

January 26, 2009

**KILMARNOCK TOWN COUNCIL
Monday, January 26, 2009
Town Hall
Kilmarnock, VA**

Regular Meeting Minutes

1. Call to Order:

Mayor Smith called the Regular Meeting of Town Council to order at 7:00 pm with the following Councilmembers present:

Dr. Curtis H. Smith, Mayor
Gary L. Anderson
John A. Smith
Barbara Robertson

Paul Jones, Vice-Mayor
Rebecca Nunn
Howard Straughan

Staff Present:

Paul C. Stamm, Jr., Town Attorney
Susan Cockrell, Community Dev. Strategist
Marshall Sebra, Zoning Adm., Asst. Town Mgr.
Jackie Blencowe, Town Clerk
Joan Kent, Transcriber
M. S. Bedell, Chief of Police

Mayor Smith welcomed Kilmarnock residents, business owners, and guests. Mayor Smith led the recital of the Pledge of Allegiance.

2. Acceptance and Approval of Agenda

Councilmember Nunn asked that the agenda be amended to include a Closed Session for legal consultation at the end of the meeting.

ACTION: Councilmember Nunn made a motion to accept the agenda for the January 26, 2009 Town Council meeting as amended to include a Closed Session for legal consultation, seconded by Councilmember Robertson; and carried unanimously.

3. Minutes: Approve, Correct, or Amend Minutes of the Regular Town Council Meeting held December 15, 2008.

ACTION: Councilmember Straughan made a motion to approve the December 15, 2008, Regular Town Council Meeting Minutes, seconded by Councilmember Smith; and carried unanimously.

4. Public Comments

Mayor Smith invited members of the audience to address Council with any issues or concerns that were not scheduled for public hearing or discussion on the agenda. Mayor Smith asked that comments be limited to 3 minutes per person.

A. Mr. John Evans, proprietor of the Kilmarnock Bowling Center, addressed Town Council on the unfairness of the billing system used by the Town for water and sewer. Mr. Evans stated that he only opened his business 12 hours per week, not as a way to make a living but as a community service, and was faced with paying the same water consumption bill as other commercial businesses that were open all week. Mr. Evans said that he had to pay for 30,000 gallons of usage annually when in retrospect he only used an average of 9,000 gallons per year. Mr. Evans stated that if he were 100 gallons over then he would expect to have to pay for it, but having to pay for water that he was not using was just wrong. Mr. Evans asked for an adjustment to be made.

B. Ms. Audrey Thomasson of White Stone, VA, addressed Council on the vandalism that occurred at the Kilmarnock playground around January 10th of this year. Ms. Thomasson stated that she was the first to arrive that Saturday morning with her three-year old grandson to find the broken Christmas lights everywhere. Ms. Thomasson said that she was not present to dwell on the incident but to address three different issues concerning it. First of all, Ms. Thomasson wanted to make clear that the three to four dozen broken bulbs were not carelessly scattered over the playground but were purposely planted in the mulch in areas where they could do the most harm if a child fell on them. Ms. Thomasson gave one example of how shards of glass were planted in an upward position in the mulch under the chain ladder on the climbing apparatus. Ms. Thomasson said that she did not want the kids responsible branded for life but she did want to make sure that steps were taken to try to save these kids. Ms. Thomasson noted that at the age of 13 her daughter had gotten into trouble, and she took serious steps even before the police got involved to immediately get her into counseling. As a result, when her daughter did appear before the judge he said that she was the only child out of that gang of kids that he had any hope for and felt that she would make it. Ms. Thomasson advised that her daughter did make it. She went to college, became successful in business, and later became a devoted wife and mother. Ms. Thomasson asked Council to require the kids responsible for the vandalism to be monitored by the court system. Ms. Thomasson stressed that they needed counseling and should apologize to the little children who were at the playground

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that day so they could see how young these children were and what could have happened to them. Ms. Thomasson finalized by saying that she also felt that the responsible parties should have to make restitution to the community.

C. Dr. Patricia Monge-Meberg of Kilmarnock, VA, requested that Town Council press charges against the vandals responsible for the incident at the Kilmarnock playground. Dr. Monge-Meberg stated that she wanted to draw distinction between youthful pranks such as bashing mailboxes, spray painting graffiti, etc, which were usually the result of a child acting out whereas property was destroyed but no one was hurt and the recent incident at the playground. Dr. Monge-Meberg said that what transpired at the playground was calculated, intentional and repetitive behavior. Dr. Monge-Meberg advised that the act was destruction of property but with purposely placed glass shards intended to cause harm to strangers and in this case to young children. Dr. Monge-Meberg classified the act as disturbing anti-social behavior that could be a symptom of conduct disorder, which was the most common reason for child referral to a psychiatrist. If left untreated, Dr. Monge-Meberg stated that it could lead to substance abuse and anti-social personality disorder. Dr. Monge-Meberg advised that this act gave Town Council an opportunity to intervene by using the legal system to help the children by giving them consequences for their actions and perhaps answer their call for help. Dr. Monge-Meberg said that only a court could mandate a psychological evaluation and therapy. Dr. Monge-Meberg stated that there were far too many examples of what could happen when troubled children turned into troubled youths and then into young adults who were not able to grasp the consequences of their actions. Dr. Monge-Meberg said that only the court could mandate and enforce a probationary period. Dr. Monge-Meberg stated that by keeping the children from the experience of sitting before a judge was sending them a message that they could destroy property and endanger little children and it wasn't really a big deal. Dr. Monge-Meberg finalized by saying that it would be a disservice to the kids if charges were not pressed and if they did not receive a psychological evaluation as part of the sentencing process.

Mayor Smith informed Dr. Monge-Meberg that Council had not made a final decision on whether or not to prosecute.

Mrs. Nunn stated that the Rappahannock Record had reported that the Town was not going to press charges.

Mayor Smith commented to Dr. Monge-Meberg not to believe everything that she read in the newspaper.

5. Presentations

- A. Presentation of Kilmarnock Volunteer Fire Department Vehicle Tags:
Mayor Smith

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Mayor Smith presented members of Kilmarnock Volunteer Fire Department with the 2009 vehicle tags.

B. Presentation from Andrew Grossnickle, Audit Manager for Robinson, Farmer, Cox and Associates.

Mr. Grossnickle provided each Councilmember with a draft of the Town of Kilmarnock's Governmental Funds Balance Sheet for 2008 along with a copy of the 2007 balance sheet for comparison. Mr. Grossnickle reviewed with Council the figures from each financial statement. (See Attachment)

There was a brief discussion amongst Councilmembers on whether or not to leave the amount of \$620,000 designated for capital utilities projects in the General Funds Account.

Mayor Smith said that based on the age of the sewer system, which could go at any time, he felt that the \$620,000 should remain where it was.

Vice-Mayor Jones was in agreement and stated that he had talked with the Treasurer, Judy Stevens, who also felt that amount should be left in the general funds balance.

Councilmember Anderson was also in agreement and said that the Town had a system that was in need of additional effort to get it to where it should be. Mr. Anderson said that \$620,000 was a comfortable amount which had worked well in the past.

ACTION: Vice-Mayor Jones made a motion to approve the amount of \$620,000 being left in the General Funds Account for capital utility projects, seconded by Councilmember Straughan; and carried unanimously.

C. Planning Commission Report: Councilmember Anderson, Council Liaison

Councilmember Anderson stated that it was a relatively short meeting which included a guest appearance from Mayor Smith who discussed the hiring process involved in filling the Town Manager's position.

Town Planner Sebra advised that a copy of the Kilmarnock Planning Commission's 2008 Annual Report was included in each Councilmember's packet.

6. Public Hearings:

There were no public hearings scheduled.

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7. Mayor's Annual Report: Dr. Curtis H. Smith, Mayor

Mayor Smith gave the annual *State of the Town Address*. (See Attachment for Highlights)

Committee Reports

A. Water/Sewer Committee: Councilmember Anderson, Chair

1) Report from January 7, 2009 Meeting

Councilmember Anderson reported that citizens from the south end of Town attended the meeting, some of whom were interested in having water services extended to their property. Mr. Anderson said that Mr. James Seagle and other staff members had provided the framework for this endeavor, which was forwarded to Progress Engineering so that the construction of the line extension and bid documents could be drafted. Mr. Anderson said that the committee also discussed how to proceed with the water line extension from Church Street to the Town Centre property through the proposed bowling center site.

B. Streets/Sidewalks/Playground Committee: Councilmember Nunn, Chair

1) Report from January 8, 2009 Meeting.

Mrs. Nunn reported that due to the mishap this year, the committee discussed a time schedule for the Christmas lights to be put up in the future and agreed that Main Street would be decorated first and all side streets would be done second. Mrs. Nunn recalled that during a past meeting, Council passed a motion not to charge a vendor fee at Scottish Days, then at a subsequent meeting rescinded the motion and reinstated the fees. As a result of this, Mrs. Nunn informed Council that Mr. Carroll Lee Ashburn had resigned and would no longer perform volunteer work for the Town, including organizing the annual Christmas Parade, which he had done for many, many years. Mrs. Nunn reiterated that the Town had cut off its nose to spite its face. Mrs. Nunn said that it had been agreed upon to place the memorial plaques that were removed from Main Street during the renovation process at the playground. However, there were a few disgruntled citizens who said that the Town had promised to put the plaques back on Main Street. For those citizens, the committee had discussed placing their plaques in the median by Augusta Street. Mrs. Nunn stated that the committee also discussed the vandalism at the playground and agreed that it was a terrible thing that could have endangered small children. Mrs. Nunn advised that it was the committee's recommendation to have the vandals' parents pay for the broken lights and replacement of the mulch. Mrs. Nunn noted that the actual cost of the lights was \$50.12, but they had been donated by Wal-Mart. Mrs. Nunn said that the Committee discussed replacing the existing tainted mulch with rubber mulch

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such as that found at the YMCA, and it was suggested that the parents pay to have the tainted mulch removed and the purchase price of the regular replacement mulch. The Town would then pay the difference and have rubber mulch installed instead. Mrs. Nunn said that rubber mulch was very expensive and would cost \$4,000 or more as compared to regular mulch, which was \$400 to \$500. Mrs. Nunn stated that she had received numerous phone calls from citizens who wanted the Town to press charges not only to help the children but because of the seriousness of the situation. Mrs. Nunn said that one caller had conducted research and found that other municipalities, as well as the county, had said that they would prosecute. In other matters, Mrs. Nunn advised that the company from Northern Virginia that owned Harvey Lane Apartments had installed lights, implemented a security guard, and now had trash pick-up. Mrs. Nunn stated that they had requested to change the name of the street from Harvey Lane to Fox Hill Drive. Mrs. Nunn said that it was her recommendation to support the name change and forward the information to Lancaster County.

ACTION: Vice-Mayor Jones made the motion to support the name change of Harvey Lane to Fox Hill Drive and to forward the request to Lancaster County for approval, seconded by Councilmember Smith; and carried unanimously.

Vice-Mayor Jones commented that in regards to the playground he would prefer the rubber mulch which would be a one-time expense. Mr. Jones suggested that the matter be further discussed during the Closed Session when it was decided how they would proceed with the vandalism.

C. Police/Public Safety Committee: Vice-Mayor Jones, Chair

Vice-Mayor Jones advised that a copy of the monthly police report was in each Councilmember's packet. Mr. Jones thanked Chief Bedell and his officers for their efforts in solving the vandalism at the playground.

D. Emergency Preparedness Committee: Councilmember Anderson, Chair

No meeting was held.

E. Economic Development Committee: Councilmember Smith, Chair

1. Report from January 14, 2009 meeting.

Councilmember Smith stated that he and Ms. Susan Cockrell had worked closely together in finding a company to restructure the Town's website. Mr. Smith said that they would like to hire VECTEC at a cost of \$2,000. Mr. Smith advised that the Town had received a \$1,000 grant from the county and

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therefore the Town would only have to pay \$1,000. With the restructuring, Mr. Smith said that citizens would eventually be able to pay their Town taxes and water bills online. Mr. Smith asked Ms. Susan Cockrell to elaborate.

Ms. Susan Cockrell stated that VECTEC was Virginia Electronic Commerce Technology Center, a non-profit organization located at Christopher Newport University. Ms. Cockrell advised that they were specifically established to help rural Virginia become more competitive. Ms. Cockrell said that she and Councilmember Smith reviewed a total of four different suppliers, two of which were in Town, but found VECTEC to be the least expensive and most efficient in serving the Town's needs. Ms. Cockrell stated that staff needed to be able to post a lot of public information on the website and noted that the current design did not allow them to do so--for example posting of the minutes from this meeting. Ms. Cockrell explained that the Town had to actually pay the web designer to do that. Ms. Cockrell noted that with the restructuring the Town staff would be able to do just that and save approximately \$3,000 per year. Ms. Cockrell finalized by saying that the Town would have to spend \$1,000 up front but would save approximately \$3,000 each year thereafter.

ACTION: Councilmember Smith made a motion to authorize Town staff to enter into a contract with VECTEC to rework, host, and uplink the Town website for the amount of \$1000 to be taken from the Administrative Fund Webpage Maintenance Account, seconded by Councilmember Straughan; and carried unanimously.

F. Administration/Finance Committee: Vice-Mayor Jones, Chair

1. Report from January 9, 2009 meeting.

Vice-Mayor Jones stated that the committee discussed personnel issues and the absence of a town manager. It was decided that employees were to report directly to department heads. Mr. Jones continued by saying that Councilmembers were to also talk with department heads if a problem arose. Mr. Jones said that purchase orders in the amount of \$1,000 or more would have to be approved by the committee. Mr. Jones stated that the committee had also made the following recommendations:

a. Recommend Town Council approve Resolution authorizing Marshall Sebra, Planning Director/Assistant Town Manager, to be a check signer and make wire transfers on the Town's behalf.

ACTION: Councilmember Smith made a motion to approve the Resolution authorizing

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Marshall Sebra, Planning Director/Assistant Town Manager, to be a check signer and to make wire transfers on behalf of the Town, seconded by Councilmember Smith* Robertson; and carried unanimously. *Corrected by Town Council 2/23/09.**

b. Recommend Town Council authorize Town staff to enter into an agreement with Robinson, Farmer, Cox, and Associates to extend existing audit services for an additional three years.

ACTION: Councilmember Smith made a motion to authorize Town staff to enter into an agreement with Robinson, Farmer, Cox and Associates to extend existing audit services for an additional three years, seconded by Councilmember Straughan; and carried unanimously.

c. Recommend Town Council authorize Town staff to enter into an agreement with Mary K. Earhart, PLLC to extend existing services.

ACTION: Councilmember Robertson made a motion to authorize Town staff to enter into an agreement with Mary K. Earhart, PLLC to extend existing services, seconded by Councilmember Smith; and carried unanimously.

d. Approve Disbursements from December 15, 2008 to January 26, 2009

ACTION: Councilmember Smith made a motion to approve the disbursements from December 15, 2008, to January 26, 2009, seconded by Councilmember Straughan; and carried unanimously.

8. Administrative Comments and Reports: Marshall Sebra, Asst. Town Mgr.

A. Items to be declared as scrap from WWTP

Asst. Town Manager Sebra advised that Chief Operator Pat Chenoweth of the WWTP was asking that the following items be declared as scrap: two Ras pump impellers, clarifier arm motor, wheels off clarifier, bridge and

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filters, old sample refrigerator, volute off pista grit, check valve off EQ pump, four broken Zoeller pumps.

ACTION: Vice-Mayor Jones made a motion to have the above items declared as scrap, seconded by Councilmember Straughan; and carried unanimously.

B. 2002 Crown Victoria sold on GovDeals.com.

Town Planner Sebra reported that the 2002 Crown Victoria sold for \$2,105 on GovDeals.com.

C. Miscellaneous

Asst. Town Manager Sebra reported that several community meetings had been held in regards to the Community Development Block Grant and, as of today, the Town had been approved by the state to receive the planning grant. Mr. Sebra stated that he was in the process of advertising for consultants in the local paper. Mr. Sebra advised that a public meeting would be held in the middle of February in regards to this issue.

Town Attorney Stamm provided Councilmembers with booklets from VML called "Hiring Smart" to aid in the process of filling the town manager's position.

9. Old Business

Councilmember Nunn asked Town Attorney Stamm what the status was on the Donofrio situation regarding non-payment.

Town Attorney Stamm replied that Mr. Donofrio had paid in full and had signed over the easement.

Councilmember Nunn said that the Town was still under the 50-year contract which they needed to get out of and asked what would happen if Mr. Donofrio sold out because she had been informed that his funding had dried up.

Town Attorney Stamm said that any legal matters should be discussed during Closed Session.

Mayor Smith asked Town Attorney Stamm to give an update at the February meeting on the Hospital Agreement and the Free Health Care Clinic Agreement.

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10. New Business

- A. Move the February Town Council Meeting to the 4th Monday, February 23rd, due to the Presidents' Day Holiday.

ACTION: Vice-Mayor Jones made a motion to move the February Town Council Meeting to the 4th Monday in February, February 23rd, due to the Presidents' Day Holiday, seconded by Councilmember Smith; and carried unanimously.

- B. Resolution opposing the elimination of BPOL-Business, Professional, and Occupational License Tax.

Town Attorney Stamm said that a copy of the Resolution was included in each Councilmember's packet and, if passed, it would be signed by the Mayor and forwarded to the Legislature.

ACTION: Councilmember Smith made a motion to approve the Resolution opposing the elimination of BPOL as presented, seconded by Councilmember Anderson; and carried unanimously.

11. Council Comments

Councilmember Nunn advised that on several occasions, she had brought to the attention of the Water/Sewer Committee, the situation concerning residents or businesses that were not using their minimum water amount, such as Mr. Evans who had spoken earlier. Mrs. Nunn stated that she had recommended a tier system or a special category for these people because she really felt they needed a break. Mrs. Nunn advised that Mr. Evans called her about two months ago and said that he did not believe that his meter was actually being read. Mrs. Nunn stated that James Seagle assured her that it was being read, and she had no reason to doubt him. Mrs. Nunn said then she got a phone call from Mr. Evans saying he had a huge water bill and that he only had two toilets and two sinks in the bowling center. Mrs. Nunn stated that James Seagle went to the bowling center, changed out the water meter and had the old one sent off to be tested. Mrs. Nunn advised that Rose's Steak House had a similar problem with their water usage, which went from 40,000 to 90,000 gallons. Mrs. Nunn said that James Seagle found out that the water from the steam cleaner in the building was not going into the sewer as it was supposed to but was going between the two buildings instead. Mrs. Nunn stated that apparently they had an internal problem

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which was fixed. However, Mrs. Nunn felt that all of this should be taken into consideration during the billing process.

Councilmember Anderson advised that if a break or leak was located between the meter and the Town's service then it was the Town's responsibility. If not, Mr. Anderson said that it was the resident or business owner's responsibility. In regards to the meters, Mr. Anderson said that when they wear out they have a tendency to favor the client. Mr. Anderson acknowledged that something was definitely wrong at the bowling center but noted that the problem could be under the foundation. Mr. Anderson assured Council that this issue was being investigated and would be addressed.

Councilmember Nunn stated that she had advised the Town Clerk and the Town Planner to hold off on sending Mr. Evans a bill until it was discovered what the problem actually was.

Mayor Smith called for a 5-minute recess at 8:20 pm.
Council called back into Regular Session at 8:25 pm

**12. Enter into Closed Session as allowed by FOIA 2.2-3711(A) Para (7)
Legal Counsel.**

ACTION: Councilmember Nunn made a motion to enter into Closed Session as allowed by FOIA 2.2-3711(A) Para (7) Legal Counsel, seconded by Vice-Mayor Jones and carried unanimously.

Council entered into Closed Session at 8:25 pm.
Regular Meeting reconvened at 8:55 pm.

It was discussed about the vandalism at the playground, and the consensus was that an attempt to collect \$550.00 from those involved in the vandalism to cover the cost of the damaged Christmas lights and removal and cost of original mulch will be made.

ACTION: Councilmember Nunn made a motion to authorize an expenditure of up to \$5,000 for the purpose of replacing mulch at the playground with rubber mulch, seconded by Councilmember Robertson; and carried unanimously.

13. Certify Closed Session held IAW FOIA 2.2-3711(A) Para (7) Legal

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Counsel.

ACTION: Councilmember Nunn made a motion to certify that the Closed Session was held in accordance with FOIA 2.2-3711(A) Para (7) Legal Counsel, seconded by Councilmember Smith; and carried unanimously by roll call.

Anderson, Gary L. – yes
Jones, Paul S. – yes
Nunn, Rebecca T. – yes
Robertson, Barbara – yes
Smith, John A. – yes
Straughan, Howard – yes
Smith, Curtis H. – yes

14. Adjournment

ACTION: Councilmember Robertson made a motion to adjourn, seconded by Councilmember Nunn; and carried unanimously.

Meeting adjourned at 9:00 pm.

Prepared by:

Joan N. Kent

Dr. Curtis H. Smith, Mayor

Jacqueline L. Blencowe, Clerk

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Town of Kilmarnock

Mayor – Dr. Curtis H. Smith

VICE MAYOR - PAUL S. JONES
COUNCIL MEMBER-GARY L. ANDERSON
COUNCIL MEMBER-REBECCA TEBBS NUNN
COUNCIL MEMBER-BARBARA ROBERTSON
COUNCIL MEMBER- JOHN A. SMITH
COUNCIL MEMBER- HOWARD R. STRAUGHAN



TOWN MANAGER- OPEN
TOWN ATTORNEY - PAUL C. STAMM, JR.
ASSISTANT TOWN MANAGER \ PLANNER - MARSHALL SEBRA
TOWN CLERK - JACQUELINE BLENCOWE
TOWN TREASURER - JUDY G. STEVENS
POLICE CHIEF - MICHAEL S. BEDELL

Resolution Regarding Proposed Elimination of the Business, Professional and Occupational License Tax

Whereas, HB 2205 would result in the elimination of the Business, Professional, and Occupational License (BPOL) tax; and

Whereas, the Town of Kilmarnock collected \$297,801 in BPOL revenues in FY 2007; and

Whereas, that amount translates to 35 cents in real estate taxes per \$100 of assessed valuation which is an increase of 21 cents in real estate taxes per \$100 over the Town's 2007 rate of 14 cents per \$100; and

Whereas, the elimination of BPOL would shift the burden of paying for many local services to real estate tax payers; and

Whereas, BPOL tax revenues have traditionally been seen by local officials as paying for services needed and often requested by the business community; and

Whereas, the Town of Kilmarnock urges the members of the General Assembly to not place additional restrictions or limitations on existing local government resources.

Now, therefore, be it resolved that the Council of the Town of Kilmarnock urges the defeat of HB 2205 and any other measures that restrict or eliminate local revenue sources.

This Resolution was adopted by the Town Council of the Town of Kilmarnock at its Regular Meeting on Monday, January 26, 2009.

Dr. Curtis H. Smith, Mayor

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VICE MAYOR - PAUL S. JONES
COUNCIL MEMBER-GARY L. ANDERSON
COUNCIL MEMBER-REBECCA TEBBS NUNN
COUNCIL MEMBER-BARBARA ROBERTSON
COUNCIL MEMBER- JOHN A. SMITH
COUNCIL MEMBER- HOWARD R. STRAUGHAN

Mayor – Dr. Curtis H. Smith



TOWN MANAGER- OPEN
TOWN ATTORNEY - PAUL C. STAMM, JR.
ASSISTANT TOWN MANAGER \ PLANNER - MARSHALL SEBRA
TOWN CLERK -JACQUELINE BLENCOWE
TOWN TREASURER - JUDY G. STEVENS
POLICE CHIEF - MICHAEL S. BEDELL

DRAFT V. 2

Mayor's State of the Town Address

Highlights:

- Financially the Town has faced some challenges but **we remain in good financial health:**
 - We had very active citizen participation in the budget planning process and I thank you all for that input
 - Our Budget Reserves were able to be maintained during 2008 through belt tightening and cost controls.
 - We maintained our clean financial opinion, with no deficiencies- the highest rating we can achieve.
 - One of our most important services to our community, the Water Waster System continues to be an area of focus:
 - **New Maintenance Building Completed:** planned for and budgeted prior to last fiscal year, it now supports our streets and utilities operations. It allows the town to protect valuable equipment from the elements, it gives the opportunity for critical maintenance procedures to be done out of extreme temperatures, and can provide a valuable resource for training required to operate the town facilities. The site will also be used to host regional training sessions for our community and other communities reducing the need for our staff to travel hundreds of miles to other localities for the same training.
 - **Creation of a Master Plan for our waste water system:** this study maps out our infrastructure; helps determine what the priorities are for the future in terms of replacement, proactive repairs or additions.
 - **Completion of the Walnut St. and Irvington Rd. water and sewer work.**
 - **Water Quality Report: showed our system to be in compliance** with the State's requirements.
 - **Improved the minimal residential water usage** from 4,000 to 5,000 gallons in response to citizen needs, although at a revenue loss to the Town of \$30K.
 - This remains a major area of focus to meet the Commonwealth's requirement that the entire system be financially self supporting. Today, the waste water treatment portion still requires dollars be transferred from the General Fund to cover operations and the debt service. The ongoing operating costs are a result of the Department of Environmental Quality mandates for all municipal systems.
 - **Initiated a Community Development Block Grant** to determine the feasibility of a project along the east Mary Ball Rd. corridor. We have approval for \$22K in grant monies to determine what improvements to water\ sewer infrastructures may be needed as well as potential housing improvements. More work is underway in 2009 for this important initiative. We appreciate the involvement of the community in assessing the needs and determining what route should be taken.
 - **Signature Events that continue to showcase the quality of life** that Kilmarnock has to offer:
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TOWN OF KILMARNOCK, VIRGINIA

DRAFT

Exhibit 3

Balance Sheet
Governmental Funds
June 30, 2008

	General	Capital Projects	Total
ASSETS			
Cash and cash equivalents	\$ 3,110,694	\$ 128,844	\$ 3,239,538
Receivables (net of allowance for uncollectibles):			
Taxes receivable	6,575	-	6,575
Accounts receivable	70,888	-	70,888
Due from other governmental units	59,356	-	59,356
Total assets	<u>\$ 3,247,513</u>	<u>\$ 128,844</u>	<u>\$ 3,376,357</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 27,103	\$ 908	\$ 28,011
Accrued liabilities	19,172	-	19,172
Due to other funds	184,378	-	184,378
Deferred revenue	4,998	-	4,998
Total liabilities	<u>\$ 235,651</u>	<u>\$ 908</u>	<u>\$ 236,559</u>
Fund balances:			
Reserved for:			
Construction	\$ -	\$ 127,936	\$ 127,936
Unreserved:			
Designated for capital projects	349,850	-	349,850
Designated for property acquisitions	775,693	-	775,693
Designated for code revision	19,542	-	19,542
Designated for emergency management	79,666	-	79,666
Designated for capital utility projects	620,000	-	620,000
Unreserved, undesignated:			
General fund	1,167,111	-	1,167,111
Total fund balances	<u>\$ 3,011,862</u>	<u>\$ 127,936</u>	<u>\$ 3,139,798</u>
Total liabilities and fund balances	<u>\$ 3,247,513</u>	<u>\$ 128,844</u>	<u>\$ 3,376,357</u>

*various LGEP
balances
2/6/30/08*

The notes to the financial statements are an integral part of this statement.