ORDINANCE NO.

AN ORDINANCE ADOPTING AN UNASSIGNED FUND BALANCE POLICY AND PROVIDING FOR OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, maintaining a prudent level of fund balance in the General Fund is an important component of the City's financial stability and long-term fiscal health; and

WHEREAS, adequate reserves provide the City with liquidity to address cash flow needs, responds to emergencies, manage economic fluctuations, and stabilize operations during periods of revenue volatility; and

WHEREAS, the Government Finance Officers Association recommends that general purpose governments maintain unrestricted budgetary fund balance in their General Fund of no less than two months of regular operating revenues or expenditures; and

WHEREAS, the City Council desires to establish a formal policy to guide financial planning and ensure the responsible management of public resources.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Hammond that Chapter 2 Article I of the Code of Ordinances be amended to add Section 2-9 as follows:

CHAPTER 2

ADMINISTRATION

…

ARTICLE I. IN GENERAL

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Sec. 2-9. Unassigned Fund Balance Policy.

(a) The purpose of this Ordinance is to establish a policy for maintaining an adequate General Fund balance in order to support the City's financial stability, ensure continuity of services, and provide flexibility in responding to unforeseen circumstances.

(b) For purposes of this ordinance, Unassigned Fund Balance shall mean the portion of the General Fund balance classified as Unassigned in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 54. Amounts classified as Nonspendable, Restricted, Committed, or Assigned, including encumbrances and amounts appropriated or designated for capital projects or other specific purposes, shall not be included when determining compliance with this ordinance.

(c) Minimum Fund Balance. The City shall not adopt a budget that allows the unassigned fund balance in the General Fund to fall below less than three percent (3%) of annual General Fund operating expenditures. For purposes of this calculation, operating expenditures shall mean the adopted General Fund operating budget, excluding: (i) Capital outlay (ii) Transfers to capital or project funds (iii) Prior-year encumbrances, and (iv) Prior-year capital or project carry forward appropriations.

(d) Target Fund Balance Range. In establishing the City's annual budget, the City shall strive to maintain an Unassigned Fund Balance between five percent (5%) and seven and one-half percent (7.5%) of annual General Fund operating expenditures. Maintaining fund balance within this range provides additional financial stability and flexibility to address unforeseen circumstances, revenue volatility, natural disasters, and other emergency expenditures. Maintaining reserves within this range also supports the City's ability to manage temporary disruptions in revenue and delays in reimbursement for disaster-related costs. If the Unassigned Fund Balance falls below the target range but remains above the minimum level established in this policy, the City shall consider measures over time to restore the fund balance to the target range within a reasonable period of time.

(e) Application During Budget Adoption. When preparing and adopting the annual budget, the City shall ensure that the projected Unassigned Fund Balance at the end of the budget year, after accounting for any planned use of fund balance, does not fall below the minimum level established in this policy. The Finance Director shall provide an estimate of the projected year-end Unassigned Fund Balance as part of the annual budget presentation to the City Council. If the proposed budget projects a fund balance below the minimum level, the City Council may adopt such a budget only upon determining that extraordinary circumstances exist and that a plan is in place to restore the fund balance to the minimum level within a reasonable period of time.

(f) Use of Fund Balance Above Target Range If the Unassigned Fund Balance exceeds the upper limit of the target range, the City Council may consider the use of excess funds for nonrecurring purposes, including but not limited to: (i) capital improvements; (ii) infrastructure investments; (iii) debt reduction; and (iv) strategic one-time initiatives.

(g) Authorization to Deviate. The City Council may authorize the use of a fund balance below the minimum level of unassigned funds in the event of declared emergencies, natural disasters, or other extraordinary circumstances. Any such action should include a plan to replenish the fund balance to at least the minimum level over a reasonable period of time.

(h) Policy Review. This policy shall be reviewed periodically by the City Council as part of the City's annual budget process or as otherwise deemed appropriate.

The above and foregoing ordinance having being duly submitted to the Hammond City Council in writing; introduced at a public meeting on **__________, 2026** of the Hammond City Council and discussed at a public meeting held on **__________2026**.

On a motion by ____________________ and second by ____________________ the foregoing ordinance was hereby declared adopted on **________, 2026** by the following roll call vote:

VOTE: Kip Andrews ( ), Carlee White Gonzales ( ), Sam DiVittorio ( ), Steve Leon ( ) Devon Wells ( ), Motion Approved

WHEREFORE the above and foregoing ordinance was declared duly adopted on this **____day** of **________, 2026** at Hammond, Tangipahoa Parish, Louisiana.

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Kip Andrews President,
Hammond City Council

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Honorable Pete Panepinto, Mayor

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Lisa Cockerham, Clerk Hammond City Council