



Legislation Details (With Text)

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Title:	To amend ch. 12 of the City Code by adding therein a new art. V (§§ 12-251-12-265) for the purpose of establishing policies concerning fund balances.				
Sponsors:	Parker Agelasto, Ellen Robertson, Kimberly Gray, Vice President Newbille, Kristen Nye, Michael Jones				
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To amend ch. 12 of the City Code by adding therein a new art. V (§§ 12-251-12-265) for the purpose of establishing policies concerning fund balances.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That Chapter 12 of the Code of the City of Richmond (2015) be and is hereby amended and reordained by **adding therein a new** Article V, consisting of sections numbered 12-251 through 12-265, as follows:

ARTICLE V

FUND BALANCES

DIVISION 1

GENERALLY

Sec. 12-251. Definitions.

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(a) The following words, terms, and phrases, when used in this division, have the meanings ascribed to them in this subsection, except where the context clearly indicates a different meaning:

(1) *Calculated general fund surplus*. “Calculated general fund surplus” means the general fund balance less all of the following:

- The amount of any committed fund balance other than the Budget and Revenue Stabilization Contingency Reserve, non-spendable fund balance, or restricted fund balance.
- Any encumbered amount properly reported within a committed fund balance, non-spendable fund balance, or restricted fund balance.
- The amount of the unassigned fund balance as reported in the City’s comprehensive annual financial report for the immediately preceding fiscal year.

d. The amount of the Budget and Revenue Stabilization Contingency Reserve as reported in the City's comprehensive annual financial report for the immediately preceding fiscal year.

e. Any amounts "due to" or "due from" the School Board of the City of Richmond, Virginia.

(2) *General fund balance*. "General fund balance" means, for a fiscal year, the net position of the general fund calculated as of June 30 in accordance with generally accepted accounting principles.

(3) *Special purpose reserve*. "Special purpose reserve" means an assigned fund balance or a committed fund balance for which this article does not expressly provide and

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that does not exist as of the date on which the ordinance initially establishing this article becomes effective.

(b) The terms "assigned fund balance," "committed fund balance," "non-spendable fund balance," "restricted fund balance", and "unassigned fund balance" have the meanings ascribed to them by Governmental Accounting Standards Board Statement No. 54.

Sec. 12-252. Disposition of calculated general fund surplus; reporting.

(a) It is the policy of the City that each years calculated general fund surplus be allocated as follows:

(1) Fifty percent to the "rainy day fund," with the exact allocation between the Budget and Revenue Stabilization Contingency Reserve and the unassigned fund balance determined by the Mayor in the Mayor's discretion.

(2) Forty percent to the Capital Maintenance Reserve.

(3) Ten percent to special purpose reserves as determined pursuant to section 12-265.

(b) No later than September 15 of each year, the Mayor shall furnish the City Council with a report on the general fund balance. The report must include all of the following:

(1) The amount of the unaudited general fund balance from the fiscal year ending on the June 30 immediately preceding the date on which this report is due.

(2) The unaudited calculated general fund surplus from the fiscal year ending on the June 30 immediately preceding the date on which this report is due.

(3) The Mayor's proposals, if any, for the creation of any special purpose reserves pursuant to section 12-265.

DIVISION 2

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RESERVES AND GOALS

Sec. 12-261. "Rainy day" fund.

The "rainy day" fund consists of the Budget and Revenue Stabilization Contingency Reserve and the unassigned fund balance. It is the goal of the City that the total of the "rainy day" fund be equal to at least 16.67 percent of budgeted general fund operating expenses for the latest fiscal year for which the City Council has adopted a general fund budget.

Sec. 12-262. Unassigned fund balance.

(a) It is the goal of the City that the unassigned fund balance be equal to at least 13.67 percent of budgeted general fund operating expenses for the latest fiscal year for which the City Council has adopted a general fund budget.

(b) It is the policy of the City that appropriations be made from the unassigned fund balance (i) only in the event of unusual, unanticipated, and seemingly insurmountable hardship and (ii) only after all other reserves or contingency funds have been exhausted.

(c) If funds are expended from the unassigned fund balance to cover appropriations,

the Mayor shall submit to the City Council, within 90 days after the date on which such funds were expended, a plan to restore the amount of the unassigned fund balance so expended within three years after the date on which such funds were expended.

Sec. 12-263. Budget and Revenue Stabilization Contingency Reserve.

(a) There is created a Budget and Revenue Stabilization Contingency Reserve. It is the goal of the City that the Budget and Revenue Stabilization Contingency Reserve be equal to three percent of budgeted general fund operating expenses for the latest fiscal year for which the City Council has adopted a general fund budget.

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(b) It is the policy of the City that appropriations be made from the unassigned fund balance only when catastrophic, unforeseen, or unavoidable events cause a reduction in revenue of at least one-half of one percent over the then-current fiscal year's budgeted general fund revenues or an increase in expenditures of at least one-half of one percent over the then-current fiscal year's budgeted general fund operating expenses, either or both.

(c) If funds are expended from the Budget and Revenue Stabilization Contingency Reserve to cover appropriations, the Mayor shall submit to the City Council, within 90 days after the date on which such funds were expended, a plan to restore the amount of the unassigned fund balance so expended within three years after the date on which such funds were expended.

Sec. 12-264. Capital Maintenance Reserve.

There is created a Capital Maintenance Reserve. The City Council may make appropriations from the Capital Maintenance Reserve for the capital maintenance, as determined in accordance with generally accepted accounting principles, of (i) schools administered by the School Board of the City of Richmond, Virginia, (ii) streets and sidewalks as defined by section 24-1, and (iii) buildings and other facilities owned by the City. The City Council does not intend that appropriations be made from the Capital Maintenance Reserve for the construction of new schools, streets, sidewalks, buildings, or other facilities or to add additional area or space to existing schools, streets, sidewalks, buildings, or other facilities.

Sec. 12-265. Special purpose reserves.

Assignments for a special purpose reserve must be only for one-time, non-recurring purposes and may not be for an installment or phase of a multi-installment or multi-phase project. No such assignments may be made other than in accordance with this section. The City Council may, by resolution adopted no later than November 1, make an assignment of all or any part of the

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portion of the calculated general fund surplus for the preceding fiscal year allocated for special purpose reserves pursuant to section 12-252. If, by November 1, the Council makes no such assignment or does not make such an assignment of all of the portion of the calculated general fund surplus for the preceding fiscal year allocated for special purpose reserves pursuant to section 12-252, the Mayor, in the Mayor's discretion, may make such an assignment in a writing to the City Council.

§ 2. This ordinance shall be in force and effect upon adoption, and its provisions shall apply to the fiscal year commencing July 1, 2017, and ending June 30, 2018, and all future fiscal years.