

INTRODUCED: December 14, 2020

AN ORDINANCE No. 2020-251

To amend Ord. No. 2020-049, adopted May 11, 2020, which adopted the Fiscal Year 2020-2021 General Fund Budget and made appropriations pursuant thereto, by re-appropriating a \$5,780,000.00 portion of the calculated general fund surplus for Fiscal Year 2019-2020 to the Non-Departmental agency “OPEB Trust” line item for the purpose of funding a contribution to the trust established by § 1 of Ord. No. 2018-196, adopted Jul. 23, 2018.

\_\_\_\_\_  
Patron – Mayor Stoney

\_\_\_\_\_  
Approved as to form and legality  
by the City Attorney

PUBLIC HEARING: JAN 11 2021 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That Ordinance No. 2020-049, adopted May 11, 2020, which adopted the General Fund Budget for the fiscal year commencing July 1, 2020, and ending June 30, 2021, and made appropriations thereto, is hereby amended by re-appropriating a \$5,780,000.00 portion of the calculated general fund surplus, as defined by section 12-251(a) of the Code of the City of Richmond (2015), as amended, for the fiscal year commencing July 1, 2019, and ending June 30, 2020, to the Non-Departmental agency “OPEB Trust” line item for the purpose of funding a

AYES:            9            NOES:            0            ABSTAIN:        \_\_\_\_\_

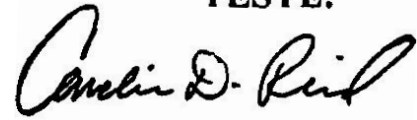
ADOPTED:      JAN 11 2021    REJECTED:      \_\_\_\_\_    STRICKEN:      \_\_\_\_\_

contribution to the trust established by section 1 of Ordinance No. 2018-196, adopted July 23, 2018.

§ 2. This ordinance shall be in force and effect upon adoption.

**A TRUE COPY:**

**TESTE:**

A handwritten signature in black ink, appearing to read "Camelin D. Reed". The signature is written in a cursive style with a large initial 'C'.

**City Clerk**

RECEIVED  
By Barbara Fore at 3:19 pm, Nov 20, 2020

RECEIVED  
By Barbara Fore at 2:32 pm, Dec 04, 2020

RECEIVED  
By CAO Office at 9:21 am, Nov 19, 2020

2020-181



# CITY OF RICHMOND

## INTRACITY CORRESPONDENCE

### O&R REQUEST

**DATE:** November 18, 2020 **EDITION:** 1

**TO:** The Honorable Members of City Council

**THROUGH:** The Honorable Levar M. Stoney, Mayor *LMStoney*

**THROUGH:** Lenora G. Reid, Acting Chief Administrative Officer *lgr*

**THROUGH:** Jay A. Brown, Director of Budget and Strategic Planning *JAB*

**FROM:** John B. Wack, Director of Finance *JBW*

**RE:** Appropriation of Prior Year Assigned Balance for OPEB Pooled Trust

**ORD. OR RES. No.** \_\_\_\_\_

**PURPOSE:** To amend Ordinance 2020-049, adopted May 11, 2020, which adopted the FY2021 General Fund budget, by appropriating \$5,780,000 in prior year assigned fund balance to the FY2021 Non-Departmental budget for an additional contribution to the City's Other Post-Employment Benefits (OPEB) Pooled Trust.

**REASON:** Through the adoption of Ordinance 2018-196, the City established a trust to fund post-employment benefits other than pensions. The appropriation of \$5,780,000 that was assigned for this purpose in the City's FY2020 Comprehensive Annual Financial Report (CAFR) will allow for an additional contribution to that trust.

**RECOMMENDATION:** The City Administration recommends adoption.

**BACKGROUND:** One of the City's notable long term liabilities that has gained the attention of credit rating agencies is Other Post-Employment Benefits (OPEB), nearly all of which are related to retiree health insurance. As noted on page 79 of the City's FY2020 CAFR, the actuarially determined unfunded liability was approximately \$114.8 million as of 6/30/20. Due to recently approved and implemented Government Accounting Standards Board (GASB) Statement 75, the entire unfunded OPEB liability now reduces the net position of the City in our financial statements.

Through the adoption of Ordinance 2018-196, City Council established a trust to fund OPEB benefits, which is the VML/VACo Pooled OPEB Trust, to improve the City's net position in its financial statements. The assignment of \$5,780,000 from FY2020 general fund results of operations for this purpose was affirmed via Ordinance 2020-231 and Resolution 2020-R059, and is reflected on page 63 of the City's FY2020 CAFR. These funds will supplement \$250,000 included in the FY2021 Adopted general fund budget, for a total contribution of \$6,030,000 in FY2021. Once appropriated to the FY2021 Non-Departmental budget, these funds can be transferred to the VML/VACo Pooled OPEB Trust.

**SOURCE:** (must select all that apply)

- New/increased revenue
- Existing general
- Fund Balance/Reserve/Contingency/Other Funding)

**FISCAL IMPACT/COST ():**

- **If Adopted:** The City's net position will be improved due to a decrease in the unfunded OPEB liability.
- **If Not Adopted:** The City's unfunded OPEB liability will be higher.

**FISCAL IMPACT / COST:** \$5,780,000 in prior year assigned balance is available for contribution to the Pooled OPEB Trust.

**FISCAL IMPLICATIONS:** The transfer of funds to the Pooled OPEB Trust is expected to improve the City's net position in its financial statements.

**BUDGET AMENDMENT NECESSARY:** Yes, a \$5,780,000 increase to the Non-Departmental FY2021 general fund budget is requested.

**REVENUE TO CITY:** N/A

**DESIRED EFFECTIVE DATE:** Upon adoption

**REQUESTED INTRODUCTION DATE:** December 14, 2020

**CITY COUNCIL PUBLIC HEARING DATE:** January 11, 2021

**REQUESTED AGENDA:** Consent

**RECOMMENDED COUNCIL COMMITTEE:** Waiver requested

**CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES:** None

**AFFECTED AGENCIES:** Department of Finance, Budget and Strategic Planning

O&R Request

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**RELATIONSHIP TO EXISTING ORD. OR RES.:** Ordinances 2018-196 and 2020-231 and Resolution 2020-R059, also amends FY2021 general fund budget ordinance 2020-049

**REQUIRED CHANGES TO WORK PROGRAM(S):** N/A

**ATTACHMENTS:** N/A

**STAFF:** John Wack, Director of Finance 646-5776