hopes to get more FEMA revenue. Her only unknown is the lawsuit, we did not budget for those expenditures. Mr. Danielson is a little frustrated because they received the report after 2pm today and did not have time to review before the meeting. He would like to get this report earlier and would like more detail plus a general ledger, for all future reports. Some of the questions could be answered before the meeting. Mrs. Sides will add the detailed report and will try to get it out earlier. One of the hold ups is the tax information which they do not get until the 12th and investment info. Mr. Danielson asked our status on the audit. Mrs. Sides expects it to be submitted on time, which is Feb 28th. Mr. Danielson asked about the status of reimbursements because we projected the revenue in the budget. What happens if we don't get it? Mr. LaGrange explained we are still waiting for FEMA money.

Mr. Zuckerman wanted to give an update on the berm project. The city has submitted for federal funding, and we may hear back from them in April.

Mr. Danielson asked why the website finance page is blank, can this be updated and clear out a lot of what is on the main page. Finance reports/budgets need to be on the Finance page. Mrs. Sides explained our IT has just created the page and it is a work in progress.

PUBLIC COMMENT:

Mr. Jeff Lyons has concerns about the study which the city paid for. They recommended a 2.5% increase, and we currently cannot even agree on what number we used 4.5 – 5.5%. We are all over the place. Mrs. Sides will send out the correct percentage.

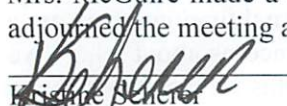
Mrs. Becky Rohrbough suggests any budget adjustment should be made after the audit report unless necessary. Most of the revenues are property taxes which are due 12/31. When does the auditor cut off the year? Mrs. Sides said there is no deadline, but the city can decide to turn it in on time or file late.

Mr. Glen Runyon reviewed his email sent to the council regarding information from the audit reports. He is concerned with the year end results where it said there was a general fund deficit in the FY22 audit report said we had 19.1 million and there was a 2.4 million loss. The CPA report said FY23 had \$25 million, not \$16.8, the audit report hopefully clarifies the numbers. He stated the CPA report was based upon incorrect information and he has not seen a budget adjustment to correct this. He also expressed concerns with sales tax estimations for FY23.

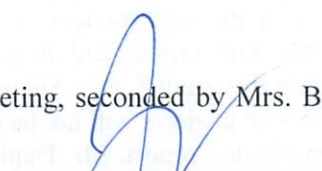
The mayor stated there will be a presentation of the Recreational master plan on Tuesday at 5pm, the plan is close to its final form.

ADJOURNMENT:

Mrs. McGuire made a motion to adjourn the meeting, seconded by Mrs. Bush. Mr. Zuckerman adjourned the meeting at 7:33 p.m.



Kristine Scherer
Council Clerk



Jason Zuckerman
Council Chairman