

RECEPTION 6:30PM—for VICE MAYOR KIMBLE REYNOLDS-2nd floor hallway-City Hall

7:30 p.m. regular session AGENDA--CITY COUNCIL---CITY OF MARTINSVILLE, VIRGINIA
Council Chambers – Municipal Building
Tuesday, December 11, 2012

Invocation – Council Member Mark Stroud
Pledge to the American Flag

1. [Recognition of outgoing Vice Mayor Kimble Reynolds.](#) (15 mins)
2. [Hear update from Martinsville-Henry County Economic Development Corp.](#) (15 mins)
3. [Hear quarterly report from West Piedmont Workforce Investment Board.](#) (10 mins)
4. [Consider fiber optic system feasibility study.](#) (15 mins)
5. [Hear staff update on Southside Neighborhood meeting follow up.](#) (10 mins)
6. [Set date for City Council organizational meeting.](#) (5 mins)
7. [Consider approval of resolution for fire truck financing.](#) (5 mins)
8. [Consider fund balance policy.](#) (10 mins)
9. [Hear finance report.](#) (10 mins)
10. [Consider approval of consent agenda.](#) (2 mins)
 - A. Accept & appropriate budget adjustments.

11. Business from the Floor

This section of the Council meeting provides citizens the opportunity to discuss matters, which are not listed on the printed agenda. In that the Council meetings are broadcast on Martinsville Government Television, the City Council is responsible for the content of the programming. Thus, any person wishing to bring a matter to Council's attention under this Section of the agenda should:

- (1) come to the podium and state their name and address;**
- (2) state the matter that they wish to discuss and Council action being requested;**
- (3) limit their remarks to five minutes;**
- (4) refrain from making any personal references or accusations of a factually false and/or malicious nature.**

Persons who violate these guidelines will be ruled out of order by the presiding officer and will be asked to leave the podium. Persons who refuse to comply with the direction of the presiding officer may be removed from the chambers.

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12. Comments by members of City Council. (5 mins)
13. Comments by City Manager. (5 mins)
14. Items to be considered in Closed Session, in accordance with the Code of VA, title 2.2, Chapter 37—Freedom of Information Act, Section 2.2-3711(A)—Closed Meetings, the following:
 - A. Personnel matter as authorized by Subsection 1.
 - B. Consultation with legal counsel and briefings by staff members, attorneys or consultants pertaining to actual or probable litigation, or other specific legal matters requiring the provision of legal advice by such counsel, as authorized by Subsection 7.



City Council Agenda Summary

Meeting Date: December 11, 2012

Item No: 1.

Department: City Council

Issue: Recognition of outgoing Vice Mayor Kimble Reynolds.

Summary: City Council will formally recognize Vice Mayor Kimble Reynolds for his service on City Council.

Attachments: None

Recommendations: No action required



City Council Agenda Summary

Meeting Date: December 11, 2012

Item No: 2.

Department: City Council

Issue: Hear an update from the Martinsville-Henry County Economic Development Corporation.

Summary: Mark Heath of the EDC will give this update and answer any questions.

Attachments: None

Recommendations: No action required



City Council Agenda Summary

Meeting Date: December 11, 2012

Item No: 3.

Department: City Council

Issue: Hear an update from West Piedmont Workforce Investment Board.

Summary: A representative of the West Piedmont Workforce Investment Board will give this update and answer any questions.

Attachments: None

Recommendations: No action required

Meeting Date: December 11, 2012

Item No: 4.

Department: City Manager

Issue: Hear an update on the feasibility study regarding possible expansion of the City's fiber optic system.

Summary: At the November 13, 2012 meeting, a presentation was given to Council by Mr. Doug Dawson of CCG Consulting on the feasibility study just completed by CCG regarding possible expansion of the City's fiber optic system. The system currently provides a combination of telephone and Internet services for many City facilities as well as a number of private businesses.

Staff will review with Council the main components of the study, answer questions, and entertain discussion regarding the manner Council may choose to move forward with this project.

Attachments: None. The feasibility study document has been sent electronically to all Council members.

Recommendations: Staff recommends Council consider establishing a citizen advisory committee for the purpose of reviewing the study in detail and presenting recommendations back to Council. Additional details regarding such a committee will be presented at the meeting.

Meeting Date: December 11, 2012

Item No: 5.

Department: City Manager

Issue: Hear a staff update on several issues discussed at the November 26, 2012 Southside Neighborhood community meeting.

Summary: At the November 26th Southside Neighborhood community meeting, several issues were brought to Council's attention regarding property maintenance, graffiti, and trash/littering in the south side neighborhood.

As a follow up to the neighborhood meeting, staff will present information on these issues.

Attachments: None

Recommendations: None/no action required at this time. Presentation is for information purposes only.



City Council Agenda Summary

Meeting Date: December 11, 2012

Item No: 6.

Department: City Council

Issue: Set date for City Council organizational meeting.

Summary: Per the City Attorney, the City Charter was amended to January 1 for assuming office, with the organizational meeting on the first weekday in January the City is open, unless Council designates a certain date.
Wednesday, January 2, 2013, at 9:00 am in Council Chambers is available if this date and time agrees with Council members.

Attachments: None

Recommendations: Set date.



City Council Agenda Summary

Meeting Date: December 11, 2012
Item No: 7.
Department: Finance
Issue: Consider approval of Resolution for fire engine Lease-Purchase Agreement

Summary:

Consider adoption of a Resolution required by Carter Bank & Trust in order to secure five-year financing, not to exceed \$460,000.00, to underwrite the cost for the purchase of a Pierce Pumper, and authorize the City Manager, Director of Finance, and City Attorney to execute the required forms and assurances on behalf of the City.

Attachments: [Resolution](#)

Recommendations: Motion to adopt Resolution for Lease-Purchase with Carter Bank & Trust.

RESOLUTION

WHEREAS, the City of Martinsville issued a RFP seeking proposals regarding the purchase of a New Pierce Pumper; and

WHEREAS, the City entered into negotiations with the lowest bidder, Carter Bank & Trust for the purchase of said Pumper for a sum not to exceed \$460,000.00; and

WHEREAS, the City has previously authorized the purchase of said Pumper as an element of the approved 2012-2013 budget; and

WHEREAS, Carter Bank & Trust has offered to finance said purchase by reimbursing the City the amount thereof and taking from the City a lease-purchase agreement in the total principal not to exceed \$460,000.00 bearing interest at the rate of 1.60% per annum, which lease-purchase agreement will obligate the City of Martinsville to repay the aforesaid indebtedness in ten consecutive semi-annual installments, the first one not to exceed \$49,274.85 and remaining installments of not more than \$48,048.19, each commencing on the fifteenth day of August, 2013, and on the fifteenth day every six months thereafter until said principal and interest are fully paid, at which time Carter Bank & Trust shall convey title to said equipment to the City; and

WHEREAS, Carter Bank & Trust has requested that this transaction be approved by a resolution of City Council, and that the execution of the lease-purchase agreement between Carter Bank & Trust and the City be specifically authorized; now, therefore

BE IT RESOLVED by the Council of the City of Martinsville, Virginia, in regular session held on December 11, 2012 that the aforesaid transaction be, and it hereby is, approved in its entirety; and

BE IT FURTHER RESOLVED that the City Manager be, and he hereby is, authorized and directed to enter into that certain equipment lease-purchase agreement dated December 15, 2012 between Carter Bank & Trust, as Lessor, and the City of Martinsville, Virginia, as Lessee, obligating the City of Martinsville, Virginia to repay the principal sum of not more than \$460,000.00, with interest thereon at the rate of 1.60% per annum, to Carter Bank & Trust in 10 consecutive semi-annual installments, the first one not to exceed \$49,274.85 and remaining installments of not more than \$48,048.19, each commencing on the fifteenth day of August, 2013 and on the fifteenth day every six months thereafter until said principal and interest are fully paid, at which time title to said equipment shall vest in the City.

* * * * *

Attest:

Brenda Prillaman
Clerk of Council

Date Adopted

Meeting Date: December 11, 2012
Item No: 8.
Department: Finance
Issue: Consider review of Fund Balance Policy

Summary:

FUND BALANCE POLICY

The City Council is dedicated to maintaining an appropriate level of fund balance sufficient to mitigate current and future financial risks and to ensure stable tax rates; and, therefore, formally establishes this policy for the City's Fund Balance. This policy also authorizes and directs the Finance director to prepare financial reports which accurately categorize fund balance as required by Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Adoption of this policy enhances the usefulness of fund balance information through clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type designations. There are some differences between fund balance and liquidity (cash-on-hand) because some assets reported in the governmental funds inherently cannot be spent – the nonspendable portion of fund balance. If resources are limited in how they can be spent due to externally enforceable legal restrictions, they roll into fund balance as restricted. If the governing body limits the use of fund balance and that limitation can only be removed by that same governing body through similar action, those fund balance resources are considered committed. If a government has intentions for certain resources, but they are not externally restricted or committed through formal governing body action, those resources are considered assigned fund balance. If the general fund has net resources in excess of the other four categories that surplus is considered unassigned. Examples for each category are provided on the annotated version attached.

Attachments: [Fund Balance Policy.doc](#)
[Fund Balance Policy annotated version for discussion.doc](#)
[FUND BALANCE SUMMARY 12-11-12.xls](#)

Recommendations: For review and comments by Council, and possible consideration of adoption of fund balance policy.

City of Martinsville, Virginia

Fund Balance Policy

I. Purpose

The City Council of the City of Martinsville, Virginia is dedicated to maintaining an appropriate level of fund balance sufficient to mitigate current and future financial risks and to ensure stable tax rates; and, therefore, formally establishes this policy for the City's Fund Balance. This policy also authorizes and directs the Finance Director to prepare financial reports which accurately categorize fund balance as required by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

II. Components of Fund Balance

Fund balance is the difference between the assets and liabilities reported in a governmental fund; it is not to be confused with cash-on-hand. The following five fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

- Nonspendable Fund Balance – amounts that are not in spendable form (such as inventory, prepaids, and long-term receivables) or are required to be maintained intact (endowment type funds);
- Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors, creditors, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed Fund Balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned Fund Balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority; residual amounts in governmental funds other than the general fund; appropriation of existing fund balance;
- Unassigned Fund Balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

III. Committed Fund Balance Policy

The City Council is the City's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a motion approved by the City Council. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

IV. Assigned Fund Balance Policy

The City Council has authorized the Finance Director as the official authorized to assign fund balance to a specific purpose as approved by this fund balance policy.

V. Minimum Unassigned Fund Balance Policy

The City will attempt to maintain an unassigned General fund balance in the general fund equal to or greater than 10% of operating expenditures.

VI. Resource Flow Policy

When fund balance resources are available for a specific purpose in more than one classification, it is the City's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

VII. Consolidation of Component Unit Year-End Fund Balance

Based on Budget Code in the Code of Virginia under section 15.2-2506 stating, "No money shall be paid out or become available to be paid out for any contemplated expenditure unless and until there has first been made an annual, semiannual, quarterly, or monthly appropriation for such contemplated expenditure by the governing body...", all appropriations lapse as of June 30 of each fiscal year. Prior to the completion of the annual audit, unspent funds remaining in the Component Unit – School Fund shall revert back to the General Fund. As with all City Funds, these funds may be re-appropriated for the following year, as approved by City Council.

City of Martinsville, Virginia

Fund Balance Policy

***** ANNOTATED VERSION FOR DISCUSSION PURPOSES *****

I. Purpose

The City Council of the City of Martinsville, Virginia is dedicated to maintaining an appropriate level of fund balance sufficient to mitigate current and future financial risks and to ensure stable tax rates; and, therefore, formally establishes this policy for the City's Fund Balance. This policy also authorizes and directs the Finance Director to prepare financial reports which accurately categorize fund balance as required by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

II. Components of Fund Balance

Fund balance is the difference between the assets and liabilities reported in a governmental fund; it is not to be confused with cash-on-hand. The following five fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

- Nonspendable Fund Balance – amounts that are not in spendable form (such as inventory, prepaids, and long-term receivables); or are required to be maintained intact (endowment type funds); *****examples: pre-paid taxes; the value of items held in the inventory at the shop; long-term loans/notes receivable*** FOR FY12: Inventory: 792,569; Prepaid Items: 3,050; TOTAL: \$795,619**
- Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors, creditors, and higher levels of government), through constitutional provisions, or by enabling legislation; *****examples: Bonds for School Construction; most grant proceeds; meals taxes; voter-approved constraints*** FOR FY12: No amounts restricted.**
- Committed Fund Balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint; *****example: funds committed to the Commonwealth Crossing Business Center – authorized by an act of City Council; encumbrances for contracts approved by Council*** FOR FY12: CCBC: 1,666,700; PART: 23,700; Housing Choice: 280,062; Cafeteria Fund: 860,250; School Grants Fund: 23,061; TOTAL: \$2,853,773**
- Assigned Fund Balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or high-level body to which the governing body delegates the authority; residual amounts in governmental funds other than the general fund; appropriation of existing fund balance; *****examples: budgeted use of fund balance in order to balance the budget; mid-year adjustments to budget: unanticipated vehicle replacement; re-appropriations; purchase order encumbrances. Essentially what is now designated.*** FOR FY12: Thoroughfare Constr: 154,099; Capital Reserve Fund: 1,239,637; Meals Tax Fund: 9,519,913; TOTAL: \$10,913,649**
- Unassigned Fund Balance – amounts that are available for any purpose; positive amounts are only reported in the general fund. ***** serves as a measure of current available resources, and is essential to mitigate current and future risks*** FOR FY12: \$4,151,074**

III. Committed Fund Balance Policy

The City Council is the City's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a motion approved by the City Council. The resolution must either be approved or rescinded, as applicable, prior to the last day of the

fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

IV. Assigned Fund Balance Policy

The City Council has authorized the Finance Director as the official authorized to assign fund balance to a specific purpose as approved by this fund balance policy.

V. Minimum Unassigned Fund Balance Policy

The City will attempt to maintain an unassigned General fund balance in the general fund equal to or greater than 10% of operating expenditures.

***** 10% has been inserted for discussion purposes. City Council would determine the actual figure to be inserted here. Based on the year-end FY12 budget, 10% of General Fund operating expenses would be \$2,990,866 (29,908,658 X 10%); 5% = \$1,495,483; 15% = \$4,486,299; should be no less than one to two months of regular general fund operating expenditures. Monthly average for FY12 = \$2,174,019. FY12's \$4,151,074 represents 13.88% of General Fund.**

VI. Resource Flow Policy

When fund balance resources are available for a specific purpose in more than one classification, it is the City's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

VII. Consolidation of Component Unit Year-End Fund Balance

Based on Budget Code in the Code of Virginia under section 15.2-2506 stating, "No money shall be paid out or become available to be paid out for any contemplated expenditure unless and until there has first been made an annual, semiannual, quarterly, or monthly appropriation for such contemplated expenditure by the governing body...", all appropriations lapse as of June 30 of each fiscal year. Prior to the completion of the annual audit, unspent funds remaining in the Component Unit – School Fund shall revert back to the General Fund. As with all City Funds, these funds may be re-appropriated for the following year, as approved by City Council.

***** These funds have not been reverting back to the City general fund for years and the School has not exceeded spending of the annual appropriations; the result is the fund balance is growing. Under 15.2-2506, the School's operating fund balance should be essentially reverted back to the City at the end of each fiscal year. City Council could establish a balance to remain designated specifically for the School's fund balance, such as \$250,000 for future school expenditures, or could automatically re-appropriate an established amount each year.**

Fund Balance Summary

Total Funds, exclusive of Utilities:

Total by Category:

Non-spendable:

795,619

Inventory 792,569

Prepaid Items 3,050

Restricted:

0

(none)

Committed to:

2,853,773

CCBC 1,666,700

PART 23,700

Housing Choice 280,062

Cafeteria Fund 860,250

School Grants Fund 23,061

Assigned to:

10,913,649

Thoroughfare Constr 154,099

Capital Reserve Fund 1,239,637

Meals Tax Fund 9,519,913

Unassigned:

4,151,074

4,151,074

Totals: 18,714,115

18,714,115

Meeting Date: December 11, 2012

Item No: 9.

Department: Finance

Issue: Hear finance report.

Summary: Finance Director Linda Conover will distribute finance report details electronically prior to Council meeting.

Attachments: None

Recommendations: Motion to approve.



City Council Agenda Summary

Meeting Date: December 11, 2012
Item No: 10.
Department: Finance
Issue: Consider approval of consent agenda.

Summary:

The attachments amend the FY13 Budgets with appropriations in the following funds:

FY13:

General Fund: \$1,500 –Donation

CDBG Fund: \$25,350 – Neighborhood Stabilization Program funding

Attachments: [Consent Agenda - 12-11-12.xls](#)

Recommendations: Motion to approve

BUDGET ADDITIONS FOR 12/11/12

ORG	OBJECT	DESCRIPTION	DEBIT	CREDIT
<u>FY13</u>				
<u>General Fund:</u>				
01100909	490104	Advance/Recovered Costs		1,500
01211070	501400	Circuit Court - Bonus donation agreement with Judge Greer	1,500	
Total General Fund:			1,500	1,500
<u>CDBG Fund:</u>				
47102926	436428	Neighborhood Stabilization Program		25,350
47832379	508250	NSP3 - Land Acquisition	25,000	
47832379	505005	NSP3 - Administrative Costs	350	
Total CDBG Fund:			25,350	25,350