



Course 105

Local Government Budget Act

Description

This course will give participants an overview of the budgeting process and review all requirements of the Local Government Budget Act.

Objectives

After this class participants will be able to:

- Explain what the budget is and the budgeting process
- Local Government Budget Act—Compliance Requirements

Who Will Benefit


- Elected Officials
- Appointed Officials
- Local Government Employees
- Local Government Auditors

About the Instructor

JENIFER SCHAYE, GENERAL COUNSEL

Jenifer Schaye is General Counsel for the Legislative Auditor of the State of Louisiana. She is a graduate of the University of Dallas and of St. Louis University Law School. She has practiced law continuously for the last forty-one years in Texas and Louisiana. Jenifer has substantial experience in the governmental arena. She has worked as a Legislative Aid to a State Representative in Texas. She was a Louisiana Assistant Attorney General for eleven years. As an Assistant Attorney General, she focused on tort, insurance law, and gaming law and all aspects of the Administrative Procedure Act. In her capacity as general counsel to the Legislative Auditor, Jenifer advises on public law issues and laws relating to fiscal matters, ethics issues, and all public laws which impact political subdivisions and the audits of political subdivisions on the local and state level. Jenifer also serves as a board member on the Louisiana Survivor's Benefit Board as the Legislative Auditor's designee. In addition, Jenifer represents the Legislative Auditor and staff in those matters where they are called to testify and/or to produce records for further inquiry by state and federal courts. She advises the Louisiana Legislative Audit Advisory Council on relevant audit law issues. Because of her governmental background, Jenifer has a broad knowledge of the processes of government and the relationships between the various branches of state and local government.

Center for Local Government Excellence




Local Government Budget Act

Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor

Presented by:
Jenifer Schaye, CFE
General Counsel

Local Government Budget Act




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

October 2019 Center for Local Government Excellence 2

Local Government Budget Act




How can we use the budget?

A budget is:

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

October 2019 Center for Local Government Excellence 3

Local Government Budget Act




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

- Operating budget
- Special Revenue Fund budget
- Capital budget

October 2019 Center for Local Government Excellence 4

Local Government Budget Act




Operating budget

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

October 2019 Center for Local Government Excellence 5

Local Government Budget Act



The budget process:

- Executive preparation
- Public Input
- Legislative review, modification, and enactment
- Budget execution
- Post audit and evaluation

October 2019 Center for Local Government Excellence 6

Local Government Budget Act



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

October 2019 Center for Local Government Excellence 7

Local Government Budget Act




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

October 2019 Center for Local Government Excellence 8

Local Government Budget Act




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)

October 2019 Center for Local Government Excellence 9

Local Government Budget Act




Structure of the Budget

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

R.S. 39:1304–1305

October 2019 Center for Local Government Excellence 10

Local Government Budget Act




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

October 2019 Center for Local Government Excellence **R.S. 39:1305** 11

Local Government Budget Act




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.

R.S. 39:1305(C)(2)(a)

October 2019 Center for Local Government Excellence 12

Local Government Budget Act




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

October 2019 Center for Local Government Excellence 13

Local Government Budget Act




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

October 2019 Center for Local Government Excellence 14

Local Government Budget Act




Amending the Proposed Budget

- ✓ Except in the case of Lawrason Act municipalities, the governing authority may amend the proposed budget and budget adoption instrument to the extent deemed appropriate by the governing authority at any point prior to final adoption, unless otherwise an ordinance or home rule charter provisions provides to the contrary.
- ✓ All amendments to the proposed budget must be made in an open meeting.

R.S. 39:1305(F)

October 2019 Center for Local Government Excellence 15

Local Government Budget Act




Amending the Proposed Budget (cont'd)

- ✓ The governing authority of a Lawrason Act municipality may amend the proposed budget and budget adoption instrument only to the extent that the amendments do not substantially change the proposed budget or adoption instrument.
- ✓ All amendments to the proposed budget must be made in an open meeting.

R.S. 39:1305(F)

October 2019 Center for Local Government Excellence 16

Local Government Budget Act




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.

October 2019 Center for Local Government Excellence **R.S. 39:1309** 17

Local Government Budget Act



****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

October 2019 Center for Local Government Excellence 18

Local Government Budget Act




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

October 2019 Center for Local Government Excellence 19

Local Government Budget Act




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

October 2019 Center for Local Government Excellence 20

Local Government Budget Act




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

October 2019 Center for Local Government Excellence 21

Local Government Budget Act



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

October 2019 Center for Local Government Excellence 22

Local Government Budget Act 


Special Attention

LLA's - LGBA FAQ (Question #42)

Amendment Special Revenue Fund less than \$500,000


Attention !

October 2019 Center for Local Government Excellence 23

Local Government Budget Act 

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

October 2019 Center for Local Government Excellence 24

Local Government Budget Act




Important Issues

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

October 2019 Center for Local Government Excellence 25

Local Government Budget Act




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.
- **Amendments** must be adopted properly.

October 2019 Center for Local Government Excellence 26

**CONTACT INFORMATION
LEGAL SECTION**



Jenifer Schaye, CFE
General Counsel
Louisiana Legislative Auditor
(225) 339-3871
jschaye@lla.la.gov

October 2019 Center for Local Government Excellence 27