

POLICYALERT



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Forethought Consulting, Inc.

POLICY UPDATE: **2014**

WISDOM OF THE LEGISLATURE, CONTINUED...

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ith this latest installment of the **POLICYALERT** newsletter, we are concentrating on the revision of 4 financially oriented policies. This new state legislation was examined with assistance of several business managers, whose input into pertinent policy revisions was greatly appreciated. As you will see in the summary below, for numerous School Boards we have expanded one policy beyond the provisions of the current Act to accommodate additional suggested information regarding various aspects of cash management, which some School Boards have found the need to include in policy.

DEBT LIMITATION

In an effort to ensure compliance with municipal securities continuing disclosure rules of the U.S. Securities and Exchange Commission (SEC) regarding bond and municipal securities offering documents, Act 463 of the 2014 Louisiana Legislative Session was enacted to provide certain recordkeeping procedures designed to ensure such compliance. As a result, public entities are now required to continuously maintain certain records associated with the issuance of bonds, notes, certificates, or other obligations or securities, in order to provide timely and transparent access to financial and other material information while such securities remain outstanding.

In addition, the Act also requires a public entity's engaged auditor to review such records and any

Policies In This Issue:

- Debt Limitation
- Tax and Bond Elections and Sales
- Cash Management and Investments
- Purchasing

filings to determine compliance with recordkeeping requirements of this statute and any continuing disclosure agreements to which the public entity is a party, all as part of the auditor's annual financial audit of the public entity.

Act 463 became effective on August 1, 2014 and created La. Rev. Stat. Ann. §39:1438. The policy entitled *Debt Limitation* has been revised to include pertinent provisions of the Act.

TAX AND BOND ELECTIONS AND SALES

La. Rev. Stat. Ann. §42:19.1 of the Open Meetings Law, regarding public notice of meetings wherein the School Board intends to levy, increase, or renew a tax or for calling a tax election, was amended by Act 694. One revision of the Act provides that the notice requirements do not apply to a subsequent meeting where the action of the School Board is to reduce the tax rate or term, or otherwise reduces the cost of the bond or obligation, provided the original meeting at which the School Board adopted the tax measure was held in accordance with the statutorily imposed notification requirements.

The main amendment included in the Act now requires that notice of any such meeting be written and hand delivered or transmitted by email to each voting member of any governing authority of a political subdivision that is required to approve such a tax measure previously adopted by another governing authority, and to each state senator and representative in whose district all or a portion of the political subdivision is located, no more than 60 days nor less than 30 days before the public meeting. Knowing failure or willful disregard of the meeting notice requirement shall constitute a violation of the statute.

The Act's provisions became effective on August 1, 2014 and have been included in the revised policy *Tax and Bond Elections and Sales*.

CASH MANAGEMENT AND INVESTMENTS

The primary statute governing investments of

political subdivisions was amended by Act 465 to add yet another obligation in which a political subdivision may invest. Bonds, debentures, notes, or other indebtedness issued by *domestic U.S. corporations* under certain conditions outlined in the Act, are now permitted investments listed under La. Rev. Stat. Ann. §33:2955. This new investment vehicle has been included in the revised policy *Cash Management and Investments*.

Act 465 took effect on August 1, 2014.

As we noted in the opening, for a number of School Boards the draft of this policy has been expanded to include policy provisions involving various aspects of cash management by School Boards. Provisions addressing the philosophy for managing money, selection of a fiscal agency bank to handle School Board funds, requirements surrounding pledged securities, as well as the liquidation of investments, have all been added to the proposed policy as suggestions for the School Board's consideration.

PURCHASING

The policy *Purchasing* has been revised to include provisions of amended La. Rev. Stat. Ann. §38:2212.1 to allow School Boards or a public school to participate in a *school district purchasing cooperative* for the purchase of materials, equipment, and supplies or for soliciting proposals or bids from vendors for services. The use of a purchasing cooperative is authorized by Act 823, which became effective on August 1, 2014.

A *cooperative* means a "for profit" or "not for profit" organization of which 2 or more public school districts are members. The cooperative solicits proposals or bids for services or merchandise, materials, or supplies which may then be purchased by a public school district or public school.

