

INTRODUCED: December 17, 2018

AN ORDINANCE No. 2018-314

To amend Ord. No. 2018-057, adopted May 14, 2018, which adopted the Fiscal Year 2018-2019 General Fund Budget and made appropriations pursuant thereto, by re-appropriating a \$250,000.00 portion of the calculated general fund surplus for Fiscal Year 2017-2018 to a new line item in the Non-Departmental agency called the "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 14 2019 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That Ordinance No. 2018-057, adopted May 14, 2018, which adopted the General Fund Budget for the fiscal year commencing July 1, 2018, and ending June 30, 2019, and made appropriations thereto, is hereby amended by re-appropriating a \$250,000.00 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, 2017, and ending June 30, 2018, to a new line item in the Non-Departmental agency called the "OPEB Trust" line item for

AYES:                 8            NOES:                 0            ABSTAIN:                         

ADOPTED:   JAN 14 2019      REJECTED:                                       STRICKEN:

the purpose of funding a 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.



CITY OF RICHMOND
INTRACITY CORRESPONDENCE

O & R REQUEST

4-8363
NOV 19 2018

Office of the
Chief Administrative Officer

O&R REQUEST

DATE: November 13, 2018 EDITION: 1
TO: The Honorable Members of City Council
THROUGH: The Honorable Levar M. Stoney, Mayor
THROUGH: Selena Cuffee-Glenn, Chief Administrative Officer
THROUGH: Lenora G. Reid, Deputy CAO, Finance and Administration
THROUGH: Jay A. Brown, Director of Budget and Strategic Planning
FROM: John B. Wack, Director of Finance
RE: Appropriation of Prior Year Assigned Balance for OPEB Pooled Trust
ORD. OR RES. No.

Handwritten signatures and dates: 11/30/18, JAG for SCC, JAG

PURPOSE: To amend Ordinance 2018-057, adopted May 14, 2018, which adopted the FY2019 General Fund budget, by appropriating \$250,000 in prior year assigned fund balance to the FY2019 Non-Departmental budget for a 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 \$250,000 that was assigned for this purpose in the City's FY2018 Comprehensive Annual Financial Report (CAFR) will allow for the initial 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 84 of the City's FY2018 CAFR, the actuarially determined unfunded liability was \$80.4 million as of 6/30/18. 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 \$250,000 from FY2018 general fund results of operations for this purpose was affirmed via Resolution 2018-R095, and is reflected on page 65 of the City's FY2018 CAFR. Once appropriated to the FY2019 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 0:**

- **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:** \$250,000 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 \$250,000 increase to the Non-Departmental FY2019 general fund budget is requested.

**REVENUE TO CITY:** N/A

**DESIRED EFFECTIVE DATE:** Upon adoption

**REQUESTED INTRODUCTION DATE:** December 10, 2018

**CITY COUNCIL PUBLIC HEARING DATE:** January 14, 2019

**REQUESTED AGENDA:** Consent

**RECOMMENDED COUNCIL COMMITTEE:** Finance & Economic Development  
**CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES:** None

**AFFECTED AGENCIES:** Department of Finance

**RELATIONSHIP TO EXISTING ORD. OR RES.:** Ordinance 2018-196 and Resolution 2018-R095, also amends FY2019 general fund budget ordinance

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

**ATTACHMENTS:** N/A

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

**GENERAL FUND BUDGET ITEM DETAIL:**

\*for item # and title, see ordinance #2018-057, FY2019 Program Level Budget)

Existing Item – You must show the total appropriation/s for each budget item for your agency EXCEPT the budget item to receive funds

| <u>FROM</u>   |              |                                   |                                       |                                  |   |
|---------------|--------------|-----------------------------------|---------------------------------------|----------------------------------|---|
| <u>Item #</u> | <u>Title</u> | <u>Program</u><br>(cost center #) | <u>Subprogram</u><br>(service code #) | <u>Transfer</u><br><u>Amount</u> | <u>New Appropriation</u><br><u>Amount</u> |
|               |              |                                   |                                       |                                  |   |
|               |              |                                   |                                       |                                  |   |
|               |              |                                   |                                       |                                  |   |
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|               |              |                                   |                                       |                                  |   |
|               |              |                                   |                                       |                                  |   |
|               |              |                                   |                                       |                                  |   |

Existing Item – You must show the total appropriation for each modified budget item to receive funds, for your agency

**OR**

New Item – You must show the total appropriation for each modified budget item to receive funds, for your agency

\*for a new item you must reference the next corresponding item # with a (.) decimal point, see ordinance #2018-057, FY2019 Program Level Budget)

| <u>TO</u>          |  |  |  |   |   |
|--------------------|--|--|--|---|---|
| <u>Item #</u>      | <u>Title</u>   | <u>Program</u><br><u>(cost center #)</u> | <u>Subprogram</u><br><u>(service code #)</u> | <u>Transfer</u><br><u>Amount/New</u><br><u>Amount</u> | <u>New Appropriation</u><br><u>Amount</u> |
| <u>243</u>         | <u>Non-</u><br><u>Departmental:</u><br><u>OPEB Trust</u> | <u>NEW</u>                               | <u>SV0908</u>                                | <u>\$250,000</u>                                      | <u>\$96,230,768</u>                       |
| <u>Grand Total</u> |  |  |  | <u>\$250,000</u>                                      | <u>\$96,230,768</u>                       |

**\*\*\*Grand total for the New Appropriation Amount MUST match the TOTAL AGENCY budget requested as a result of this ordinance\*\*\***