

May 22, 2012

The regular meeting of the Council of the City of Martinsville, Virginia, was held on May 22, 2012, in Council Chambers, Municipal Building, at 7:30 PM, with Mayor Kim Adkins presiding. Council Members present included: Mayor Kim Adkins, Vice Mayor Kimble Reynolds, Gene Teague, Mark Stroud and Danny Turner. Staff present included: Leon Towarnicki, Interim City Manager, Brenda Prillaman, Eric Monday, Mike Rogers, Linda Conover, Dennis Bowles, Susan McCulloch, Ruth Easley, Chris Morris, and Sonya Penn.

Following the invocation by Council Member Mark Stroud and Pledge to the American Flag, the Mayor welcomed everyone to the meeting.

Minutes: On a motion by Gene Teague, seconded by Mark Stroud, with a 5-0 vote, Council approved the minutes of the April 9, 2012 tour and April 9, 2012 Neighborhood Meeting.

Recognitions: Mayor Adkins read the following list recognizing city employees eligible for Service Awards April 1 through June 30, 2012.

Employee	Years of Service	Department
Eldage Hall	25	Public Works
Karen Harrison	20	Public Works
Anita Sowers	15	Police
Connie Marshall	15	Sheriff's Department
Ed Gower	15	Sheriff's Department
Kevin Turner	15	Sheriff's Department
Mildred Montgomery	15	Sheriff's Department
Christopher Owen	10	Fire
Dallas Hairston	10	Commissioner of Revenue
Earl Preston	10	Sheriff's Department
Jeff Corcoran	10	Sheriff's Department
Edward Martin	5	Police
Jimmy Rigney	5	Electric
Joseph Washburn	5	Police
Lawrence Clark	5	Sheriff's Department
Mark Peters	5	Police
Michael Clark	5	Police
Michael Law	5	Sheriff's Department
Pam Matthews	5	Circuit Court Clerk's Office

Public Hearing regarding FY13 Budget and approval of budget ordinance on first reading: Leon Towarnicki reviewed budget figures as presented originally and reviewed the following information previously sent to Council:

As a follow up to the two budget work sessions held on May 1 and May 3, attached is additional information either specifically requested by Council members, or information relevant to the discussions that may help clarify the decision process used during preparations.

**VRS Evaluation**

As was discussed, beginning July 1 employees are required to begin making a contribution (monthly pay deduction) to the Virginia Retirement System, to be offset by a corresponding salary increase, also to be offset by a corresponding reduction in the City's required VRS contribution. The contribution amount has been set by the General Assembly (SB 497) at 5% and localities have the option of implementing the full 5% at one time, or phasing in the 5% requirement by implementing a 1% increase annually over the next 5 years. Attached is a copy of a spreadsheet showing an analysis of the City's payroll and how each option impacts costs. While there are advantages in implementing the full 5% all at once, by phasing in a 1% increase annually over the next 5 years the City will save over \$300,000 compared to implementing the full 5% in year 1. The additional cost to the City, however, over the 5 year implementation period is over \$600,000.

**Water/Sewer Rates & Proposed Rate Increases**

The attached rate summary sheet is an excerpt from the annual Draper Aden report.

The City's current water rate is based on a 4000 gallon minimum, and the base rate is \$19.81/4000 gallons. The cost for 5000 gallons is \$23.00 and includes the \$19.81 base rate plus \$3.19 for the additional 1000 gallons. The City's sewer rate is \$18.14 for 4000 gallons, and the cost for 5000 gallons is \$20.87.

The 5000 gallon Martinsville rates listed are simply used for comparison purposes since the other rates in the Draper Aden report are also based on 5000 gallons. Currently, records show the number of water customers as 7,114 and the proposed \$3.50 rate increase will result in a projected revenue increase of \$298,788. The City's rate for 4000 gallons would increase to \$23.31, a 17.7% rate increase. Likewise, the number of sewer customers is shown as 6,570 and the proposed \$3.50 rate increase will result in a project revenue increase of \$275,940, a 19.3% rate increase. The two combined rate increases will generate an additional \$574,728 in water/sewer revenue.

The table below shows possible increases in water/sewer revenue based on incremental increases in the current rates and existing number of customers:

<u>Water</u>	<u>Sewer</u>
\$1.00/\$85,368	\$1.00/\$78,840
\$1.50/\$128,052	\$1.50/\$118,260
\$2.00/\$170,736	\$2.00/\$157,680
\$2.50/\$213,520	\$2.50/\$197,100
\$3.00/\$256,104	\$3.00/\$236,520
\$3.50/\$298,788	\$3.50/\$275,940

**Vehicle/Equipment List**

May 22, 2012

The attached Equipment Master List shows City equipment by department, with the items highlighted in yellow being those items included in the Capital budget presented to Council. One note – the Police list shows 7 vehicles highlighted for replacement and the Capital budget presented to Council included funding for 6 vehicles. Efforts will be made to replace one vehicle under the United States Department of Agriculture grant program.

**Meals Tax – Proposed Rate Increase**

Actual FY11 meals tax collections are shown as \$1,409,441, and the FY12 projection is \$1,402,000, based on the current 6% rate. Based on this information, an additional 1% could be expected to generate approximately \$233,000 per year and the FY13 budget projection is based on 10 months of additional revenue, allowing for an approximate 2 month period to fully implement the change. 10 months of a 1% increase will result in an increase of approximately \$194,000. A ½% increase will result in approximately \$97,000 in FY13.

**Employee Health Insurance**

The budget as originally presented to Council includes funding to reduce the employee contribution to health insurance to \$90/month and restoring \$220 to the employee health savings account that was shifted over last year to reduce insurance premiums. This is in an effort to move non-school employees closer to school employees regarding health insurance premium costs and put all employees on the same contribution schedule. Included in the budget are: (1) costs to restore \$220 per employee (and retiree) to the HSA; (2) costs to absorb the 7.3% insurance premium increase; (3) costs to reduce the employee insurance premium to \$90/month.

Costs are: (1) \$75,900 (cost to restore HSA funding)

(2) \$127,848 (cost to absorb 7.3% increase only)

(3) \$249,947 (cost to absorb 7.3% increase and drop employee cost to \$90)

**Capital Needs/Funding – General Comments - Recommendations**

The budget as originally presented included a projected use of fund balance of \$738,750, level funding for schools and outside agencies, and rate adjustments for meal taxes, water, and sewer. Adjustments have occurred to the budget since initially presented based on updated/revised information and the FY13 budget as advertised calls for a use of fund balance of \$866,816.

The proposed 7% meals tax is projected to generate \$1,595,000 in FY13, and of that amount \$416,173 is being projected as a transfer to the Capital Reserve Fund. Of that amount, \$322,155 will be required to cover existing debt service, leaving a balance of \$94,018 to apply to other capital needs. Excluding vehicles and major equipment, and reducing the remaining capital requests to “must-haves”, the proposed FY13 Capital Reserve requests totals \$265,200. Based on these needs, additional capital funding of \$171,182 is required. It is staff’s recommendation that this amount be taken from the capital reserve fund balance for FY13 to cover costs related to these purchases. The capital list under this scenario excludes some annual recurring needs such as police radios, body armor, weapons, minor maintenance needs and upgrades, etc.

The remaining capital list of vehicles and equipment includes police cars, a garbage truck, fire truck, electric bucket truck, dump truck, and a sheriff’s department car and has an estimated cost of \$1,101,600. An option for handling these purchases is to incur debt service (bond issuance) of approximately \$250,000 annually (3.5%, 5 yr term). Funding to accommodate this arrangement will come from additional budget cuts, increases in revenue, or combinations. Initially it was anticipated that the water/sewer rate increases would provide adequate funding for capital needs but after review of projected water/sewer FY12 revenue showing a decrease of \$358,613 from budgeted amounts, the full amount of the proposed water and sewer rate increases is being used to maintain transfers to the general fund.

At the May 3<sup>rd</sup> budget work session, a number of options were presented for consideration as possible budget reductions. To reduce the use of fund balance to approximately \$500,000 plus provide adequate funding for debt service for major capital (outlined in previous paragraph) will require either reductions in spending or increases in revenue (or combinations) equivalent to \$616,816. Given that meals tax and water/sewer rate increases are already plugged into the FY13 proposed budget, it is suggested that remaining adjustments come from budget reductions which could impact schools, police, fire, parks & recreation, and baseball.

Council discussion prior to budget public hearing included: VRS employee contribution, water/sewer rate increases, employee health insurance costs, monthly AMP fees, vacant positions. Mayor Adkins then opened the public hearing on the FY13 budget. Chad Martin-Fourth St.-presented petition with 200 signatures asking that Parks and Recreation department not be cut from city services; Liza Moore-comments on Teens Opposing Poverty and importance of parks; Rev. Michael Dunn-commented crime will increase if parks are closed; Rev. Rueben Boyd-commented closing parks is not a good idea; Lee Vernon-comments on importance of recreation programs; Ural Harris-217 Stuart St.-comments regarding city needs to make cuts with no increases in fees or taxes and EDC budget needs addressing; Lonnie Carter-commented citizens cannot afford increases; John Hale-Binding Time Café-commented the increase in meals tax puts restaurants at a competitive disadvantage; Pam Heath-reiterated schools request for level funding and asked for a verbal agreement on amount at tonight’s meeting. Mayor Adkins closed the public hearing.

Council discussion regarding FY13 budget: per capita EDC funding; need for agreement on acceptable use of fund balance; cutting 3 vacant positions; need for financial analysis to determine if the current government is sustainable for the future and to deal with reversion issue; school funding; meals tax increase.

A motion was made by Gene Teague, seconded by Kimble Reynolds, with a 5-0 vote, to eliminate funding the 3 vacant positions previously suggested as options to balance the FY13 budget.

May 22, 2012

A motion was made by Gene Teague, seconded by Mark Stroud, with a 5-0 vote to add \$20,000 to FY13 budget to fund a financial analysis to address (1) structure of government and address options for reversion and (2) financial projections/expenses for next 5 years.

A motion was made by Mark Stroud, seconded by Kim Adkins, to level fund the schools. The motion failed with a 3-2 vote. (Turner, Reynolds, Teague voting nay). City Attorney Eric Monday pointed out that Councilman Stroud has filed a conflict of interest statement.

A motion was made by Gene Teague, seconded by Danny Turner, to eliminate the proposed meals tax increase. The motion failed with a 3-2 vote. (Adkins, Reynolds, Stroud voting nay).

A motion was made by Mark Stroud, seconded by Kimble Reynolds, to have a 1/2 cent meals tax increase. The motion passed with a 3-2 vote (Turner and Teague voting nay).

A motion was made by Danny Turner, seconded by Mark Stroud, to increase water/sewer rates by \$1.00. The motion failed with a 3-2 vote (Adkins, Turner, Teague voting nay).

A motion was made by Gene Teague, seconded by Kimble Reynolds, to increase water/sewer rates by \$2.50. The motion passed with a 3-2 vote (Stroud and Turner voting nay).

A motion was made by Gene Teague, seconded by Mark Stroud, to approve the employee health insurance cost HAS funding cost (\$75,900) and funding the 7.3% premium increase (\$127,848). The motion passed with a 4-1 vote (Turner voting nay).

A motion was made by Danny Turner to fund the EDC at \$140,000 vs. the proposed \$339,500 to save approximately \$200,000. The motion died for lack of a second.

A motion was made by Gene Teague, seconded by Danny Turner, to not fund the \$70,000 position of director of Parks & Recreation to make the current part-time office associate position full time for a budget impact of \$55,000 net effect. The motion passed with a 4-1 vote (Adkins voting nay).

A motion was made by Gene Teague, seconded by Danny Turner, to ask the city constitutional officers to find a combined amount of \$50,000 to cut from their budget. The motion passed with a 3-2 vote (Adkins and Stroud voting nay).

A motion was made by Gene Teague, seconded by Danny Turner, to take out the \$10,000 from Goals & Initiatives line item. The motion passed with a 5-0 vote.

A motion was made by Gene Teague, seconded by Danny Turner, to reduce the school funding by \$126,394. The motion passed with a 3-2 vote (Adkins and Stroud voting nay).

A motion was made by Gene Teague, seconded by Danny Turner, to cut library funding \$61,000. The motion failed with a 3-2 vote (Adkins, Reynolds, Stroud voting nay). Council agreed library funding would be an item of discussion at next budget worksession.

A motion was made by Gene Teague, seconded by Danny Turner, to cut \$60,000 from the EDC funding. The motion passed with a 4-1 vote (Adkins voting nay).

Council noted the fund balance use is now at approximately \$931,000 with Council actions taken and further discussion will be had at upcoming budget worksession.

A motion was made by Gene Teague, seconded by Kimble Reynolds, to approve the FY13 budget ordinance on first reading as amended at tonight's meeting. The motion passed with a 4-1 vote (Turner voting nay).

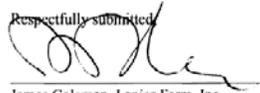
Public Hearing regarding City School Board applicants: Pursuant to Code of Virginia section 22.1-29.1 a public hearing is necessary to introduce and consider names of persons interested in

May 22, 2012

appointment to a vacancy on the Martinsville School Board and to receive the views of citizens within the school division. This state code section also states that no nominee or applicant whose name has not been considered at the public hearing shall be appointed as a school board member. Mayor Adkins opened the public hearing. Robert Williams and Carolyn McCraw spoke during the public hearing asking for Council's consideration of re-appointment to the city school board. Mayor Adkins closed the public hearing. The actual appointment must be made at least seven days after the hearing and appointment will be on the June 12, 2012 agenda.

Public Hearing regarding rezoning 1150 Spruce St.: Susan McCulloch presented the following information: A Dollar General Store is being proposed for the vacant parcel at 1150 Spruce St. The current zoning of this parcel will not allow for a retail establishment of small to moderate scale. The vacant parcel is surrounded by P-2 Professional, C-1 Neighborhood Commercial and R-9 Residential. One of the features of this parcel is its topography, which slopes to the west toward Indian Trail. This sloping creates a natural buffer from the residential properties on Indian Trail. In addition, a rear yard setback of forty (40) feet is required by the Zoning Ordinance. The designation of C-1A, Intermediate Commercial would allow for commercial uses that already exist in the surrounding area. The Future Land Use Map indicates that this area should be Residential in use. Therefore, this rezoning would necessitate an amendment to the Future Land Use Map. Planning Commission held a duly advertised public hearing on March 22, 2012. Several adjacent property owners expressed concern with the development of this property and were opposed to any commercial use. Planning Commission voted (4-2) to send this amendment to City Council for its consideration.

This proposed rezoning is subject to the following proffers made by the applicant:

<p style="text-align: center;">Lanier Farm, Inc. Tax Parcel Number 54 (02) 00B</p> <p>Re: Rezoning Application for Tax Parcel Number 54 (02) 00B of Lanier Farm, Inc. for a rezoning of 5.515 acres on 1150 Spruce Street in the City of Martinsville from P-2 to C-1A.</p> <p>The Owner-Applicant in this zoning case, pursuant to Section 15.2-2298 of the Code of Virginia (1950 as amended) and the Zoning Ordinance of the City of Martinsville, for itself and its successors or assigns, proffers that the development of the property as included in the Zoning Case for Tax Parcel Number 54 (02) 00B will be developed as set forth below; however, in the event the request is denied or approved with conditions not agreed to by the Owner-Applicant, these proffers and conditions shall be immediately null and void and of no further force or effect.</p> <p>The Applicant hereby proposes the following Proffered Conditions in the Zoning Case for Tax Parcel Number 54 (02) 00B as follows:</p> <p>1: A 50 foot natural buffer will be preserved along the southern property boundary as shown on the attached exhibit. A 35 foot natural buffer will be preserved along the western portion of the southern property boundary as shown on the attached exhibit. Only clearing for utility and storm water management easements that cross generally perpendicular to the property line will be permitted within the natural buffer.</p>	<p>2: A 6 foot tall wooden fence will be installed along the southern clearing limits as generally shown on the attached exhibit.</p> <p>3: The peak storm water runoff rate for the developed condition will be limited to the peak storm water runoff rate of the pre-developed condition for a 100 year storm event.</p> <p>4: The exterior front of any building facade fronting Spruce Street shall have 50% brick and/or glass exterior, a minimum of 10ft in height from finish floor elevation.</p> <p style="text-align: right;">Respectfully submitted,  James Coleman, Lanier Farm, Inc.</p>
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Bryant Gammons with Highmark Engineering presented further explanation and information on development and updated proffers. Mayor Adkins opened the public hearing. Craig Dietrich-concerns about the length of the lease and it becoming a vacant building; Yvonne Givens, Third Bay Café owner, concerns with traffic and the need for traffic signal; Carolyn Baptist, 1009 Mulberry, concerns about dangerous intersection; Bill Pearson-commented on unsightly appearance of Dollar General Store in Ridgeway; Kevin Lewis, 721 Indian Trail-did not expect the neighborhood to change to commercial business and cause decrease in property values, pond and mosquito concerns; Hilda Shields, 731 Indian Trail-drainage concerns, need traffic signal and tree barriers; Amy Hunt, 719 Indian Trail-opposed to rezoning; John McCraw, 1724 Meadowview Lane-opposed, should go in an existing vacant

May 22, 2012

building; Tiffany Lawry-opposed to re-zoning; Amanda Pulliam and Richard Pulliam, 709 Indian Trail-opposed to rezoning; Kevin Lewis-traffic hazard comments; Greg Hunt, 719 Indian Trail-opposed, noting it will be visible during fall months even with plantings. Mayor Adkins closed the public hearing.

A motion was made by Gene Teague, seconded by Danny Turner, with the following 3-2 recorded vote: Adkins, aye; Teague, aye; Reynolds, nay; Stroud, nay; and Turner, aye, to approve the ordinance on first reading to rezone 1150 Spruce Street from P-2 Professional to C-1A Intermediate Commercial. Council comments on vote: Teague-feels commercial use is consistent with that property and realizes this is a tough issue for neighborhood; Stroud-had citizens tell him we cannot turn our backs on businesses; Reynolds-important to be business friendly, but he differs in opinion and voted to oppose; Adkins-rezoning this property supports the comprehensive plan and is consistent with neighborhood and feels reasonable accommodations were made by the developer.

A motion was made by Gene Teague, seconded by Danny Turner, with the following 4-1 recorded vote: Adkins, aye; Teague, aye; Reynolds, nay; Stroud, aye; and Turner, aye, to amend the Future Land Use Map to show the 1150 Spruce Street parcel as Commercial.

Resolution regarding Blue Creek Wind Farm: Dennis Bowles and Eric Lloyd of AMP presented information on the Blue Creek Wind Farm Purchase Power Agreement Offering from American Municipal Power. Mr. Bowles briefed Council on the staff recommendation: Staff along with GDS Associates and the Blue Ridge Power Agency recommends participation in the renewable wind project based on the project economics, as compared to other renewable supply options and the additional diversification this resource will provide to our existing power portfolio. Staff recommends approving a Resolution authorizing the City Manager to execute a Purchase Power Agreement with American Municipal Power for 750 (seven hundred fifty) kilowatts of capacity and energy from the Blue Creek Wind Farm. After lengthy Council discussion regarding risks and AMP track record, a motion was made by Mark Stroud, seconded by Kim Adkins, to approve the resolution to participate in the Blue Creek Wind Project and with a 3-2 vote, the motion failed. (Reynolds-nay; Teague-nay; Turner-nay).

<p>AMP has negotiated a twenty year Power Purchase Agreement (PPA) with Iberdrola for up to 54 MW of output from the Blue Creek Wind Farm located in both Van Wert and Paulding Counties in Northwest Ohio.</p> <p>The Wind PPA is contingent upon successfully subscribing a minimum of 30 MW share of the project to the AMP membership. Iberdrola has set a June 1, 2012 deadline for AMP to specify the amount of capacity the AMP membership has subscribed through the Wind PPA. The term of the PPA is expected to be July 1, 2012 through June 30, 2032 (although these dates may both move back if commercial operation is later than July 1, 2012).</p>	<p>The Agreement between AMP and Iberdrola for the Blue Creek Wind Farm project that was executed on February 27, 2012 was contingent upon AMP members subscribing a minimum of 30 MW, as well as final approval by Iberdrola's Board. Through the final approval process the term length of the Agreement has been revised from 20 years to 10 years. The pricing and terms for the first 10 years remains as was previously presented. To date Member interest appears to be in excess of the required 30 MW minimum.</p> <p>Revised sample Ordinance/Resolutions and updated Exhibits to the Power Schedule will be e-mailed to the Members by the end of this week. The deadline for execution of the Power Schedule is still June 1, 2012.</p>
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Mr. Bowles also provided an update on the Prairie State charges with the following information from AMP:

As previously reported, on March 21, 2012 a joint meeting of the Prairie State Participants Committee and AMP Board was held to provide the Committee with a project update and to review the billing rates. At this meeting, the Participants Committee and Board passed a motion to begin collecting a demand rate of \$20.22/kW-Mo for AMP's share of one Unit (184 MW) starting with the March 2012 power invoices, and this same demand rate for AMP's share of both Units (368 MW) beginning on June 1, 2012.

At the AMP Board of Trustees Meeting yesterday, the Board passed a motion to continue collecting the demand rate of \$20.22/kW-Mo until the Commercial Operation Date (COD) of Unit 1. Upon COD of Unit 1, a demand rate of \$24.566/kW-Mo will be collected, which includes debt service plus fixed O&M charges. You will be notified once Unit 1 is declared in commercial operation.

The motion also stated that no demand charge would be billed in association with Unit 2 until COD of that Unit which is currently projected to be no earlier than October 25, 2012. Bond proceeds/capitalized interest will be utilized to make interest payments due in August 2012.

The EPC Contract with Bechtel contains guaranteed completion dates of December 6, 2011 for Unit 1 and August 1, 2012 for Unit 2. The contract allows for liquidated damages to be charged for each day past these guaranteed completion dates.

May 22, 2012

Authorization of BPOL refund: the Commissioner of the Revenue's office annually verifies and updates BPOL license fees based on federal tax return gross receipts information that is provided to the office by individual business taxpayers. The city's business license is based on the actual gross receipts that a business had for the prior tax year or the current year for first year businesses. Corrections to the 2008-2012 license year assessments have been made by the Commissioner of the Revenue office based on reported actual gross receipts of the business. Some of the adjustments resulted in an overestimate of the estimated gross receipts reported on the annual business license application and in other years, the adjustment resulted in an under estimate of the actual gross receipts. The corrections report was forwarded to the City Treasurer where payments made were reapplied to adjusted bills. Because the total refund amount is over \$2,500, City Council must authorize the City Treasurer to issue the refunds so that the timing of the refund does not negatively impact the city's cash flow. City of Martinsville ordinances address updates of estimated business licenses that were not based on a prior year's actual gross receipts. The city's ordinance §11-23(f) provides that there shall be no interest charged or refunded on an adjustment of estimated tax liability to actual liability at the conclusion of the base year. We would not have assessed interest if the taxpayer had underestimated their gross receipts and we updated the assessment based on verification of actual gross receipts. Consequently, the city ordinances provide that we do not refund interest on these types of estimated assessments when they are overestimated. This refund is similar to other refunds that City Council has authorized in that it resulted as an appeal of a statutory assessment of the 2008 business license. The scope of the appeal was extended to the subsequent years when actual verification information was provided by the company correcting not only the gross receipts but the rate at which the business was taxed. The 2008-2012 BPOL assessments remained estimates until it could be verified with actual gross receipts as reported on the business federal tax returns. The necessary federal returns to verify the gross receipts for the business were provided recently. The Code of Virginia authorizes the City Treasurer to issue refunds up to \$2,500 without prior authorization of City Council. Because the refund amount is over this limit, City Council must authorize the City Treasurer to issue the refund. Pursuant to City Ordinance §11-23(f) there is no need to calculate interest provided the refund is made within 30 days of the adjustment to reflect actual tax liability. On a motion by Gene Teague, seconded by Kimble Reynolds, with a 5-0 vote, Council authorized the City Treasurer to issue refund of \$3,448.34 city business for their updated 2008-2012 business licenses effective May 23 or June 13, 2012.

Monthly finance report: On a motion by Mark Stroud, seconded by Danny Turner, with a 5-0 vote, Council approved the finance report presented by Finance Director Linda Conover.

Consolidated Revenues & Expenditures through April 2012

Through the end of April, revenues in the General, Meals, Capital Reserve and Utility funds are greater than anticipated by \$618,604 due in part to higher than budgeted collections in overall General Property and Other Local Taxes, various reimbursements, recovered costs, miscellaneous receipts, and grant funding in the General Fund. The General Fund has the largest variance at slightly more than \$334,000. The Meals Tax, Capital Reserve, Refuse and Sewer Funds revenues were all greater than anticipated. The Water and Electric Funds both presented negative revenue variances of \$14,504 and \$222,554 respectively. The mild weather we've experienced through the winter and early spring resulted in reduced electric consumption and reduced power bills, causing the difference in revenues. The expenditure variance for the major funds is a positive \$2,085,506. The General Fund's positive variance of \$1.5 million accounts for the majority. This difference can be attributed to timing issues, including incomplete projects, and various vacancies throughout the organization.

Combined Balance Sheet through April 2012

When compared to end-of-year FY11, the overall Fund Balance increased by \$9,472,455 through April due to the financing proceeds in the Meals Tax and Capital Reserve funds received in the current fiscal year.

May 22, 2012

Projected Fund Balances for FY12 & FY13

Based on projections calculated during the FY13 budget process, the overall Fund Balances at the end of Fiscal Year 2012 is projected to be \$23,532,335, an increase of \$9,273,151 for the Fiscal Year. If adjusted to accommodate the additional financing proceeds, the overall Fund Balance would be \$13,055,329, a decrease of \$1,203,855 from end-of year FY11, which includes re-appropriations of \$1,799,065 from the prior year. The Unassigned Fund Balance, exclusive of Utilities, is estimated to be \$2,784,459. Based on the projection for year-end FY12 and the FY13 budget as proposed, the overall Fund Balances at the end of Fiscal Year 2013, is projected to be \$22,016,473, a decrease of \$1,515,862. The Unassigned Fund Balance, exclusive of Utilities is estimated to be \$1,694,821, reflecting a decrease of \$1,089,638 from prior year.

Consent agenda: On a motion by Gene Teague, seconded by Kimble Reynolds, with a 5-0 vote, Council approved the following consent agenda:

ORG	OBJECT	DESCRIPTION	BUDGET ADDITIONS FOR 5/22/12	
			DEBIT	CREDIT
<u>FY12</u>				
<u>General Fund:</u>				
1101917	442402	Categorical Other State - Confiscated Assets - C Atty		5,058
1221082	506105	Comm Atty - Conf Assets State	5,058	
1101917	442401	Categorical Other State - Confiscated Assets - Police		7,867
1311085	506078	Police Dept - Conf Assets State appropriation of state asset forfeitures	7,867	
01100904	442401	Local Confiscated Assets - Police		200
01311085	506118	Police Dept - Local Confiscated Assets Local Confiscated Assets	200	
01100904	442402	Local Confiscated Assets - Comm. Attorney		200
01221082	506118	Comm. Atty - Local Confiscated Assets Local Confiscated Assets	200	
01100909	490104	Advanced/Recovered Costs		362
01217078	505500	Sheriff-Courts - Travel Reimb-fuel & transportation	362	
<u>Total General Fund:</u>			<u>13,687</u>	<u>13,687</u>

Business from floor: none

Council comments: Reynolds-asked that City Attorney review the city auditor's contract and consider changing auditors; also wants approval from Council on city a hiring financial analysis firm.

Interim City Manager comments: pointed out baseball starts next Tuesday.

Board appointment: On a motion by Gene Teague, seconded by Danny Turner, with a 5-0 vote, Council re-appointed Bob Vogler, 301 Oakdale St., to a 2-year term ending 12/13/13 on the Comprehensive Services Community Policy & Management Team.

There being no further business, the meeting adjourned at 11:45 pm.

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Brenda Prillaman  
Clerk of Council

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Kim Adkins  
Mayor