



FINANCIAL MANAGEMENT POLICY

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Natalie Robottom

ST. JOHN THE BAPTIST PARISH
FINANCIAL MANAGEMENT POLICY

1.0 PARISH MISSION

The mission and vision of St. John the Baptist Parish Government is to effectively and efficiently serve the citizens of the community in a manner that ensures transparency, promotes trust in government, employs ethical and efficient business practices, fosters economic development, and a support a thriving and healthy community. To fulfill this mission and meet the needs of our citizens, the administration has established a strategic plan that incorporates performance-based objectives and ensures that operational excellence is established during the achievement of these goals. The budgeting process is a critical component of both achieving accountability and sound fiscal responsibility when used as a benchmark to compare progress towards strategic goals.

The Parish will ensure that:

1. Internal controls are in place and adequate;
2. Documentation is available to support accounting record entries;
3. Financial reports and statements are complete, current, within budget constraints, and reviewed periodically;
4. Audits are conducted in a timely manner and in accordance with applicable standards.

The Parish shall conduct financial management operations in accordance with 2 CFR § 200.302 - Financial management and in accordance with state and OCD/DRU requirements outlined in the Disaster Recovery Administration manual under Section 5 – Financial Management.

2.0 INTERNAL CONTROLS

St. John the Baptist Parish uses a system of internal controls to protect Parish assets, ensure the integrity and reliability of its information, secure compliance with laws, policies and procedures, and ensures the performance of its business objectives. Internal controls refer to the combination of policies, procedures, defined job responsibilities, personnel, and records that allow an organization to maintain adequate oversight and control of its cash, property, and other assets.

The Parish's system of internal controls adheres to the following requirements:

1. No individual has complete control over all phases of any significant transaction;
2. Record keeping is separate from operations and the handling and custody of the assets;
3. Expending of or disposal of assets is subjected to proper authorization and/or budget restrictions;
4. Monthly reconciliation and verifications of cash balances with bank statements are made by employees who do not handle or record cash or sign checks;
5. Lines of responsibility are established and adhered to;
6. The person that prepares payroll does not handle the related paychecks;



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7. All Parish employees are covered by a government crime insurance policy in lieu of individual bonds. As a component of the Parish's annual audit, our Auditors will review, attest to, and report on the effectiveness of the Parish's internal control over financial reporting.

3.0 ACCOUNTING SYSTEMS

A. Chart of Accounts

The basis of any general ledger accounting system begins with the foundation of the chart of accounts. The Parish has kept in mind the chart of accounts set out by the Legislative Auditor and the Local Government Act and the capabilities of the Parish's general ledger system, Munis. Following is the layout of the Parish's chart of accounts:

Account Prefix	Account Type Description
10	Cash
11	Investments
12	Restricted Assets
13	Accounts Receivable
15	Accrued Billings
17	Accrued Interest Receivable
19	Other Receivables
20	Receivables
21	Prepaid Insurance
22	Inventory
25	Restricted Assets
26	Prepaid Expenses
27	Due From
30	Property, Plant, & Equipment
35	Encumbrances
40	Other Assets
50	Accounts Payable
51	Accrued Expenses
52	Notes Payable
53	Accrued Payroll Withholdings
55	Due To
57	Accrued Interest Payable
58	Customer Deposits Payable
59	Restricted Liabilities
60	Bonds Payable
70	Fund Balance
75	Contributed Capital
77	Reserved Retained Earnings



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79	Unreserved Retained Earning
80	Revenue from Operations
81	Revenue from Taxes
82	Revenue from Governmental Sources
83	Revenue from Licenses & Permits
84	Revenue from Intergovernmental
85	Miscellaneous Revenue
86	Revenue from Recreation
87	Interest Income
88	Revenue from use of Mon & Prp
89	Revenue from Other Financial Sources
90	Operational Expenses
91	Investment Expenses
92	General Administrative Expenses
94	Interest Expense
96	Other Expense

The decision to open an account belongs to the Chief Financial Officer or may be delegated to other senior accounting personnel. All checking accounts require multiple signatures with check signing authorization requiring approval from the Council.

B. Fund Accounting

The accounting system for the Parish is organized by Fund. Each fund is considered a separate governmental activity. Each Fund is comprised of its own general ledger accounts to record and track revenues, expenses, assets, liabilities and fund balance. Governmental resources are allocated and accounted for in these individual funds based upon the purpose for which the monies are to be spent.

Separate funds are used to satisfy legal requirements and to aid in financial administration. Currently, the Parish utilizes five (5) fund types based upon the type of activity the fund is used for. The funds types are:

- General Fund
- Special Revenue Funds
- Enterprise Funds
- Capital Project Funds
- Debt Service Funds

The number of funds within each fund type has varied through the years as the Parish has grown, capital projects have begun and ended, additional debt financing has been secured or paid off, or revenue sources have been gained or closed. All funds are included in the annual budget and in the financial statements.



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The decision to open/close a fund belongs to the Chief Financial Officer.

C. Financial Reporting

St. John the Baptist Parish maintains accounting and reporting systems in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. A fixed asset system is maintained to identify all Parish assets, their location, historical cost, useful life, depreciation method, depreciation to date and the department responsible for control of the asset.

Annually, the Parish contracts with an independent accounting firm which issues an audit opinion on its official Comprehensive Annual Financial Report (CAFR). The Parish will submit the CAFR to the Municipal Securities Rulemaking Board (MSRB): Electronic Municipal Market Access (EMMA). The Parish will submit the annual budget to the Government Finance Officers Association (GFOA) for consideration in their Distinguished Budget Presentation Awards Program. The Parish will maintain a good credit rating in the financial community.

D. Basis of Accounting

GAAP requires the financial statements of the Parish represent the primary government and its component units. The basis of accounting used are as follows:

- The government-wide financial statements are reported using the economic measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.
- Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period, with sixty (60) days or less being the guideline used. Expenditures are recorded when a liability is incurred, except for debt service expenditures, compensated absences, and claims and judgments which are recorded only when payment is due.

Those revenues considered susceptible to accrual include sales and use tax revenues, Ad valorem tax, federal and state grants and certain franchise fees. Sales taxes are recognized when collected by vendors. Interest on time deposits is recorded when earned. Substantially all other revenues are recorded when received.

Transfers between funds which are not expected to be repaid are accounted for as other financing sources (uses) and are recorded at the time of transfer. Bank loans are recognized when the loan is authorized. Indirect



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cost reimbursements are the amounts the General Fund charges to several other funds based on the level of services provided to these funds by the General Fund.

E. Identification of Major Funds

Any fund whose revenue or expenditures, excluding other financing sources and uses, constitute more than 10% of the revenues or expenditures of the appropriated budget are considered major funds. All other funds are considered non-major funds.

F. Fund Balance

Fund balance is defined as the difference between the assets and liabilities of a governmental fund. While the Parish tries not to depend upon the fund balance when balancing the budget or during actual operations, these funds may be used periodically.

As required by the Government Accounting Standards Board (GASB), the Parish has adopted GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. In the fund financial statements, fund balance for governmental funds will be reported in classifications that comprise a hierarchy based primarily on the extent to which the Parish is bound to honor constraints on the specific purpose for which amount in the fund can be spent. Fund balance will be reported in the following five components:

- Non-Spendable: Amounts that cannot be spent because they are either not in a spendable form or legally required to be maintained intact;
- Restricted: Amounts that have constraints placed upon them either externally by third parties, such as creditors, grantors, contributors or laws of other of governments; or amounts that have constraints placed upon them by law through constitutional provisions or enabling legislation;
- Committed: Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Parish's highest level of decision making authority, which includes the ordinance and resolutions of the Parish Council;
- Assigned: Amounts that are constrained by the Parish Council's intent to be used for specific purposes but are neither restricted nor committed; and
- Unassigned: Amounts that do not meet any of the other classification requirements.

G. Budgetary Accounting

The purpose of the Budget is to provide fiscal guidance for the upcoming year and to determine how the limited estimated revenues will be allocated by fund and by department to best serve the Parish. Additionally, the budget is used monthly to compare actual revenues and expenditures to the adopted budget in order to be better able to react to changing economic conditions and remain within current spending limitations. The responsibility for the administration of the Budget rests with the Parish President, through the Chief Financial Officer.



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Formal budgetary accounting is employed as a management control device and budgets are legally adopted for the General, Special Revenue and Enterprise Funds. Budgets for the General and Special Revenue Funds are adopted on the modified accrual basis of accounting. Enterprise Fund budgets are adopted on the accrual basis of accounting. Other funds are administratively budgeted for management use only. All such budgets are consistent with the accounting methodologies used in the Parish's audited financial statements.

The Parish budget is prepared in accordance with Louisiana law. During the course of the year, the Parish revises its budget to take into consideration significant changes in revenues or expenditures. Louisiana Revised Statute 39:1311 requires a budget amendment if either expected revenues are less or anticipated expenditures in excess of budgetary goals by 5% or more.

All funds are included in the budget. Each individual fund budget must balance; the expenses may not exceed the revenues. Usage of the beginning fund balance may be considered when balancing the budget, but the preferred method is to have each year's expenses not to exceed that year's revenues.

Each individual fund budget must consider long-range planning. Annually, each funds' budget will be looked at a minimum of five (5) years in advance to determine the long-range effects and feasibility of anticipated revenues, and especially expenditures. Such long-range planning includes budgeting for the ongoing financial commitments for lease payments, continual repairs and maintenance and replacement or upgrade costs.

Revenue diversification is practiced at the Parish level. The Parish's revenues are derived from many different revenue sources, such as grants, service fees, taxes, etc. While a particular fund's revenue stream may only be comprised of one revenue source (sales taxes for example), revenues from other funds may be allocated to assist each fund with meeting their operating needs. Each individual fund budget must keep all other revenue policies firmly in mind when developing their annual budgets. Fees and charges for services are reviewed annually to determine that the rates are high enough to cover the expenditures incurred for providing such services. Single time or unpredictable revenues shall not be relied upon to cover ongoing expenditures and all such revenues should only be used in projected budgets when their receipt is most reasonably anticipated to be certain and the amount can be conservatively estimated. Debt capacity, issuance and management are practiced at the Parish level. Additionally, the maintenance of and tracking of the fund balance and other reserve accounts is performed at the Parish level. This allows for reserve funds to protect the Parish against unexpected revenue short-falls or un-predicted one-time expenditures. Each individual fund budget must compare the actual vs budget numbers monthly in order to timely identify any problems that need to be rectified.

The level of budgetary control is at the fund/department level and expenditures may not exceed budgeted appropriations. Appropriations which are not expended lapse at year's end. Management may transfer amounts between line items of an approved budget within a department but may not transfer appropriations between departments without approval of the Parish Council.

The preparation of the annual operating budget is the responsibility of the Parish President's Office. While the Parish Financial Advisor provides the historical data for all individual funds, the department directors are responsible for projecting annual expenditures and needed improvements. The fund budgets are prepared utilizing financial trend analysis as further explained below. Once the budgets have been completed, they are submitted to the Parish President who reviews each fund with its department director. Finally, the budgets are presented to the Parish Council for final approval.



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Article V of the St. John the Baptist Parish Home Rule Charter addresses the preparation of the annual operating budget. The Parish’s budget shall begin on the first day of January and end on the last day of December. At least sixty (60) days before the beginning of the fiscal year, the President shall submit a line item operating budget and a capital budget in accordance with accepted accounting principles in a format established by Parish Council.

The submitted budget shall be balanced. A balance budget is one in which total estimated expenditures do not exceed total estimated revenues, including the estimated deficit or surplus in the fund balance from the previous year. The Parish Council shall publish the proposed budget in the official journal two (2) weeks prior to the meeting at which it is to be adopted.

The budget calendar for preparation of the annual budget is as follows:

<u>Date</u>	<u>Requirements</u>
June 10	Departmental requests for budget submissions
July 31	Deadline for receiving departmental budgets
August – September	Budget drafts reviewed by Parish President and Administration
October 28	President’s Budget submitted to Council
October – November	Council Budget Hearings and Publish in the public paper
Prior to Year End*	Council Approval of Budget
January 1	Effective date of Budget

* The Council may approve the budget at any meeting prior to year-end (December 31st). If the Council does not approve the budget by year end, then the budget submitted by the Parish President shall take effect.

H. Accounting Policies

These accounting bases are used when preparing the budget as well during daily operations.

1. Revenue Policies

Those revenues considered susceptible to accrual include sales and use tax revenues, Ad valorem taxes, federal and state grants and certain franchise fees. Sales taxes are recognized when collected by vendors.

- Sales and Use Taxes are considered measurable when local merchants have collected them; therefore, they are recorded as revenue to the Parish. Anticipated refunds of such are recorded



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as liabilities and reductions in revenue when they are considered measurable and a valid claim exists.

- Ad valorem taxes are recorded as revenue in the year for which the tax relates.
- Federal and State grants are recorded as revenues when the Parish is entitled to the funds.
- Interest on time deposits and charges for services are recorded when earned.

Substantially all other revenues are recorded when received because they are not generally measurable until then. Such revenues include licenses and permits, fines and forfeitures and other miscellaneous revenues.

Revenues must be credited to the appropriate fund and to the appropriate revenue line items as presented in the budget and in keeping with the Parish's chart of accounts.

Recording Receipts

The following procedures for cash received through the mail or given to a staff person shall be in place:

- Mail should be opened by a staff person that is not involved in the accounting function.
- All checks should be endorsed with the Parish's official stamp.
- All cash and checks received shall be forwarded to the designated staff in the appropriate Fund. This person then records all amounts by date, name of company/individual, designation and amount.
- An individual deposit ticket shall be prepared, and copies of all monies received, made.
- All monies shall be deposited the same business day if possible, but no later than the next business day into the Parish's appropriate bank account for that fund.
- A copy of the bank's transaction shall be kept with the copies of the deposit slip and monies and kept in chronological order. Such items are scanned into the system.
- All monies received electronically shall be record by the staff in the appropriate fund and credited to the company/individual as appropriate.
- The staff person(s) who received / recorded the deposits shall not be involved in the bank reconciliation process or have the ability to sign Parish checks.

The following procedures for recording grant related revenues shall be in place:

- All grant monies received will be recorded in the appropriate fund with communication between the CFO and Grant Administrator and accounting personnel being frequent so that all parties may stay apprised of all monies received and all outstanding amounts still owed. Additionally, this helps facilitate the flow of grant related expenditures.
- Once grant monies are received, the steps below for grant expenditures can commence.



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2. Expenditure Policies

All expenditures of the Parish are to maintain the operations of the Parish whose purpose is to provide for the well-being and safety of the public. No expenditures shall be made which are prohibitive by administrative directives, local ordinances or federal/state statutes. The Parish will comply with the procedures of the Louisiana State Procurement Procedures.

Expenditures are recorded when a liability is incurred and measurable, except for debt service expenditures, compensated absences, and claims and judgments which are recorded only when payment is due.

- Bond premiums and discounts are amortized over the life of the bonds using the effective interest method.
- Bond issuance costs are reported when incurred.
- Depreciation is calculated on a straight-line method over the useful life. Land and Construction in Progress are not depreciated.

Expenditures must be debited to the appropriate fund and to the appropriate expense line items as presented in the budget and in keeping with the Parish’s chart of accounts.

Accounting records will be maintained that adequately identify the source and application of all funds. The accounting system will provide the functionality to track receipts and expenditures and generate financial statements. Supporting documentation for the accounting records shall be maintained and include documents such as cancelled checks, paid bills, invoices, purchase orders, payrolls, deposit slips, time and attendance records, contracts, grant agreements, etc. Source documentation will explain the basis of the costs incurred and the actual dates of the expenditures.

Recording Expenses

Prior to recording an expense, the policies for requisition and purchasing must be followed. See the Parish’s “Purchasing and Procurement Policy” which gives detailed procedures which must be followed as determined by the dollar amount of the expense.

The following procedures for recording non-grant related expenses shall be in place:

- All invoices must first have an approved, signed Purchase Order, must include the proper fund / general ledger account number, and must include all supporting documentation.
- All expenditures incurred must receive Departmental approval and are forwarded to the Finance department.
- Upon receiving payment approval, the invoice is entered into Munis for inclusion in the weekly check run.
- A secondary review of all invoices set for payment is performed by the Finance Department.
- All checks must contain a dual signature prior to mailing.
- Check signing authority resides with: Parish President, Chief Administrative Officer (CAO) and Chief Financial Officer (CFO)



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- The entire packet of information is included and scanned into Munis by Vendor name.
- No check may be made payable to “cash”, “bearer”, or left blank.

The following procedures for recording grant related expenses shall be in place:

- A review of the eligible grant expenditures is performed by the Grant Manager
- All invoices must first have an approved, signed Purchase Order, must include the proper fund / general ledger account number, and must include all supporting documentation.
- The Grants Administrator then reviews the invoices, approves and signs them and returns them to the Grants Accountant.
- The Grants Accountant enters the invoices into the internal budget and adds the invoice to the draw request.
- Once the draw request is completed, it is given to the Grants Administrator for review.
- The Grants Administrator denotes approval through her signature, and returns the draw request to the Grants Accountant, who then submits the appropriate documentation to the Granting Authority (state, federal, etc.)
- Once approval for payment has been received from the Granting Authority, the Grants Accountant begins preparing the invoices for payment by the Parish. When notice has been received that the monies have been received, the Grants Accountant processes the invoices for payment, as described above.
- Upon receiving the appropriate signatures on the checks, the entire packet of information is given to the Grants Accountant who logs the checks into the internal budget, scans the invoices as described above, and mails out the checks.

3. Interfund Transfer Policies

- Transfers between funds which are not expected to be repaid are accounted for as other financing sources (uses) and are recorded at the time of transfer.
- Indirect cost reimbursements are the amounts the General Fund charges to several other funds based on the level of services provided to these funds by the General Fund.
- The Parish will use interfund loans, if cash is available, rather than outside debt instruments to meet short-term cash flow needs. Interfund loans are anticipated to be repaid and are accounted for as due to / due from the associated funds.

4. Investment Policies

- The investment policies are governed by state statute and bond covenants.
- State laws permit the Parish to invest in United States bonds, treasury notes or certificates, or other obligations of the U.S. Government and agencies of the U.S. Government that are federally insured, and certificates of deposit of state banks and national banks having their principal office in the state of Louisiana, or in mutual or trust fund institutions which are registered and which have underlying investments limited to securities of the U.S. Government or its agencies.
- State laws permit the Parish to invest in the Louisiana Asset Management Pool (LAMP), a cooperative endeavor formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates as an investment pool.



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5. Cash Management Policies

Under state law, the Parish may deposit funds in demand deposits, interest bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. Certain pledged securities are held by the Parish's agent in the Parish's name.

Each fund has its own checking account. The Parish has the ability to maintain a Consolidated (Pooled) Cash Account. However, there are no Consolidated Cash Accounts at this time.

The parish has in place with its current banking institution an automatic fraud detection tool called Positive Pay on certain parish accounts. Positive Pay is a service that matches the account number, check number and dollar amount of each check presented for payment against a list of checks previously authorized and issued by the Parish. All three components of the check must match exactly, or it will not pay. The Parish is in the process of identifying additional accounts to be included in this process.

Bank Reconciliations

The Parish has a checking and/or savings account associated with each fund. Monthly, Accountant II, (who is not involved in any way with the revenue or expenditure policies as detailed above) will reconcile all bank accounts. Reconciling the bank balances with the book balances is necessary to ensure that (1) all receipts and disbursements are recorded by the entity; (2) only authorized checks are clearing the bank in a reasonable time; (3) reconciling items (errors, unrecorded deposits/checks, etc.) are appropriate and are being recorded; and (4) the reconciled cash balance agrees to the general ledger cash balance.

Voided checks are passed to the Accountant II for holding as they are voided.

All reconciliations are then passed to the CFO for his final approval. Each bank account is maintained in folders which include the bank statement, the reconciliation, and all supporting documentation (including voided checks) and is located in the staff accountant's office (which is behind a door locked with a keycode). All bank account balances are provided to the Parish President and the Council as part of the monthly year-to-date actual financial statements.

Petty Cash

A petty cash fund provides a systematic method for paying and recording out-of-pocket cash payments too small to be made with a check. The Parish maintains a \$300 petty cash fund that is replenished as needed. The Finance Manager or a staff accountant shall maintain control of and responsibility for payments disbursed from the Petty Cash Fund. Such funds are located in a locked box in the Finance Department behind a locked door.



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Accounts Payable Reconciliation

Each fund needs to have verified that the outstanding payables, expenditures, and grant-related costs are recorded in the general ledger each month. Keeping in mind that the Parish is on a modified accrual basis. This exercise is not to account for things on an accrual basis, but rather to verify that all data inputted and posted in the sub-ledgers (including excel spreadsheets) are accounted for in the general ledger, especially those items associated with grants. A Staff Accountant and the Grant Accountant are responsible for this duty and report to the CFO and Grants Administrator, respectively.

Any journal entries needed must include all supporting documentation and be approved by the CFO or the Finance Manager prior to posting.

Accounts Receivable Reconciliation

Each fund needs to have verified that the outstanding receivables, revenues, and grant-related incomes are recorded in the general ledger each month. Keeping in mind that the Parish is on a modified accrual basis. This exercise is not to account for things on an accrual basis, but rather to verify that all data inputted and posted in the sub-ledgers (including excel spreadsheets) are accounted for in the general ledger, especially those items associated with grants. A Staff Accountant and the Grant Accountant are responsible for this duty and report to the CFO and Grants Administrator, respectively.

Any journal entries needed must include all supporting documentation and be approved by the CFO prior to posting.

6. Debt Issuance Policies

General

The Parish will retain copies of all outstanding debt issuances to ensure that all reserve/sinking requirements are met. The CFO is responsible for making any required transfers to sinking/reserve funds on a monthly basis and monitoring these account balances for compliance with the official issuances.

The Parish will review outstanding debt periodically to determine the feasibility of refunding all or a portion of particular issues.

The Parish will seek to maintain, and if possible, improve, the current bond rating in order to minimize borrowing costs.

Other forms of debt, leases or project financing will be analyzed on a case-by-case basis and utilized only when they provide an economic savings or efficiency to the Parish.

- General and Non-general obligation debt financings may be sold on a negotiated basis if it is found that the sale by negotiation provides significant cost or other advantages.



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- The right to reject any or all bids is reserved for competitively bid issues.
- Increasingly rely on current revenue to finance capital improvements; a “pay as you go” basis. Strive to increase each year the percentage of capital improvements financed by current revenues.
- Excess balances in completed project funds should be used as a substitute for new issues to fund projects that have been approved in the normal evaluation process and priority system. Surplus balances should not be used for projects that have not been so evaluated.
- Agreements with commercial banks or other financial entities may be entered into for purposes of acquiring lines of credit that will provide access to credit under terms and conditions judged prudent and advantageous.

Short-Term Debt

The Parish may issue short term debt to cover temporary or emergency cash flow shortages or to provide necessary financial resources. All short-term borrowing will be subject to the approval of the Parish President and the Parish Council.

- Tax or Revenue Anticipation Notes will not normally be issued to fund operations. Cash will be managed in a fashion that will lessen the need for borrowing to meet working capital needs. (Realizing that expenditure cycles may not follow the cycle of tax receipts and may not follow the cycle of revenues generated by the enterprise funds, short-term debt in the form of Tax or Revenue Anticipation Notes to meet cash flow requirements may be issued as required).
- When financing a project, Bond Anticipation Notes may be issued if such notes will result in a financial benefit.
- Tax-exempt commercial paper or variable rate demand notes may be issued when their use is judged prudent and advantageous.

Long-Term Debt

The Parish will confine long-term borrowing to capital improvements that cannot be funded from current revenues. Proceeds of long term debt will not be used for current, on-going operations. The term of the bonds shall not exceed the expected useful life of the project.

Long-term debt will be self-supporting whenever possible. Revenue Bonds, Certificates of Participation, Limited Tax Obligations, General Obligation (Self-Supporting), and Tax Increment Bonds may be issued as best fits the financing objectives.

Contract interest rates on loans made from the proceeds of General Obligation (Self-Supporting) bonds shall be equal to the effective interest rate paid on the bonds sold to finance such loans plus a percent for servicing and self-insurance (if applicable). All GO(S) indebtedness shall be self-supporting. Prior to the issuance, there shall be a review of projected cash flows, based on assessment payments, prepayments and possible defaults, to assure that all future GO(S) bonds shall be self-supporting.



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Revenue bonds, whether solely revenue backed or backed with a General Obligation or Limited Tax pledge, will be used whenever possible to finance public improvements which can be shown to be self-supported by dedicated revenue sources, and needed for the infrastructure and economic development.

- Revenue supported bonds are to be used to limit dependence on property taxes for those projects with available revenue sources, whether self-generated or dedicated from other sources.
- Adequate financial feasibility studies are to be performed for each project to provide assurances as to the self-liquidating nature of the project or adequacy of dedicated revenue sources. Assurances are to be obtained that persons primarily benefiting from the project will provide the maximum financial support allowable.

General Obligation Bonds

General Obligation Bonds will be used to finance only those capital construction or improvements which have been determined to be essential to the maintenance or development of the municipality. For self-supporting projects, GO bonding may be used in order to obtain the lowest possible interest costs.

- Capital improvement projects will be analyzed, prioritized and designated as to essential characteristics through the capital improvement program process. This process should distinguish and separately rank GO bonding and self-supporting projects.
- Use GO bonding only after considering alternative funding sources, such as Federal and State grants and project revenues.

Use Tax Increment supported bonds only where projects can be shown to be self-supporting from tax increments to avoid the use of general property tax revenues. Tax Increment supported debt should be managed to achieve improvement in the ratio of property tax base supported debt per dollar of Real Market Value (RMV) over time.

Conduit Revenue Bonds, for which no financial or moral obligation is incurred, should only be issued if the associated development projects can be shown to be financially feasible and contributing substantially to citizen welfare and/or economic development.

- Assurances should be received that the proposed project will contribute to economic goals.
- Adequate financial feasibility studies should be performed for each project to provide assurances as to the financial viability of the project.
- Adequate assurance should be obtained that the users of the project are financially viable, financially committed to the project, and the property will be used for its intended purpose for an extended period.

Variable rate debt instruments may be issued to provide flexibility and/or attempt to achieve interest savings.

- Economic and cash flow projections for variable rate issues shall be calculated at the then applicable fixed rate.



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- Total variable rate debt shall be limited to a reasonable percent of total debt outstanding.
- At least twice each year, an analysis of each outstanding variable rate bond issue shall be undertaken to determine the advisability of converting the issue to fixed-rate debt.
- Variable rate bonds shall be structured to protect to the greatest extent possible, against cyclical interest rate fluctuations.

Debt Policy

- Property Tax-Supported bonded indebtedness will promote a balanced relationship between expenditures for debt service and current municipal costs and assist in minimizing the overall property tax burden.
- Current operations will not be funded from the proceeds of borrowed funds.
- Capital projects, financed through the issuance of bonds, shall be financed for a period not to exceed the expected useful life of the project.
- Long-term borrowing shall be confined to capital improvements or projects that cannot be financed from current revenues.
- Borrowing shall be of a duration that does not exceed the economic or useful life of the improvement that it finances and where feasible shall be shorter. To the extent possible repayment shall be designed so as to recapture credit capacity for future use as soon as possible.

Approval

The Parish will adhere to all legal and statutory limitations relative to debt issuance. The Parish has the authority to incur debt and issue bonds in accordance with provisions found in the Louisiana Constitution and Louisiana Revised Statutes. The Parish will obtain approval from the State Bond Commission prior to issuance of any type of long term debt, as required by state law. The Parish will issue general obligation bonds only when authorized by a majority of all qualified voters voting on a proposition to issue such bonds.

Reporting

The Parish will comply with LA R.S. 39:1438, requiring issuers of municipal securities to comply with the continuing disclosure rules of the Securities and Exchange Commission (SEC).

R.S. 39:1438.C1 requires that public entities continuously maintain:

- A list of all Louisiana municipal securities for which the public entity is the issuer or an obligated person;
- A copy of all continuing disclosure agreements to which the public entity is a party; and
- If pursuant to a continuing disclosure agreement to which the public entity is a part, the public entity is responsible for filing notices of changes in bond ratings and a list of current ratings for such securities, if any.



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The CFO will ensure that the above requirements are being met by annually reviewing the MSRB's Electronic Municipal Market Access (EMMA) website to determine that all of the required disclosures are included for all of the Parish's relevant bonds.

7. Capital Asset Policies

A capital expenditure is an expenditure that is incurred for the acquisition of a capital asset. Capital assets, which include land, buildings and building improvements, vehicles, furniture fixtures and equipment, and infrastructure assets (streets, roads, canals, water and sewer systems and drainage systems) are reported in the applicable governmental-wide financial statements. The Parish defines capital assets as those assets which have an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major additions are capitalized when construction is complete. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same as in the government-wide financial statements.

The Parish's policy requires that whenever possible, all capital purchases/improvements be funded from the current revenues, including grant monies when available, of the respective departments.

The Parish's plans include current operating maintenance and replacement expenditures to avoid significant unfunded deterioration of capital assets.

Regarding major infrastructure projects, such as roads, sewers and drainage, a separate plan will be developed which includes prioritizing the projects, estimating costs and expected sources of debt and revenue funding. Construction milestones are closely monitored to ensure that projects are proceeding as scheduled and remain within budgeted amounts.

The costs of normal maintenance and repairs that do not add to the value or materially extend the life of the asset are not capitalized.

Prior to recording a capital asset, the policies for requisition and purchasing must be followed. See the Parish's "Purchasing and Procurement Policy" which gives detailed procedures which must be followed as determined by the dollar amount of the expense. Then, the same procedures outlined in "expenditures" above must be followed.

Fixed assets are taken from the general ledger system and entered into the Parish's Fixed Asset subsidiary ledger system quarterly. Information entered includes: description of asset, method of acquisition (purchase, donation, etc.), funding source, cost, salvage value and estimated useful life. The Fixed Asset system calculates the applicable depreciation. The Fixed Asset subsidiary ledger and accumulated depreciation is reconciled to the general ledger annually by the Finance Manager and is specifically confirmed as part of the external auditors' procedures.



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Assets are not disposed of by the Parish but are stored in the Warehouse until needed.

Depreciation on all capital assets, excluding land and construction-in-progress, is calculated on the straight-line method over the following estimated useful lives:

Asset Type	Useful Life (in years)
Buildings & Building Improvements	40
Street System	20 to 40
Drainage System	25
Office Equipment	5 to 12
Machinery & Equipment	10
Vehicles	5
Water & Sewer Systems	10 to 50

I. Personnel

The payroll department is located in a separate locked building at the Parish's offices. Each employee of the Payroll Department has his/her own office with a locked door. Personnel files are maintained on each employee which includes: job duties, pay rates, benefits, pay raises, disciplinary actions, Form W4, drug testing results and other relevant information as required by law. See personnel policies regarding hiring, firing, disciplinary actions, and promotions. There are multiple thumb scanners located throughout the Parish' offices to log in an employee's time in and out. Errors associated with thumb scanners must be documented and approved by a Supervisor. Overtime must be approved by a Supervisor prior to incurring such. Employees' pay is allocated amongst departments and funds based upon their job functions. Substantially all payroll checks are deposited via ACH directly into employees' bank accounts. All employees must attend the annual Ethics class as mandated by the Louisiana Board of Ethics.

J. Security

All accounting records are located in physically secured areas of the Parish's Buildings. All accounting related activities are regulated to offices which are located behind an entryway that is secured though keycode door or a key-locked door. Only employees related to accounting / management functions are given access to these locked areas.

Additionally, all employees are given user-IDs, secured with their own passwords, to access the general ledger system (Munis). Each user-id administered comes with a set of rights which allows users to only access areas within Munis as applicable with their job duties. Such rights are determined by the Chief Financial Officer but is overseen by the IT Department.



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The IT Department is also in charge of applying system updates, backing up the systems, and troubleshooting any computer or computer program (including Munis) related problems.

Check stock is blank and pre-numbered. The check stock is kept in a cabinet near the check printer. The cabinet and check printer are located behind a key lock door. The checks are printed using magnetic ink.

K. Fraud Waste and Abuse

St. John the Baptist Parish is committed to the deterrence, detection and correction of misconduct and dishonesty to prevent fraud, waste and abuse. Department heads and elected officials are responsible for the detection and prevention of fraud, waste and other inappropriate conduct within their office. Each department head and official shall be familiar with the types of improprieties that could occur within his or her area of responsibility and be alert for any indication of irregularity.

Any fraud that is detected or suspected must be reported immediately in writing to the Parish District Attorney or appropriate law enforcement officer for investigation. Issues of waste or abuse shall be immediately reported to the employee's supervisor; if it is believed the supervisor is involved with the activity, it shall be reported to the Parish District Attorney.

Fraud, for the purposes of this policy, generally refers to intentionally or knowingly obtaining an unauthorized benefit, such as money or property, by deception or other unethical means. Waste means thoughtless or careless expenditure, consumption, mismanagement, use, or squandering of resources owned or operated by the Parish to the detriment or potential detriment of the Parish. Waste also refers to the unnecessary incurring of costs as a result of inefficient practices, systems or controls.

Abuse refers to the excessive, or improper use of something, or the use of something in a manner contrary to the natural or legal rules for its use; the intentional destruction, diversion, manipulation, misapplication, maltreatment, or misuse of resources owned or operated by the Parish; or extravagant or excessive use so as to abuse one's position or authority.

L. Changes to Policy

Minor changes including typos, numbering, formatting, etc., can be made administratively and as needed without Council approval.