

**MINUTES
EMPORIA CITY COUNCIL
CITY OF EMPORIA MUNICIPAL BUILDING
MARCH 4, 2008**

Note to Reader: Although the printed Agenda document for this City Council meeting is not part of these minutes, the agenda document provides background information on the items discussed by City Council during the meeting. A copy of the Agenda document for this meeting may be obtained by contacting the Office of the City Clerk.

INVOCATION

Emporia City Council held a Regular Meeting on Tuesday, March 4, 2008, at 7:30 p.m. in the Council Chambers of the Municipal Building. Mayor Adams presided over the meeting with Council President Nancy B. Squire offering the invocation.

ROLL CALL

Upon roll call, the following City Council members indicated their presence:

Councilwoman Nancy B. Squire
Councilman John R. White
Councilman F. Woodrow Harris
Councilman James C. Saunders
Councilwoman Doris T. White
Councilwoman Carolyn S. Carey
Councilman Ned V. Lankford

Others present: Samuel W. Adams, III, Mayor
Sam Brown, Sheriff
Sheila Cutrell, Finance Director
Bernard Richardson, Chief of Police
Brian S. Thrower, City Manger
Jean V. Whiting, City Clerk

Absent: C. Butler Barrett, City Attorney

MINUTES APPROVAL

The minutes of the January 25-26, 2008 Retreat and February 19, 2008 Regular Meeting were distributed to City Council members. Councilman Lankford moved to approve the minutes as presented. Councilwoman Squire seconded the motion, which passed as follows:

Councilwoman Nancy B. Squire	aye
Councilman John R. White	aye
Councilman F. Woodrow Harris	aye
Councilman James C. Saunders	aye
Councilwoman Doris T. White	aye
Councilwoman Carolyn S. Carey	aye
Councilman Ned V. Lankford	aye

AGENDA APPROVAL

Mayor Adams requested that Virginia Code § 2.2 3711(A) (7) Legal Matter be stricken from the Agenda.

Councilwoman Squire moved to approve the Agenda as amended. Councilwoman Carey seconded the motion, which passed as follows:

Councilwoman Nancy B. Squire	aye
Councilman John R. White	aye
Councilman F. Woodrow Harris	aye
Councilman James C. Saunders	aye
Councilwoman Doris T. White	aye
Councilwoman Carolyn S. Carey	aye
Councilman Ned V. Lankford	aye

UNFINISHED BUSINESS

NEW BUSINESS

08-21. Audit Presentation – Creedle, Jones & Alga, P.C.

Mr. Scott Thompson of Creedle, Jones & Alga P.C. provided City Council members with a presentation of the City's audit findings for the fiscal year ending June 30, 2007. Some of the highlights reported by Mr. Thompson during his presentation were as follows:

Auditor's Report

- Compliance of all generally accepted accounting principles were met
- No instances of noncompliance or material weaknesses in financial reporting

Cash Position

- Overall cash position of the City - \$4,098,252.00 (consisting of \$3,391,539.00 in governmental activities (General Fund) and \$706,713.00 in business-type activities (*Water & Sewer*))
- \$63,220.00 increase due primarily to positive cash flows from the General Fund being offset by fixed asset purchases and debt service in the utility fund amounting to \$832,286.00
- Governmental activities cash increased by \$475,742.00 – fueled by increases in personal property taxes, local taxes and charges for local services providing a \$69,727.00 excess added to \$242,895.00 in debt proceeds
- Business-type activities cash declined by \$412,522.00. Cash provided by operations of \$436,985.00 was offset by transfers to the General Fund of \$49,887.00 and capital and related financing of \$832,286.00. Interest income provided an infusion of \$32,666.00.

Overall Position

- Overall position of the City had total assets of \$34,938,842.00 exceeding total liabilities of \$17,339,115.00 leaving total net assets of \$17,599,727.00 with \$13,649,603.00 being invested in capital assets net of related debt
- Net assets decreased by \$938,836.00

GASB 34 Statements - Statement of Net Assets

- Governmental activities reflected total net assets of \$16,896,444.00 of which \$13,216,626.00 was considered as invested in capital assets, net of related debt.
- Business-type activities (*Water and Sewer Fund*) reflected total net assets of \$703,282.00 of which \$432,977.00 was considered as invested in capital assets, net of related debt.

Statement of Activities

- Governmental activities net assets reflected a decrease of \$161,268.00.
- Business-type activities (*Water and Sewer Fund*) reflected a decrease in net assets of \$602,304.00 primarily due to debt service interest of \$439,096.00 and depreciation of \$378,494.00.

Adjustment

Mr. Scott reported that \$1,442,239.00 represented reallocated of debt from business activities to governmental activities. He also reported that the funds were utilized from a 2004 issue that was primarily for business activity but contained a governmental activities component. He further reported that, when the debt was refinanced in 2006, the balance was consolidated into the Water and Sewer Fund.

Statement of Net Assets (all funds included)

- Cash demonstrated a modest increase compared to prior years.
- Fixed assets remained relatively constant with decreases reflecting accumulated depreciation.
- Debt burden continued to reduce with a moderate negative effect on net assets.

Fund Balances – General Fund

- General Fund revenues were \$14,573,221.00 with taxes comprising 62.3% or \$9,093,511.00 of revenue.
- Total cost for government activities was \$14,499,570.00 with education expense being the highest priority at \$3,949,889.00, followed by public safety at \$3,071,045.00 and public works expense at \$2,173,842.00.
- Governmental revenues decreased by \$1,052,291.00 to \$14,573,221.00 due to decreases in fines and forfeitures, use of money and property, charges for services, miscellaneous income, and revenue from the Commonwealth
- Expenditures decreased by \$5,930,643.00 to \$14,499,570.00 primarily due to the decrease in service of debt by \$5,378,834.00 during last year's debt reorganization

Mr. Thompson reported that the General Fund portion of Government Funds had an unreserved balance of \$3,783,707.00 and a reserve balance of \$12,233.00. He also reported that liquidity could be measured by comparing the Unreserved Fund balance and the total fund balance to total fund expenditures. He further reported that those percentages equated to 26.15% and 26.23% respectively, indicative of the City having three months of reserve to cover general governmental activities at the same level of expenditures.

Water and Sewer Fund

- Charges for services returned to a negative trend decreasing by \$184,133.00 to \$2,104,646.00.
- Expenditures continued to increase to \$2,250,669.00 deriving an operational loss of \$146,023.00.
- Reallocation of debt left the fund at a positive \$703,282.00

Financial Ratio (measures the ability of an entity to meet its current obligations)

- Governmental Activities...3.42 (decrease)
- Water and Sewer.....1.13 (decrease)

Quick Ratio (measures the ability of an entity to meet short-term obligations with only cash and accounts receivables)

- Governmental Activities.....3.07 (decrease)
- Water and Sewer.....0.99 (decrease)
- Overall ratio.....2.16 - Means the City can cover all current obligations two times over

Interest Coverage Ratio (measures the of an entity to service debt payments from operating cash flow)

- Governmental Activities.....5.26 (decrease)
- Water and Sewer.....0.60 (decrease)
- Overall interest coverage2.15

Debt-to-Equity Ratio: Total Liabilities/Total Equity

- Overall increase by 0.05

Debt Leverage Ratio (measures entity's ability to repay debt obligations from its operations)

- Governmental Activities.....4.91 yrs. (increase) – Remarkable improvement compared to 2005
- Water and Sewer.....44.40 yrs. (increase)
- Overall12.28 (increase)

Mr. Thompson reported that the City had an overall financial decrease, primarily due to debt service, losses in some streams of income, and continued losses generated by the Water and Sewer Fund. He also reported that last year's debt restructure strengthened the City's long-term debt position while continuing to meet obligations to taxpayers, investors, and creditors. He further reported that a legacy of favorable financing through bonds, at very favorable interest rates, continued to result in future savings to City taxpayers.

Councilman Saunders asked Mr. Thompson if the City's Unrestricted Fund balance reflected an increase due to restructuring.

Mr. Thompson advised Councilman Saunders that the City's Unrestricted Fund balance had increased by \$340,000.00.

Mayor Adams asked Mr. Thompsons to briefly provide his view of the City's current financial.

Mr. Thompson stated that he felt that the City's General Fund made, "great strides" through the budget process. He also stated that the Water and Sewer Fund will continue to, "drag" and that one of the major decreases in charges was due to one of the mills going off-line.

08-22. Grant Fund – Appropriation Ordinance

Mr. Thrower reported that the City's Police Department received a grant from Wal-Mart in the amount of \$2,000.00 for public safety use. He also reported that the funds would be utilized for the Citizens Police Academy and community education and asked City Council members to review and approve the following ordinance accordingly:

Ordinance No. 08-06

An Ordinance To Appropriate The Sum Of \$2,000.00
In Grant Funds From Wal-Mart For Public Safety

BE IT ORDAINED by the Council of the City of Emporia, Virginia as follows:

1. That the sum of \$2,000.00 in grant fund revenue from Wal-Mart, be, and the same hereby is, appropriated into the City's Operating Budget for Fiscal Year 2007-2008.
2. Said appropriation shall be reflected in the Fiscal Year 2007-2008 Operating Budget as the sum of \$2,000.00 in General Fund Revenues and the sum of \$2,000.00 appropriated to General Fund Expenditures for the Citizens Police Academy, Account Number 31100-6019 Citizens Police Academy Supplies.
3. This ordinance shall be in effect on and after its adoption.

Councilman Harris moved to approve that the ordinance as presented. Councilman Lankford seconded the motion, which passed as follows:

Councilwoman Nancy B. Squire	aye
Councilman John R. White	aye
Councilman F. Woodrow Harris	aye
Councilman James C. Saunders	aye
Councilwoman Doris T. White	aye
Councilwoman Carolyn S. Carey	aye
Councilman Ned V. Lankford	aye

PUBLIC COMMENT

Mayor Adams asked if there was anyone who wished to bring a matter before City Council members adhering to the three (3) minutes per-person speaking limitation.

Mrs. Cathy Robinson of 102 Shore Drive, Emporia, Virginia stated that she wished to address concerns about, “blind cabs” being observed illegally transporting various individuals within the City of Emporia. She also stated that the overall safety and welfare of the general public was being jeopardized, as well as the City suffering a loss in revenues, due to the illegal transportation operations. She further stated that illegal transportation service vehicles were known to be temporarily parked and readily available for transporting at the following locations:

- Kangaroo/BP Service Station (*corner of South Main Street/Valley Avenue*)
- 400 ~ 500 block of Halifax Street
- Market Drive/W. Atlantic Shopping Center area (*near Wal-Mart/Food Lion/Rite-Aid/CVS, etc.*)
- Various pick up/drop off location (*private homes/public places/businesses, etc.*)

Mayor Adams asked Mrs. Robinson if license plate numbers of the alleged illegal transportation service vehicles had been obtained and, if so, could they be provided to Bernard Richardson, Chief of Police.

Ms. Robinson advised Mayor Adams that the license plate numbers of the illegal transportation service vehicles had been obtained and that she would be provided them to Chief Richardson.

CLOSED SESSION

Councilman White moved that Closed Session be entered for the purpose of discussing Virginia Code §§ 2.2-3711 (A) (3) **Acquisition of Real Property for Public Purpose** and (5) **Industrial Matter**. Councilman Saunders seconded the motion, which passed as follows:

Councilwoman Nancy B. Squire	aye
Councilman John R. White	aye
Councilman F. Woodrow Harris	aye
Councilman James C. Saunders	aye
Councilwoman Doris T. White	aye
Councilwoman Carolyn S. Carey	aye
Councilman Ned V. Lankford	aye

REGULAR SESSION

Councilman Harris moved that the meeting be returned to Regular Session. Councilwoman Squire seconded the motion, which passed as follows:

Councilwoman Nancy B. Squire	aye
Councilman John R. White	aye
Councilman F. Woodrow Harris	aye
Councilman James C. Saunders	aye
Councilwoman Doris T. White	aye
Councilwoman Carolyn S. Carey	aye
Councilman Ned V. Lankford	aye

CERTIFICATION

Councilman Harris moved to certify the following:

1. only public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act were discussed in the Closed Session to which this certification applies, and
2. only such public business matters as were identified in the motion by which the Closed Session was convened were heard, discussed, or considered by City Council.

Councilman White seconded the motion, which passed as follows:

Councilwoman Nancy B. Squire	aye
Councilman John R. White	aye
Councilman F. Woodrow Harris	aye
Councilman James C. Saunders	aye
Councilwoman Doris T. White	aye
Councilwoman Carolyn S. Carey	aye
Councilman Ned V. Lankford	aye

ADJOURNMENT

With no further business to come before City Council, Mayor Adams adjourned the meeting.

Samuel W. Adams, III, Mayor

Jean V. Whiting, City Clerk