



Steps Necessary for Adoption and Implementation of an Annual Budget and for Amendment of the Budget for Political Subdivisions

Overview

- 1) Each political subdivision shall cause to be prepared a comprehensive budget presenting a complete financial plan for each fiscal year for the general fund and each special revenue fund.
 - The chief executive or administrative officer of the political subdivision shall prepare the proposed budget.
 - A budget message signed by the budget preparer for the general fund and each special revenue fund shall include a summary description of the proposed financial plan, policies and objectives, assumptions, budgetary basis, and a discussion of the most important features. **R.S. [39:1305](#)**.

- 2) The budget document shall include a statement for the general fund and each special revenue fund showing:
 - Estimated fund balances at beginning of year;
 - Estimate of all receipts and revenues to be received;
 - The revenue itemized by source;
 - The recommended expenditures itemized by department, function and character*;
 - The other funding sources and uses;
 - The estimated fund balance at the end of the fiscal year;**R.S. [39:1305\(C\)\(2\)\(a\)](#)**

***The proposed/amended expenditures must be for the entire fiscal year.
AG Op. No. 12-0244**

The budget document shall also include:

- A clearly presented side-by-side detailed comparison of information for the current year, including the fund balances at the beginning of the year, year-to-date actual receipts and revenues received and estimates of all receipts and revenues to be received the remainder of the year;
 - Estimated and actual revenues itemized by source;
 - Year-to-date actual expenditures and estimates of all expenditures to be made the remainder of the year itemized by agency, department, function, and character;
 - Other financing sources and uses by source and use, both year-to-date actual and estimates for the remainder of the year;
 - The year-to-date actual and estimated fund balances as of the end of the fiscal year; and
 - The percentage change for each item of information. R.S. 39:1305(C)(2)(a).
 - **R.S. 39:1305(C)(2)(b)** School boards shall itemize revenues and expenditures in accordance with guidance provided by the state Department of Education.
 - School boards must comply with the requirements of both **R.S. 39:1305(C)(2)(a)** and (b). **AG Op. No. 12-0048**
- 3) A budget proposed for consideration by the governing authority shall be accompanied by a proposed budget adoption instrument. The budget adoption instrument for independently elected parish offices shall consist of a letter from the independently elected official authorizing the implementation of the adopted budget. The budget adoption instrument for any municipality, parish, school board, or special district shall be an appropriation ordinance, adoption resolution, or other legal instrument necessary to adopt and implement the budget document. **The Lawrason Act requires that the adoption of the budget must be accomplished by ordinance R.S. 33:406(A)(3).** The adoption instrument shall define the authority of the chief executive and administrative officers of the political subdivision to make changes within various budget classifications without approval by the governing authority, as well as those powers reserved solely to the governing authority. **R.S. 39:1305(D)**
- 4) The budget of a political subdivision (except for parishes) shall be completed and submitted to the governing authority of that political subdivision and made available for public inspection no later than 15 days prior to the beginning of each fiscal year. Parish budgets shall be made available for public inspection prior to the 15th day of the fiscal year for which the budget is applicable. **R.S. 39:1306(A)(2)**

- 5) The special public participation rules for political subdivisions that propose to spend \$500,000 or more from the general fund and any special revenue fund.

R.S. [39:1307](#):

- Give Notice via Publication that the budget is available for inspection;
- Give Notice via Publication of Public Hearing – Notice should be given at least 10 days prior to the hearing;
- Give Notice via Publication in the Official Journal;
- Convene at least one Public Hearing; and
- After Public Hearing, certify completion by Publication.

The budget procedures for political subdivisions that propose to spend less than \$500,000. **R.S. [39:1307](#):**

All of the initial budget procedures required under the LGBA apply to political subdivisions that propose to spend less than \$500,000. Entities that do not meet the threshold are not required to advertise as otherwise required under R.S. [39:1307](#) or hold a public hearing. All other public participation [rules](#) apply, including the adoption of the budget and amendments in an open meeting and the opportunity for public inspection. See AG Op. Nos. 87-0190, 89-0512 and 08-0254 for comment.

- 6) The political subdivision shall cause to be published a notice stating that the proposed budget is available for public inspection at the office of the individual political subdivision. The notice shall state that a public hearing on the budget shall be held, with a date, time, and place of hearing specified in the notice. The notice shall be published at least ten days prior to the public hearing.

R.S. [39:1307\(B\)](#)

- 7) At least one public hearing must be conducted on the budget proposal if the budget proposes to expend \$500,000 or more from the general fund or any special revenue fund. **R.S. [39:1307\(C\)](#)**

- 8) The political subdivision shall certify completion of public participation by publishing a notice in the official journal. **[R.S. 39:1307\(D\)](#) See [Q.33 of the LGBA FAQ for sample language for this notice.](#)**

- 9) The proposed budget and the accompanying budget adoption instrument may be amended by the school board at any point prior to final adoption, unless otherwise provided in an ordinance or home rule charter.**

[R.S. 39:1305\(F\)](#)

- 10) The political subdivision (except for a parish) shall adopt a budget, **including the adoption of any amendments to the proposed budget**, in open meeting before the end of the prior fiscal year. A parish shall adopt a budget, **including the adoption of any amendments**, in an open meeting prior to the 30th day of the fiscal year for which the budget is applicable. **R.S. [39:1309\(A\)](#)**



- 11) The adopted budget shall be balanced with approved expenditures not exceeding the total of estimated funds available. **R.S. [39:1309\(B\)](#)**
- 12) The adopted budget shall contain the same information as that specified for the proposed budget, plus any amendments adopted prior to final adoption by the governing authority. **R.S. [39:1309\(C\)](#)**
- 13) Upon adoption, certified copies of the budget and adoption instrument shall be transmitted to and retained by the chief executive or administrative officer. **R.S. [39:1309\(D\)](#)**

AMENDING A FINALIZED BUDGET

Amendment to the adopted budget is required if:

- Total revenues fail to meet total budgeted revenue by 5% or more, and/or
- Total actual expenditures exceed total budgeted expenditures by 5% or more, or
- There has been a **change in operation** upon which the original adopted budget was developed.
 - Any increase, decrease, addition, or deletion of allocations should be made through amendment to the adopted budget.

The political subdivision shall adopt a budget amendment in an open meeting to reflect the change.

In no event shall a budget amendment be adopted proposing expenditures that exceed the total of estimated funds available for the fiscal year. **R.S. [39:1310](#)**



NEW
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The provisions of R.S. 39:1310 do not apply to amendments of the proposed budget prior to final adoption.

See **[AG Op. No. 09-0152](#)** for a discussion of amending the budget.