

INTRODUCED: June 10, 2019

AN ORDINANCE No. 2019-158

To create a new reservation of fund balance called the 2019 Capital Projects Replenishment Reserve intended to be categorized as a committed fund balance and used to restore funding to certain capital projects for which funding was reduced in the Fiscal Year 2019-2020 capital budget.

\_\_\_\_\_  
Patron – Ms. Larson

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

PUBLIC HEARING: JUN 24 2019 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That:

(a) A new reservation of fund balance called the 2019 Capital Projects Replenishment Reserve (the “Reserve”) is hereby created.

(b) It is the intent of this ordinance that:

(1) All amounts committed to the Reserve be appropriated for the following capital projects with names as shown on Exhibit A to Ordinance No. 2019-043, adopted May 13, 2019, in the following order of priority from highest to lowest, based on the available amounts committed to the Reserve:

AYES:            3            NOES:            5            ABSTAIN:            1  
\_\_\_\_\_

ADOPTED: \_\_\_\_\_ REJECTED:            JUN 24 2019            STRICKEN: \_\_\_\_\_

a. First, \$180,000.00 for the capital project named “Universal Access at Huguenot Flatwater;”

b. Second, \$500,000.00 for the capital project named “Community Center Enhancements;”

c. Third, \$282,558.00 for the capital project named “Tredegar/Brown’s Island Accessible Walk Improvements;”

d. Fourth, \$390,000.00 for the capital project named “RAA Buildings and Property Improvements;” and

(2) The Reserve be categorized as a committed fund balance for purposes of generally accepted accounting principles.

(c) Up to the first \$1,352,558.00 of any general fund balance, as section 12-251(a)(2) of the Code of the City of Richmond (2015), as amended, defines “general fund balance,” for the fiscal year commencing July 1, 2018, and ending June 30, 2019, shall be committed to the Reserve.

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



# Richmond City Council

The Voice of the People

Richmond, Virginia

Office of the Council Chief of Staff

## Ordinance/Resolution Request

RECEIVED

MAY 30 2019

**TO** Allen Jackson, Richmond City Attorney  
Richmond Office of the City Attorney

**THROUGH** Meghan K. Brown *MKB*  
Interim Council Chief of Staff

**FROM** William E. Echelberger, Jr, Council Budget Analyst *[Signature]*

OFFICE OF THE CITY ATTORNEY

**COPY** Kristen N. Larson, 4th District Representative  
Haskell Brown, Deputy City Attorney  
Aaron Bond, 4<sup>th</sup> District Liaison

**DATE** May 30, 2019

**PAGE/s** 1 of 2

**TITLE** Establish a Committed FY19 Fund Balance

This is a request for the drafting of an  Ordinance  Resolution

**REQUESTING COUNCILMEMBER/PATRON**

Kristen N. Larson, 4th District Representative

**SUGGESTED STANDING COMMITTEE**

Finance and Economic Development

**ORDINANCE/RESOLUTION SUMMARY**

The Patron requests an ordinance to require that the first \$1,352,558 of any remaining General Fund Balance on June 30, 2019 shall be allocated as an amount committed by Richmond City Council, the governing body, in the priority order listed for the following capital improvements:

Priority	Amount	Purpose
1	\$180,000	Universal Access
2	\$500,000	Community Center Enhancements
3	\$282,558	Brown's Island Accessibility Project
4	\$390,000	Richmond Ambulance Authority Improvements

**BACKGROUND**

**Summary:**

- Under the accounting standards promulgated by the Governmental Accounting Standards Board (GASB) in GASB 54, allocation of a portion of the year end surplus by the governing body is to be recorded in the financial statements as a Committed Fund Balance. In their presentation to City Council on April 24, 2017, the City's external auditor, Clifton Larson Allen, defined Committed Fund Balance as:

**"Committed** – Amounts constrained to specific purposes by formal action (adoption of an ordinance) by the government's highest level of decision-making authority (City Council). Committed amounts do not lapse nor can

they be used for any other purpose unless the government takes the same level of action (adoption of another ordinance) to remove or change the constraint."

- The proposed ordinance is not in conflict with Ordinance No. 2017-215, the City's Fund Balance Policy, because it addresses the commitment of fund balance prior to determination of the *Calculated General Fund Surplus*. This is defined as the General Fund Balance minus:
  1. Commitments of Fund Balance
  2. Encumbrances,
  3. The assigned Fund Balance from the previous year,
  4. The Budget and Revenue Stabilization Contingency Reserve, and
  5. Amounts due to or from Richmond Public Schools.
- The *Calculated General Fund Surplus* is subject to be allocated as follows:
  - 50% - "Rainy Day Fund" Reserve
  - 40% - Capital Maintenance Reserve
  - 10% - Special Purpose Reserve(s)
  1. No later than September 15 of each year, the Mayor shall provide Council with a report on the general fund balance. The report is to include the Mayor's proposal, if any, for the creation of any special purpose reserves.
  2. City Council may, by resolution adopted no later than November 1, make an assignment of all or any part of the projected surplus. If by November 1, Council makes no assignment or does not make an assignment of all of the projected surplus, the Mayor, in the Mayor's discretion, may make such assignment.
- No budget amendment is required to commit Fund Balance, however, before the funds may be expended they must first be appropriated by City Council. This can be accomplished by approval of an amendment to the FY20 budget submitted by the Mayor, or by appropriation of the funds as part of the FY21 budget.

**FISCAL IMPACT STATEMENT**

Fiscal Impact Yes  No

Budget Amendment Required Yes  No

**Estimated Cost or Revenue Impact**

There is no expenditure or revenue impact. The proposed ordinance commits the first \$1,352,558 of any General Fund Surplus on June 30, 2019 the for the following capital improvements:

Priority	Amount	Purpose
1	\$180,000	Universal Access
2	\$500,000	Community Center Enhancements
3	\$282,558	Brown's Island Accessibility project
4	\$390,000	Richmond Ambulance Authority Improvements

Attachment/s Yes  No