

Center for Local Government Excellence



Preparation and Budget Act Compliance

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Preparation and Budget Act Compliance



A Public Budget - what is it?

- A legal document
- A public document
- A plan for accounting for revenues and expenditures of the political subdivision
- A complete financial plan

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How can we use the budget?

A budget is:

- A control mechanism
- A management tool
- A component of planning

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What types of budgets do we usually see in the public sector?

- Operating budget
- Special Revenue Fund budget
- Capital budget

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- **Operating budget**
- Basis for revenue and adjustments to fiscal policy
- Facilitates the scheduling of work
- Establishes the parameters for fiscal audits
- Appropriation instrument

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- **The budget process:**
- Executive preparation
- Public Input
- Legislative review, modification, and enactment
- Budget execution
- Post audit and evaluation

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Big picture:

- The political body and the chief executive must function as a fiduciaries
- The political body and the chief executive must act in the **daylight**
- The political body and the chief executive must be aware of substance and procedure
- The budget adopted is more than a guide
- **Amendments** must be adopted properly/5% mandate

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Who must have a budget?

- Parish Governing Authorities and all districts, boards and commissions they create
- Municipalities and all boards and commissions they create
- School Boards
- Special Districts formed as a result of consolidation
- City Court
- District Public Defender Office
- Housing Authorities
- Mortgage Authorities

R.S. 39:1302

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Who must have a budget? (cont'd)

- Political Subdivisions of the State, not in the CAFR
- Registrar of voters
- Independently elected parish offices, including:
 - ✓ Office of Assessor;
 - ✓ Clerk of District Court;
 - ✓ Coroner;
 - ✓ District Attorney;
 - ✓ Sheriff; and
 - ✓ Judges (only insofar as their judicial expense funds)

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Structure of the Budget

- Uniform Chart of Accounts
- Structured Budget Document
- Adoption Instruments
 - ✓ Appropriation Ordinance
 - ✓ Appropriation Resolution
- Definite Authority for Chief Executive Officer/Superintendent and Governing Authority

R.S. 39:1304–1305

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Content of Funds

- General Fund and Special Revenue Fund Budget Documents shall include:
 - ✓ Estimated fund balances at beginning of FY
 - ✓ Estimate of all receipts and revenues
 - ✓ Revenue itemized by source
 - ✓ Expenditures itemized by agency, department, function, and character
 - ✓ Other funding sources and uses
 - ✓ Estimated fund balances at the end of the FY

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Content of Statements

- ✓ The statements required for the general fund and each special revenue fund must now include a clearly presented side-by-side detailed comparison for the current year of all the information required, including a percentage change for each item of information.

March 2016 Center for Local Government Excellence R.S. 39:1305(C)(2)(a) 12

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	AGENCY NAME						FUND - BUDGET FOR YEAR ENDING (insert Date)	
	Current Year						Upcoming Year	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
	Original Budget	Last Adopted Budget	Actual Year-to-Date as of (insert Date)	Estimated Remaining for Year	Projected Actual Result at Year End	% Change Last Adopted Budget vs. Projected Actual Result at Year End	Proposed Budget	Projected Actual Result at Year End vs. Proposed Budget
					(E - D)	(F - B + 1)		(H - G + 1)
SUMMARY OF REVENUES - BY SOURCES								
Local sources:								
Grant Revenue Sources	\$ -	\$ -	\$ -	\$ -	\$ -	NDV/ND	\$ -	NDV/ND
Grant Revenue Sources	-	-	-	-	-	NDV/ND	-	NDV/ND
Grant Revenue Sources	-	-	-	-	-	NDV/ND	-	NDV/ND
Total Revenue from Local Sources	-	-	-	-	-	NDV/ND	-	NDV/ND
State sources:								
Grant Revenue Sources	-	-	-	-	-	NDV/ND	-	NDV/ND
Grant Revenue Sources	-	-	-	-	-	NDV/ND	-	NDV/ND
Grant Revenue Sources	-	-	-	-	-	NDV/ND	-	NDV/ND
Total Revenue from State Sources	-	-	-	-	-	NDV/ND	-	NDV/ND
Federal sources:								
Grant Revenue Sources	-	-	-	-	-	NDV/ND	-	NDV/ND
Grant Revenue Sources	-	-	-	-	-	NDV/ND	-	NDV/ND
Grant Revenue Sources	-	-	-	-	-	NDV/ND	-	NDV/ND
Total Revenue from Federal Sources	-	-	-	-	-	NDV/ND	-	NDV/ND
Total Revenues by Sources	-	-	-	-	-	NDV/ND	-	NDV/ND

<http://www.la.gov/auditResources/bestPractices/documents/LGBATemplate.xls>

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Completion and Submission of Proposed Budget for Public Inspection

- ✓ The proposed budget for municipalities and parishes shall be completed and submitted to the governing authority and made available for public inspection no later than fifteen days prior to the beginning of each fiscal year.

R.S. 39:1306

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Public Participation

- \$500,000+ Budgets (applies to 500K also)
 - ✓ Give Notice that the budget is available for inspection
 - ✓ Give Notice of Public Hearing – 10 days prior to the hearing
 - ✓ Give Notice in the official journal
 - ✓ Must have 1 Public Hearing
 - ✓ After Public Hearing certify completion by publication

R.S. 39:1307

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Budget Adoption

- ✓ All action necessary to adopt and otherwise finalize and implement the budget for a fiscal year shall be taken in open meeting and completed before the end of the prior fiscal year
- ✓ The adopted budget shall be balanced with approved expenditures not exceeding the total of estimated funds available
- ✓ Upon adoption, certified copies of the budget and adoption instrument shall be transmitted to and retained by the chief executive or administrative officer as required by R.S. 39:1313.

R.S. 39:1309

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****IMPORTANT****

The adopted budget shall contain the same information as the proposed budget (See R.S. 39:1305(C)), a summary of which was published and made available for public review.

R.S. 39:1309

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No Budget Adoption

✓ If NO adoption of budget – can only have access to 50% of amounts appropriated for the previous year.

R.S. 39:1312

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Public Record

- Upon adoption of the Budget, chief executive or administrative officer shall:
 - ✓ Maintain certified copies of the Budget
 - ✓ Maintain a copy of the adoption resolution
 - ✓ Maintain copies of supporting schedules and correspondence
 - ✓ Allow for public inspection at the domicile of the governing authority

R.S. 39:1313

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Amending The Budget

- Governing authority - 5% rule or change in operations must adopt a budget amendment in open meeting
- The 5% rule and a change in operation require an amendment
- Expenditures may not exceed the total estimated funds available for the fiscal year.

R.S. 39:1310

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Budget Authority and Control

- **5% Rule**

Chief executive or administrative officer for an entity with expenditures \$500,000 or > must alert entity or official **in writing** when:

- (1) Revenues fail to meet budgeted revenues by 5%
- (2) Expenditures exceed budgeted expenditures by 5%
- (3) Beginning fund balance fails to meet estimated beginning fund balance by 5%

R.S. 39:1311

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Budget Emergencies

- An emergency means an unforeseen event bringing with it destruction or injury of life or property or the imminent threat of such destruction or injury
- Nothing prohibits the expenditure of funds in such an emergency

R.S. 39:1314

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Important Issues

- Budget Adoption Instrument
- Public Participation
- Budget Amendments
- Budget Authority and Control
- No Budget
- Emergencies
- Penalties

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Important Issues (Cont'd)

- The political body and the chief executive must function as fiduciaries
- The political body and the chief executive must act in the **daylight**
- The political body and chief executive must be aware of substance and procedure
- The budget adopted is more than a guide
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FLOWCHART OF STATUTORY MANDATES CONCERNING THE LOCAL GOVERNMENT BUDGET ACT

	CITIES	POLITICAL SUBDIVISIONS	ELECTED OFFICIALS	SCHOOL BOARDS
Complete Budget	R.S. 39:1305(A)	✓	✓	✓
Budget Preparer	R.S. 39:1305(B)	Chief Executive or Administrative Officer	Elected Official	Local Superintendent
Budget Message Prepared by:	R.S. 39:1305 (C)(1)	Chief Executive or Administrative Officer	Elected Official	Local Superintendent
Budget Instrument for Adoption	R.S. 39:1305(D) (R.S. 33:406(A)(3))	Ordinance or Resolution <small>(Lawson Act Municipalities - Ordinance only)</small>	Letter authorizing implementation signed by elected official	Resolution
Completed & Submitted for Public Inspection	R.S. 39:1306	Political Subdivision - 15 days prior to beginning of fiscal year Parish - Prior to 15 th day of fiscal year	15 days prior to beginning of fiscal year	15 days prior to date of adoption
Publication	R.S. 39:1307(B)	Official Journal	Official Journal	Official Journal
Public Hearing <small>(Public participation is required if the total proposed expenditures are \$500,000 or more.)</small>	R.S. 39:1307(A)(C)	No sooner than 10 days after publication	No sooner than 10 days after publication <small>(A.G. Opinion #85-938A)</small>	Prior to September 15 th of fiscal year
Certify Completion of Public Process	R.S. 39:1307(D)	Notice in Official Journal	Notice in Official Journal	Notice in Official Journal
Adoption	R.S. 39:1309	Political Subdivision - At open meeting before end of prior fiscal year. Parish - At open meeting prior to 30 th day of new fiscal year.	No public meeting required	At open meeting - by September 15 of fiscal year R.S. 17:28(A) Send to State Superintendent by September 30 th for approval R.S.17:28(C)
Retain Certified Copies	R.S. 39:1309(D) & R.S. 39:1313	Chief Executive or Administrative Officer	Elected Official	Local Superintendent
Amendments	R.S. 39:1310 & 1311	Adopted at public meeting after publication on the agenda. <small>(Must adopt if there is a 5% variance in revenues or expenditures or beginning fund balance.)</small>	Publication in the Official Journal <small>(Must adopt if there is a 5% variance in revenues or expenditures.)</small>	Adopted at public meeting after publication on the agenda. <small>(Must adopt if there is a 5% variance in revenues or expenditures.)</small>

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CONTACT INFORMATION LEGAL SECTION



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