

Sponsor: Councilman Johnson
First Reading: 10/7/13
Second Reading: waived
Third Reading: 10/21/13
Ord. No.: 006-13

AN ORDNANCE TO AMEND CHAPTER 2 (“ADMINISTRATION”), ARTICLE III (“FINANCE”), OF THE TOWN CODE BY REDESIGNATING THE RAINY DAY FUND AS THE BUDGET RESERVE ACCOUNT

WHEREAS, the Town of Smyrna Town Code provides for the establishment and use of a rainy day fund;

WHEREAS, the rainy day fund is not currently identified as being part of the general fund; and

WHEREAS, it is the opinion of the Town Council of the Town of Smyrna that the rainy day fund should be transferred to and included in the general fund in order to properly account for these funds.

BE IT HEREBY ENACTED by the Town Council of the Town of Smyrna, a majority thereof concurring in Council duly met, that the Town Code of the Town of Smyrna be and hereby is amended as follows:

Section 1. Amend Chapter 2 (“Administration”), Article III (“Finance”), Division 1 (“Generally”), Section 2-70 (“Rainy day fund”), by making insertions as shown by underlining and deletions as shown by ~~strike through~~ as follows:

Sec. 2-70. – Budget Reserve Account ~~Rainy day fund~~.

- (a) The town hereby establishes a Budget Reserve Account ~~rainy day fund~~. The Budget Reserve Account shall be reflected as a separate account on the balance sheet in the general fund.
- (b) The Budget Reserve Account ~~rainy day fund~~ will be \$3,000,000.00 or ten percent of the general fund operating budget (excluding extraordinary or one-time items), whichever is greater.
- (c) This account fund will be invested according to the town's investment policy.
- (d) This account fund will be used for unexpected contingencies which are of an unusual and/or abnormal nature. For example: The account funds can be used for, but that use is not limited to, the town's share of large property losses due to natural or manmade disasters like a hurricane, fires, flood damage, ice storm or any other extraordinary event.
- (e) This account fund may be used, if needed, for upfront expenses related to repairs, restoration and replacement of buildings, equipment and other items to restore service to the customers of the town when the reimbursements from other sources such as grants, cost-share, insurance, etc. may take time.

The receipts from grantors such as the state, county or federal government or other parties, if any, or any other source will be deposited into this account to restore the account fund.

- (f) The money from the Budget Reserve Account ~~rainy day fund~~ can only be expended by the town upon the approval of five members of the town council voting in favor of doing so.
- ~~(g) The interest earnings from the investments and balances of this account fund may be put in the town's general fund and may be used as an operating revenue in the general fund.~~
- ~~(h)~~(g) The town manager will report the balance and interest earned in this account fund to the budget committee and to the town council every month as a note ~~on the general fund~~ in the monthly financial report.
- ~~(i) The annual and revised budgets of the town will carry a report on this item.~~
- ~~(j)~~(h) As part of the town's audit, this account fund shall be audited by the town's independent auditors every year.

SYNOPSIS

This ordinance amends the Town Code by replacing the rainy day fund with the budget reserve account. This ordinance established a budget reserve account as part of the general fund, which account shall be the greater of \$3,000,000 or ten percent of the general fund operating budget. This ordinance removes language regarding putting the interest earning into the general fund and eliminates the need to report the budget reserve account in the annual and revised budgets.

This will certify that this is a true and correct copy of the Ordinance duly adopted by the Town Council of the Town of Smyrna at its regular Council meeting on _____, 2013.

ATTEST:

Council Secretary

Mayor

This shall certify that the title and synopsis of this Ordinance was published in "The Smyrna/Clayton Sun Times" on _____, 2013 and posted at the Town Hall on _____, 2013.

So Certifies:

Town Clerk

This shall certify that the title, effective date and synopsis of this Ordinance was published in “The Smyrna/Clayton Sun Times” on _____, 2013 and posted at the Town Hall on _____, 2013.

So Certifies:

Town Manager