

12-0-0501

(Do Not Write Above This Line)

AN ORDINANCE AND CHARTER AMENDMENT BY *J. Roberts* *K. Bolton*

AN ORDINANCE TO AMEND THE CHARTER OF THE CITY OF ATLANTA, GEORGIA, 1996 GA LAWS P. 4469, ET SEQ., ADOPTED UNDER AND BY VIRTUE OF THE AUTHORITY OF THE MUNICIPAL HOME RULE ACT OF 1965, O.C.G.A. SECTION 36-35-1 ET SEQ., AS AMENDED, BY AMENDING PART 1 (CHARTER AND RELATED LAWS), SUBPART A (CHARTER), ARTICLE VI (REVENUE AND FUND ADMINISTRATION), CHAPTER 3 (FISCAL CONTROL), TO AMEND SECTIONS 6-301 AND 6-302 AND TO CREATE A NEW SECTION 6-315 SO AS TO ADOPT A FUND BALANCE POLICY IN ORDER TO COMPLY WITH GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NUMBER 54; AND FOR OTHER PURPOSES.

*Substitute As Amended*

ADOPTED BY

JUN 04 2012

- CONSENT REFER
- REGULAR REPORT **COUNCIL**
- ADVERTISE & REFER
- 1st ADOPT 2nd READ & REFER
- PERSONAL PAPER REFER

Date Referred *4/16/12*

Referred To: *Finance / Exec*

Date Referred *5/21/12*

Referred To: *Finance / Exec*

Date Referred

70187-1 Referred To:

First Reading

Committee Date \_\_\_\_\_  
Chair \_\_\_\_\_  
Referred To \_\_\_\_\_

Committee *Finance/Executive*  
Date *5/16/12*  
Chair \_\_\_\_\_  
Action Fav, Adv, Hold (see rev. side) \_\_\_\_\_  
Other *as amended*  
Members \_\_\_\_\_

Refer To \_\_\_\_\_

Committee *Finance/Executive*  
Date *5/30/12*  
Chair *Delicia Del Pons*  
Action Fav, Adv, Hold (see rev. side) \_\_\_\_\_  
Other \_\_\_\_\_  
Members *3rd Reading Finance/Executive*

Refer To \_\_\_\_\_

Committee *Finance/Executive*  
Date *5/16/12*  
Chair *Delicia Del Pons*  
Action Fav, Adv, Hold (see rev. side) \_\_\_\_\_  
Other *as amended*  
Members *2nd Reading Finance/Executive*

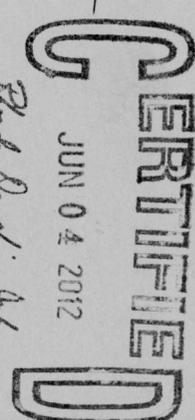
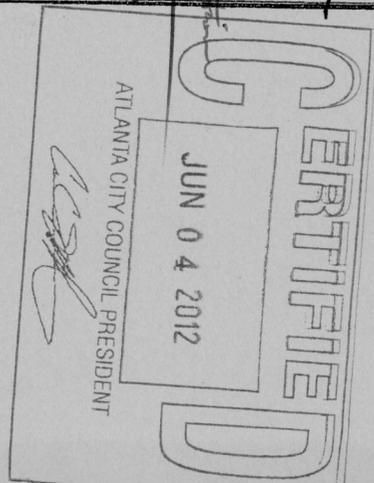
Refer To \_\_\_\_\_

Committee \_\_\_\_\_  
Date \_\_\_\_\_  
Chair \_\_\_\_\_  
Action Fav, Adv, Hold (see rev. side) \_\_\_\_\_  
Other \_\_\_\_\_  
Members \_\_\_\_\_

Refer To \_\_\_\_\_

FINAL COUNCIL ACTION  
 2nd     1st & 2nd     3rd  
 Readings  
 Consent     V Vote     RC Vote

CERTIFIED



MAYOR'S ACTION

APPROVED

JUN 13 2012

WITHOUT SIGNATURE BY OPERATION OF LAW



CITY COUNCIL  
ATLANTA, GEORGIA

**AN ORDINANCE AND CHARTER AMENDMENT  
BY COUNCILMEMBERS H. LAMAR WILLIS AND  
KEISHA LANCE BOTTOMS**

**12-O-0501**

**AS SUBSTITUTED AND AMENDED BY  
FINANCE/EXECUTIVE COMMITTEE**

**AN ORDINANCE TO AMEND THE CHARTER OF THE CITY OF ATLANTA, GEORGIA, 1996 GA LAWS P. 4469, ET SEQ., ADOPTED UNDER AND BY VIRTUE OF THE AUTHORITY OF THE MUNICIPAL HOME RULE ACT OF 1965, O.C.G.A. SECTION 36-35-1 ET SEQ., AS AMENDED, BY AMENDING PART 1 (CHARTER AND RELATED LAWS), SUBPART A (CHARTER), ARTICLE VI (REVENUE AND FUND ADMINISTRATION), CHAPTER 3 (FISCAL CONTROL), TO AMEND SECTIONS 6-301 AND 6-302 AND TO CREATE A NEW SECTION 6-315 SO AS TO ADOPT A FUND BALANCE POLICY IN ORDER TO COMPLY WITH GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NUMBER 54; AND FOR OTHER PURPOSES.**

**WHEREAS**, the Governmental Accounting Standards Board (“GASB”) has adopted Statement Number Fifty Four, *Fund Balance Reporting and Governmental Fund Type Definitions* (“GASB 54”), which is effective in fiscal year 2011; and

**WHEREAS**, among other things, GASB recommends that municipalities adopt a fund balance policy in order to provide sufficient cash flow for daily financial needs, secure and maintain investment grade bond ratings, offset significant economic downturns or revenue shortfalls, and provide funds for unforeseen expenditures related to emergencies; and

**WHEREAS**, the City of Atlanta’s (the “City”) fund balance measures the net financial resources available to finance expenditures of future periods; and

**WHEREAS**, the City Council of the City recognizes that good fiscal management comprises the foundational support of the entire City, and the City intends to maintain a minimum unrestricted fund balance of fifteen percent (15%) of the City’s general fund annual operating expenditures; and

**WHEREAS**, in accordance with GASB 54, the City desires to adopt a policy which establishes the prioritization of fund balance use, the minimum unrestricted fund balance, the replenishing of deficiencies, and the use of surplus fund balances; and

**WHEREAS**, it is the desire of the City to amend Part I, Subpart A, Article VI, Chapter 3 of the City’s Charter by amending Sections 6-301 (b)(2) and 6-302 and creating a new Section 6-315, in order to align the City’s Charter with GASB 54, effective July 1, 2012.



**THE CITY COUNCIL OF THE CITY OF ATLANTA, GEORGIA HEREBY ORDAINS, as follows:**

**SECTION 1:** That Part I, Subpart A, Article VI, Chapter 3, Section 6-301(b)(2) of the Charter of the City of Atlanta, Georgia, Georgia, 1996 Ga. Laws P. 4469, et seq., which currently reads:

**Sec. 6-301. Budget Commission**

(b) The Budget Commission: (2) Shall allocate a sum sufficient to provide for debt service, including sinking fund and interest on bonded indebtedness; a general fund restricted reserve equal to five percent of the proposed general fund budget proposed; and any other appropriations required by law, which such shall not be diverted to any other purpose;

be amended to make the following deletions and insertions, such that Part I, Subpart A, Article VI, Chapter 3, Section 6-301(b)(2) of the Charter of the City of Atlanta, Georgia, Georgia, 1996 Ga. Laws P. 4469, et seq., shall read as follows:

**Sec. 6-301. Budget Commission**

(b) The Budget Commission: (2) Shall allocate a sum sufficient to provide for debt service, including sinking fund and interest on bonded indebtedness; a general fund ~~restricted~~ budget reserve equal to ~~five percent of the proposed general fund budget proposed; and any other appropriations required by law, which such shall not be diverted to any other purpose~~ *the amount, if any, specified under Section 6-315- Fund Balance Policy;*

**SECTION 2:** That Part I, Subpart A, Article VI, Chapter 3, Section 6-302 of the Charter of the City of Atlanta, Georgia, Georgia, 1996 Ga. Laws P. 4469, et seq., which currently reads:

**Sec. 6-302. Adoption of Budget**

- (a) At the first Council meeting in March of each year, beginning in 2007, each council member may submit his/her budget priorities for the coming year. Such priorities shall be referred to the Finance/Executive Committee, which shall submit these priorities in the form of a resolution to be adopted by the council no later than the second council meeting in March. The Mayor, in conjunction with the Chief Financial Officer, may take these priorities into consideration in the preparation of the tentative budget.
- (b) The mayor shall prepare and submit the proposed annual budget ordinance to the governing body no later than the first regular meeting of the governing body in May, preceding the commencement of the fiscal year.
- (c) Commencing with the fiscal year 2009 Budget, Restricted Reserves balances from the previous year shall be a part of the fund balance for the upcoming year; five percent of the increased difference of the proposed budget shall be added to the overall Restricted Reserves balance.



- (d) The governing body shall hold one or more public hearings on the proposed budget as required by the laws of Georgia, notice of which shall be published in a newspaper of general circulation in the city at least seven days prior to the date set therefore.
- (e) The governing body may amend the proposed annual budget, except that the budget as finally amended must provide for all expenditures required by law or by this Charter, including but not limited to debt service, sinking fund, interest on bonded indebtedness and a general fund restricted reserve equal to five percent of the proposed general fund budget which sums shall not be diverted to any other purpose and the total appropriations from any such fund shall not exceed the estimated fund balance, reserves, and revenues constituting the fund availability of such fund. General Fund Restricted Reserves as identified in this subsection cannot be expended without prior approval of the governing body.
- (f) Upon completion of the annual external financial audit, any unspent operating reserve will be transferred to a catastrophic reserve fund and a capital reserve. The catastrophic reserve fund is established to protect the City in the event of any major, catastrophic event. The capital is established to accumulate resources to address deferred maintenance or economic needs of the City. Any unspent operating reserve will be transferred to the catastrophic reserve fund and the capital reserve in the following proportions - catastrophic reserve fund (75 percent) and capital reserve (25 percent). Once the catastrophic reserve fund is funded at a level equal to 20 percent of the current year's general fund operating budget all unspent operating reserve will be transferred to the capital reserve or economic development fund.
- (g) The governing body shall by ordinance adopt the annual budget for the ensuing fiscal year not later than June, preceding the commencement of the fiscal year.

be amended to make the following deletions and insertions, such that Part I, Subpart A, Article VI, Chapter 3, Section 6-302 of the Charter of the City of Atlanta, Georgia, Georgia, 1996 Ga. Laws P. 4469, et seq., shall read as follows:

**Sec. 6-302. Adoption of Budget**

- (a) At the first Council meeting in March of each year, beginning in 2007, each council member may submit his/her budget priorities for the coming year. Such priorities shall be referred to the Finance/Executive Committee, which shall submit these priorities in the form of a resolution to be adopted by the council no later than the second council meeting in March. The Mayor, in conjunction with the Chief Financial Officer, may take these priorities into consideration in the preparation of the tentative budget.
- (b) The mayor shall prepare and submit the proposed annual budget ordinance to the governing body no later than the first regular meeting of the governing body in May, preceding the commencement of the fiscal year.
- (c) ~~Commencing with the fiscal year 2009 Budget, Restricted Reserves balances from the previous year shall be a part of the fund balance for the~~



~~upcoming year; five percent of the increased difference of the proposed budget shall be added to the overall Restricted Reserves balance.~~

(~~d~~) The governing body shall hold one or more public hearings on the proposed budget as required by the laws of Georgia, notice of which shall be published in a newspaper of general circulation in the city at least seven days prior to the date set therefore.

(~~e~~)(*d*) The governing body may amend the proposed annual budget, except that the budget as finally amended must provide for all expenditures required by law or by this Charter, including but not limited to debt service, sinking fund, interest on bonded indebtedness and a general fund ~~restricted~~ budget reserve equal to ~~five percent of the proposed general fund budget which sums shall not be diverted to any other purpose and the total appropriations from any such fund shall not exceed the estimated fund balance, reserves, and revenues constituting the fund availability of such fund~~ *the amount, if any, specified under Section 6-315- Fund Balance Policy*. The General Fund ~~Restricted~~ budget reserve as identified in this subsection cannot be expended without prior approval of the governing body.

(~~f~~) ~~Upon completion of the annual external financial audit, any unspent operating reserve will be transferred to a catastrophic reserve fund and a capital reserve. The catastrophic reserve fund is established to protect the City in the event of any major, catastrophic event. The capital is established to accumulate resources to address deferred maintenance or economic needs of the City. Any unspent operating reserve will be transferred to the catastrophic reserve fund and the capital reserve in the following proportions — catastrophic reserve fund (75 percent) and capital reserve (25 percent). Once the catastrophic reserve fund is funded at a level equal to 20 percent of the current year's general fund operating budget all unspent operating reserve will be transferred to the capital reserve or economic development fund.~~

(~~g~~)(*e*) The governing body shall by ordinance adopt the annual budget for the ensuing fiscal year not later than June, preceding the commencement of the fiscal year.

**SECTION 3:** That Part I, Subpart A, Article VI, Chapter 3 of the Charter of the City of Atlanta, Georgia, Georgia, 1996 Ga. Laws P. 4469, et seq., be amended by adding a new Section 6-315, which shall read:

**Sec. 6-315. Fund Balance Policy**

The City will report fund balance amounts consistent with the appropriate Governmental Accounting Standards Board (“GASB”) guidance. This policy and the procedures promulgated under it supersede all previous regulations regarding the City’s fund balance and reserve policies.

(a) Fund balance terms - The following fund balance definitions will be recognized:



*Fund Equity* – A fund’s equity is generally the difference between its assets and its liabilities. For governmental funds, fund equity is also known as fund balance.

*Fund Balance* – An accounting distinction is made between the portions of fund equity that are spendable and nonspendable. These are broken up into five categories:

- 1) Nonspendable fund balance – includes amounts that are not in a spendable form or are required to be maintained intact. Examples are inventory or long term advances to or from other funds.
- 2) Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or through enabling legislation. Examples include grants and bond covenants.
- 3) Committed fund balance – includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- 4) Assigned fund balance – comprises amounts *intended* to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund. Example includes fund balance used to balance the budget.
- 5) Unassigned fund balance – is the residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. The general fund is the only fund that may have a positive balance in this category.

*Unrestricted fund balance*- The total of committed fund balance, assigned fund balance, and unassigned fund balance, which includes only resources without a constraint on spending or for which the constraint on spending is imposed by the government itself.



(b) Prioritization of fund balance use

- (1) When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, the City shall consider restricted amounts to have been reduced first.
- (2) When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, the City shall first reduce committed amounts, followed by assigned amounts and then unassigned amounts.

(c) Authority to Commit or Assign – Commitments or assignments will only be used for specific purposes. Committed balances or assigned balances will only be established pursuant to a formal action by the City Council, upon recommendation from the Chief Financial Officer. Such commitments or assignments cannot exceed the available fund balance in any particular fund.

(d) Minimum unrestricted fund balance in the General Fund

(1) The City will maintain a minimum unrestricted fund balance ranging from no less than fifteen percent [15%] to twenty percent [20%] of the subsequent year's budgeted expenditures and outgoing transfers.

(2) At any time that the City's unrestricted fund balance is within the range of fifteen percent [15%] to twenty percent [20%] of the subsequent year's budgeted expenditures and outgoing transfers, upon recommendation by the Chief Financial Officer, Council may authorize additional transfers to fund balance or any deficit fund at its discretion, up to a maximum of five percent [5%] per year of the subsequent year's budgeted revenues, in preparation for adoption of the upcoming years' budget.

(e) Replenishing deficiencies in the General Fund

(1) When the unrestricted fund balance falls below the minimum fifteen percent [15%] of the subsequent year's budgeted expenditures and outgoing transfers, the City will replenish shortages/deficiencies within the following time periods and, upon recommendation by the Chief Financial Officer, Council may authorize additional transfers to the fund balance at its discretion, up to a maximum of five percent [5%] per year of the subsequent year's budgeted revenues, in preparation for adoption of the upcoming years' budget. Sufficient



transfers shall be budgeted to restore/replenish deficits within the timelines outlined below:

- (i) Deficiency resulting in a minimum unrestricted fund balance between twelve and one-half percent [12.5%] and fifteen percent [15%] shall be replenished over a period not to exceed one year;
  - (ii) Deficiency resulting in a minimum unrestricted fund balance between ten percent [10%] and twelve and one-half percent [12.5%] shall be replenished over a period not to exceed three years;
  - (iii) Deficiency resulting in a minimum unrestricted fund balance of less than ten percent [10%] percent shall be replenished over a period not to exceed five years.
- (f) Surplus fund balance – Should the unrestricted fund balance of the General Fund exceed the maximum of twenty percent [20%], upon recommendation by the Chief Financial Officer, Council may consider such surplus fund balance as available to reduce deficit balances in other funds and for one-time expenditures that are nonrecurring in nature. At least fifty percent [50%] of surplus fund balance must be used to reduce any deficit fund balance prior to allocation for any one-time expenditures. All such expenditures are subject to approval via regular council action.
- (g) Financial reporting - An annual reporting of fund balances as classified in accordance with GASB 54 shall be as reported in the annual Audited Financial Statements of the City of Atlanta.

**SECTION 4:** That a copy of this proposed amendment to the Charter of the City of Atlanta, Georgia 1996 Ga. Laws P. 4496 et seq., as amended, shall be filed in the Office of the Municipal Clerk of the City of Atlanta and in the Offices of the Clerks of the Superior Courts of Fulton and DeKalb Counties and that a “Notice of Proposed Amendment to the Charter of the City of Atlanta, Georgia,” attached hereto and marked “Exhibit A” and made a part of this ordinance, be published in the official organ of the county of the legal situs of the City of Atlanta or in a newspaper of general circulation in the City of Atlanta once a week for three weeks within a period of 60 days immediately preceding its final adoption, and that a copy of said advertisement be attached to this ordinance prior to its final adoption by the Council of the City of Atlanta.

**SECTION 5:** Upon adoption of this Charter amendment, the City Council authorizes the Department of Finance to establish any standards and procedures which may be necessary for its implementation. The Department of Finance shall review this policy at least annually and make any recommendations for changes to the City Council.

**SECTION 6:** That all ordinances and parts of ordinances in conflict herewith are hereby waived to the extent of the conflict

A true copy,

ADOPTED as amended by the Atlanta City Council  
APPROVED as per City Charter Section 2-403

June 04, 2012  
June 13, 2012

  
Municipal Clerk



**Exhibit "A"**

**NOTICE OF PROPOSED AMENDMENT  
TO THE CHARTER OF THE CITY OF ATLANTA**

Notice is hereby given that an Ordinance has been introduced to amend the Charter of the City of Atlanta (Ga. Laws, 1996, p. 4469, et seq.) approved April 15, 1996, as amended, said Ordinance being captioned as follows:

**AN ORDINANCE TO AMEND THE CHARTER OF THE CITY OF ATLANTA, GEORGIA, 1996 GA LAWS P. 4469, ET SEQ., ADOPTED UNDER AND BY VIRTUE OF THE AUTHORITY OF THE MUNICIPAL HOME RULE ACT OF 1965, O.C.G.A. SECTION 36-35-1 ET SEQ., AS AMENDED, BY AMENDING PART 1 (CHARTER AND RELATED LAWS), SUBPART A (CHARTER), ARTICLE VI (REVENUE AND FUND ADMINISTRATION), CHAPTER 3 (FISCAL CONTROL), TO AMEND SECTIONS 6-301 AND 6-302 AND TO CREATE A NEW SECTION 6-315 SO AS TO ADOPT A FUND BALANCE POLICY IN ORDER TO COMPLY WITH GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NUMBER 54; AND FOR OTHER PURPOSES.**

A copy of the proposed Ordinance and Charter Amendment is on file in the Office of the Municipal Clerk of the City of Atlanta and in the Offices of the clerks of the Superior Courts of Fulton and DeKalb Counties, Georgia for the purpose of examination and inspection by the public.

This \_\_\_\_\_ day of \_\_\_\_\_, 2012.

\_\_\_\_\_  
Rhonda Dauphin Johnson  
Municipal Clerk  
City of Atlanta

RCS# 1975  
5/21/12  
3:32 PM

Atlanta City Council

12-O-0501

AMEND CHARTER SECTION 6-301/302;CREATE  
NEW 6-315/FUND BALANCE POLICY  
ADOPT/SUB/AMND

YEAS: 13  
NAYS: 0  
ABSTENTIONS: 0  
NOT VOTING: 3  
EXCUSED: 0  
ABSENT 0

Y Smith	Y Archibong	Y Moore	Y Bond
Y Hall	Y Wan	Y Martin	Y Watson
Y Young	Y Shook	NV Bottoms	Y Willis
NV Winslow	Y Adrean	Y Sheperd	NV Mitchell

12-O-0501