

NOTICE OF INTRODUCTION OF ORDINANCE

NOTICE IS HEREBY GIVEN that the following entitled ordinance was introduced in writing in the form required for adoption at a meeting of the Parish Council of the Parish of Livingston, State of Louisiana, on July 11, 2013, and laid over for publication of notice:

L.P. ORDINANCE 13-29

AN ORDINANCE TO AMEND ARTICLE 1 OF CHAPTER 2 OF THE CODE OF ORDINANCES OF LIVINGSTON PARISH, “ADMINISTRATION,” SECTION 2.17, “FUND BALANCE POLICY.”

NOTICE IS HEREBY FURTHER GIVEN that the Parish Council of said Parish will meet on Thursday, August 8, 2013, at six (6:00) o'clock p.m., at the Parish Council Chambers, 20355 Government Boulevard, Livingston, Louisiana, at which time there will be a public hearing on the adoption of the aforesaid ordinance.

Lisa Frederick, Council Clerk

Marshall Harris, Council Chair

The following ordinance, which was previously introduced in written form required for adoption at a regular meeting of the Livingston Parish Council on July 11, 2013, a summary thereof having been published in the Official Journal together with a notice of public hearing which was held in accordance with said public notice, was brought up for final passage August 8, 2013, on Motion of Chance Parent and seconded by Ricky Goff:

L.P. ORDINANCE 13-29

AN ORDINANCE TO AMEND ARTICLE 1 OF CHAPTER 2 OF THE CODE OF ORDINANCES OF LIVINGSTON PARISH, "ADMINISTRATION," SECTION 2.17, "FUND BALANCE POLICY."

BE IT ORDAINED by the Livingston Parish Council, Parish of Livingston, State of Louisiana: The Code of Ordinances of the Parish of Livingston, Louisiana, is hereby amended by adding this section, to be numbered Section 2.17, shall read as follows:

2.17 Fund Balance Policy - In Accordance with GASB Statement No. 54

A. Purpose. The following policy has been adopted by the Livingston Parish Council in order to address the implications of Governmental Accounting Standards Board ("GASB") Statement No. 54, Fund Balance.

B. Reporting and Governmental Fund Definitions. The policy is created in consideration of unanticipated events that could adversely affect the financial condition of the Parish and jeopardize the continuation of necessary public services. This policy will ensure that the Parish maintains adequate fund balances and reserves in order to:

1. Provide sufficient cash flow for daily financial needs,
2. Secure and maintain investment grade bond ratings,
3. Offset significant economic downturns or revenue shortfalls, and
4. Provide funds for unforeseen expenditures related to emergencies.

C. Fund type definitions. The following definitions will be used in reporting activity in governmental funds across the Parish. The Parish may or may not report all fund types in any given reporting period, based on actual circumstances and activity.

1. The general fund is used to account for all financial resources not accounted for and reported in another fund.
2. Special revenue funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.
3. Debt service funds are used to account for all financial resources restricted, committed or assigned to expenditure for principal and interest.
4. Capital projects funds are used to account for all financial resources restricted, committed or assigned to expenditure for the acquisition or construction of capital assets.
5. Permanent funds are used to account for resources restricted to the extent that only earnings, and not principal, may be used for purposes that support the Parish's purposes.

D. Fund balance reporting in governmental funds. Fund balance will be reported in governmental funds under the following categories using the definitions provided by GASB Statement No. 54:

Nonspendable fund balance

1. Definition – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
2. Classification – Nonspendable amounts will be determined before all other classifications and consist of the following items (as applicable in any given fiscal year):
 1. The Parish will maintain a fund balance equal to the balance of any long---term outstanding balances due from others (including other funds of the Parish)
 2. The Parish will maintain a fund balance equal to the value of inventory balances and prepaid items (to the extent that such balances are not offset with liabilities and actually result in fund balance)
 3. The Parish will maintain a fund balance equal to the corpus (principal) of any permanent funds that are legally or contractually required to be maintained intact
 4. The Parish will maintain a fund balance equal to the balance of any land or other nonfinancial assets held for sale

Restricted fund balance

Definition – includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

Committed fund balance

1. Definition – includes amounts that can be used only for the specific purposes determined by a formal action of the Parish’s highest level of decision---making authority (i.e., the Livingston Parish Council).
2. Authority to Commit – Commitments will only be used for specific purposes pursuant to a formal action of the Livingston Parish Council. A majority vote is required to approve a commitment and a two thirds majority vote is required to remove a commitment.

Assigned fund balance

1. Definition – includes amounts intended to be used by the Parish for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.
2. Authority to Assign – The Livingston Parish Council delegates to the Parish President or his/her/their designee the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

Unassigned fund balance

1. Definition – includes the residual classification for the Parish’s general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts had been restricted, committed, or assigned.
2. Operational guidelines. The following guidelines address the classification and use of fund balance in governmental funds:
3. Classifying fund balance amounts – Fund balance classifications depict the nature of the net resources that are reported in a governmental fund. An individual governmental fund may include nonspendable resources and amounts that are restricted, committed, or assigned, or any combination of those classifications. The general fund may also include an unassigned amount.

4. Encumbrance reporting – Encumbering amounts for specific purposes for which resources have already been restricted, committed or assigned should not result in separate display of encumbered amounts. Encumbered amounts for specific purposes for which amounts have not been previously restricted, committed or assigned, will be classified as committed or assigned, as appropriate, based on the definitions and criteria set forth in GASB Statement No. 54.
5. Prioritization of fund balance use – When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the Parish to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the Parish that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.
6. Minimum unassigned fund balance – The Parish will maintain a minimum unassigned fund balance in its General Fund ranging from [15] percent to [20] percent of the subsequent year's budgeted expenditures and outgoing transfers. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment.
7. Replenishing deficiencies – when fund balance falls below the minimum [15] percent range, the Parish will replenish shortages/deficiencies using the budget strategies and time frames described below.

The following budgetary strategies shall be utilized by the Parish to replenish funding deficiencies:

- 1 The Parish will reduce recurring expenditures to eliminate any structural deficit or,
- 2 The Parish will increase revenues or pursue other funding sources, or,
- 3 Some combination of the two options above

Minimum fund balance deficiencies shall be replenished within the following time periods:

- Deficiency resulting in a minimum fund balance between [12.5] percent and [15] percent shall be replenished over a period not to exceed one year
- Deficiency resulting in a minimum fund balance between [10] percent and [12.5] percent shall be replenished over a period not to exceed three years
- Deficiency resulting in a minimum fund balance of less than [10] percent shall be replenished over a period not to exceed five years

Surplus fund balance – Should unassigned fund balance of the General Fund ever exceed the maximum [20] percent range, the Parish will consider such fund balance surpluses for one time expenditures that are nonrecurring in nature and which will not require additional future expense outlays for maintenance, additional staffing or other recurring expenditures.

Implementation and review. Upon adoption of this policy the Livingston Parish Council authorizes the Administration to establish any standards and procedures which may be necessary for its implementation. The Administration shall review this policy at least annually and make any recommendations for changes to the Livingston Parish Council.

BE IT FURTHER ORDAINED that all ordinances or parts of ordinances in conflict herewith are hereby repealed. If any provision of this ordinance shall be held to be invalid, such invalidity shall not affect other provisions herein which can be given effect without the invalid provision and to this end the provisions of this ordinance are hereby declared to be severable.

RECEIVED FROM PRESIDENT _____, _____ o'clock ____ M.