

## ORDINANCE NO. 2091

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SALISBURY APPROVING AN AMENDMENT OF THE FY 2009 GENERAL FUND BUDGET TO TRANSFER FUNDS TO THE OTHER POST EMPLOYMENT BENEFITS

WHEREAS, Government Accounting Standards Board Statement 45 requires accrual basis for post employment benefits other than Pensions (OPEB); and

WHEREAS, historically the City of Salisbury accounted for on a pay as you go basis; and

WHEREAS, City Clerk and Neighborhood Services do not have sufficient funds and

WHEREAS, the Mayor and City Council desire that the budget be developed in such a way that it is consistent with accounting rules;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF COUNCIL OF THE CITY OF SALISBURY, MARYLAND that the City's Fiscal Year 2009 General Fund budget be and is hereby, amended as follows:

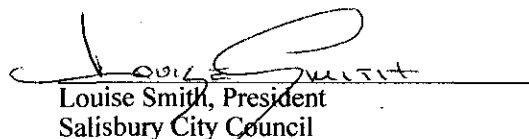
- 1) Decrease Internal Services Consulting by \$3,837.04
- 2) Increase City Clerk OPEB by \$3,837.04
- 3) Decrease Building Permits and Codes gasoline by \$3,795.93
- 4) Increase Neighborhood Services OPEB by \$3,795.93

AND, BE IT FURTHER ORDAINED that this Ordinance shall take effect from and after the date of its final passage.

THIS ORDINANCE was introduced and read at a meeting of the Council of the City of Salisbury held on the 26<sup>th</sup> day of October, 2009, and thereafter, a statement of the substance of the Ordinance having been published as required by law, was finally passed by the Council on the 2<sup>nd</sup> day of November, 2009.

ATTEST:

  
Brenda J. Colegrove, City Clerk

  
Louise Smith, President  
Salisbury City Council

Approved by me this

3<sup>rd</sup> day of November, 2009.

  
James Jreton, Jr., Mayor

# Memo

**To:** John R. Pick, City Administrator  
**From:** Pamela B. Oland, Director of Internal Services  
**Date:** October 13, 2009  
**Re:** Budget Amendment for Other Post Employment Benefits

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In June 2004 The Government Accounting Standards Board (GASB) released Statement 45, which revised the GAAP accounting standard for post employment benefits other than pensions (OPEB). This standard will be applied to post-retirement medical benefits that are provided to The City of Salisbury retirees. Prior to the new standard these benefits were accounted for on pay as you go basis. In FY 09, for the first time the City made a contribution to the OPEB Trust. Accounting rules require that this contribution be made on an accrual basis. In order to do that, it was necessary for us to allocate a share of the total cost to each department based on the proportion of their number of employees to total number of employees for the City. Most departments had sufficient unexpended funds in their budgets to accommodate this additional charge, however, some departments did not. In order to avoid over expending any departmental budget, we are recommending that the Council adopt a budget amendment for the FY 09 budget transferring funds between certain departments, who had sufficient unexpended funds, and certain departments that did not, as itemized below and on the attached budget amendment ordinance.

- Reduce Internal Services Finance consulting by \$3,837.04
- Increase City Clerk OPEB by \$3,837.04
- Reduce Building, Permits & Inspections gasoline by \$3,795.93
- Increase Neighborhood Services OPEB by \$3,795.93

Attached is the Budget Ordinance Amendment. If you have any questions, please let me know.