

June 20, 2011  
Gladwin, Michigan

The Regular Meeting of the Gladwin City Council was called to order by Mayor Thomas Winarski at 5:00 p.m.

Present: Alward, Caffrey, Crawford, Hindman, Jungman, Mienk,  
Novak, Smith

Absent: None

Staff Present: Bob Moffit, Shannon Greaves, Charlie Jones

Also Present: Mayor Thomas Winarski, City Attorney Doug Jacobson,  
Nancy Bodnar, City Engineer Doug Scott, County  
Commissioner Bill Rhode

The Pledge of Allegiance was led by Mayor Winarski and the invocation was given by Mayor Winarski.

Minutes of the June 6, 2011 City Council meeting were approved as presented.

Motion by Council Member Mienk, supported by Council Member Alward to approve Warrant #11-035 in the amount of \$66,543.61 and payroll for pay period ending June 12, 2011 in the amount of \$56,383.26. All ayes. Motion carried.

#### Hearing of Delegations

County Commissioner Bill Rhode stated issues regarding funding and health care.

Doug Scott gave the monthly progress report for City of Gladwin projects such as the Gladwin Campground Improvements, the Water Tower Project, the Buzzell/Quarter Water Main, the State Street and M-61 Intersection, the Iron Removal Facility/DWRF Application and the Industrial Park Wetland Mitigation Project.

Council Member Smith asked Doug Scott about the old water tower and the Fire Chiefs concerns from the previous meeting. The old tower is lower and the new wells have a capacity of 1,000 gallons per minute. It would also cost an estimated \$250,000.00 to refurbish the old water tower. If water were kept in the old water tower and used during an emergency, there would be a greater chance of bacteria growth.

Council Member Caffrey was seated at 5:12 p.m.

Council Member Hindman asked if there was information about a valve to equalize the water pressure to keep the old water tower.

Motion by Council Member Alward, supported by Council Member Novak to approve the agenda with the following additions: New Business - (h) Zoning Ordinance #317 – City of Gladwin Zoning Ordinance - Signs (1<sup>st</sup> Reading), (i) Shull Transport Invoice, (j) Butterflies in the Park, (k) Siren. All ayes. Motion carried.

Motion by Council Member Novak, supported by Council Member Caffrey to approve the consent agenda as follows: Communications – (i) Letter from Senator Moolenaar Regarding the Quality of Life Award Received, (ii) FEMA Flood Maps Update; Meetings – FEMA Open House – May 25, 2011, Arena Board – June 8, 2011, Safety Committee – June 15, 2011, Planning Commission – June 20, 2011. All ayes. Motion carried.

### New Business

Motion by Council Member Jungman, supported by Council Member Alward to adopt the Fund Balance Policy as follows:

## **FUND BALANCE POLICY**

### **Purpose**

To define the components of fund balance, establish the appropriate hierarchy of fund balance classifications and establish an appropriate level of fund balance in the Governmental Funds:

### **Policy**

Fund balance is created from excess revenues over expenditures. It is a fund's net assets, mostly made up of cash and investments and, unless otherwise restricted, available for spending. There are five components of fund balance, namely;

1. **Nonspendable Fund Balance.** This portion of fund balance is *nonspendable* because of its form, for example inventory and non-financial assets, or because they are legal or contractual requirements.
2. **Restricted Fund Balance.** This portion of fund balance is *restricted* due to external limitations placed on the use of the funds. The restriction typically comes from outside the local government as a condition of the revenue source.

3. **Committed Fund Balance.** Fund balance is *committed* if a limitation is set in place by formal action of the City Council prior to the end of the fiscal year. The limitation remains binding until the City Council takes formal action to remove it.
4. **Assigned Fund Balance.** Fund balance may be *assigned* to reflect intended use of the resource. The assignment of funds may come from the City Council or from a designee of the City Council, for example the City Administrator. Less formality is needed to impose, remove, or modify a constraint reflected in *Assigned Fund Balance*. No funds other than the General Fund may have Unassigned Fund Balance, therefore any amounts remaining in excess of Nonspendable, Restricted or Committed funds in funds other than the General Fund will automatically be reported as *Assigned Fund Balance*. If any portion of existing fund balance will be used to eliminate a projected deficit in the subsequent year's budget, this amount will also be categorized in *Assigned Fund Balance*.
5. **Unassigned Fund Balance.** The General Fund, and no other governmental fund, may have resources that cannot be classified in one of the four categories described above. Only the General Fund can report a surplus, and *Unassigned Fund Balance*.

Because Nonspendable and Restricted fund balance are not available for spending due to external enforceable conditions, this fund balance policy is focused on the appropriate level of General Fund Unrestricted fund balances, those classified as Committed, Assigned and Unassigned.

Financial flexibility, provided by adequate fund balance, is needed to cushion the impact of unanticipated emergencies and revenue shortfalls. These include loss of major taxpayers, loss of state revenue sharing, infrastructure emergencies and other economic distresses that serve to impair the City's ability to deliver essential community services. Without this cushion, taxpayers would be subject to millage increases, cuts in services and/or deferred investment in and maintenance of infrastructure.

### **Fund Balance Spending Order Prioritization**

As required by GASB 54, the City's policy shall be that when multiple classifications are available and appropriate for a specific purpose, fund balance will be used first from the most restrictive category (Nonspendable) in order, to the least restrictive (unassigned fund balance).

### **Minimum Unrestricted Fund Balance**

Minimum Unrestricted fund balance shall be the sum of \$400,000.00. Circumstances of emergency or distress shall be reported to the City Council at

the earliest practical time. Upon such reports, Council may direct that additional action be taken to preserve the minimum fund balance.

The minimum unrestricted fund balance will be determined each year and reported as part of the fiscal budget.

ADOPTED: June 20, 2011

All ayes. Motion carried.

Motion by Council Member Jungman, supported by Council Member Alward to approve the proposal from Gallihugh & Sons, Inc. for Fifth Street sidewalk construction from Bowery Street to North M-18 on the south side in the amount of \$20,532.75. Work to begin after July 1, 2011. All ayes. Motion carried.

Motion by Council Member Novak, supported by Council Member Caffrey to authorize Clerk Greaves to sign and approve the application for temporary authorization to the Michigan Liquor Control Commission for the Gladwin Hotel on July 8 and 9, 2011. All ayes. Motion carried.

Motion by Council Member Novak, supported by Council Member Jungman to approve the request for Fun Days Street Closures of the first blocks of north and south Antler and Arcade Streets on July 8<sup>th</sup> and 9<sup>th</sup>. All ayes. Motion carried.

Motion by Council Member Hindman, supported by Council Member Caffrey to approve \$500.00 for the 2011 Summer Recreation Program. All ayes. Motion carried.

Motion by Council Member Novak, supported by Council Member Hindman to approve invoice #165478-13 in the amount of \$5,250.00 to CB&I, Inc. for the DWRF Project. All ayes. Motion carried.

Discussion regarding redistricting of the City of Gladwin due to new census number. Consensus of the City Council was to authorize option #3 to be included in Ordinance #316. Ordinance #316 was then read for the first time.

Ordinance #317 – City of Gladwin Zoning Ordinance - Signs – First Reading.

Mayor Winarski stated that we should continue looking at a picnic in August and a separate dinner for Council Member Novak.

Motion by Council Member Smith, supported by Council Member Jungman to approve invoice #6487 to Shull Transport in the amount of \$9,133.75 for the Quarter Street Water Main project to come from the water fund. All ayes. Motion carried.

Council Member Jungman stated that Butterflies in the Park will be Sunday, August 14<sup>th</sup> at 1 p.m. in the City Park

Council Member Jungman stated issues regarding the tornado siren that belongs to Gladwin County. It was very hard to hear when we had the bad storm go through. Chief Jones will bring it up at the next 911 meeting.

### Comments

Council Member Alward stated that the City Council could ride in the old fire truck for the Sesquicentennial Parade on Saturday, July 30<sup>th</sup>.

Chief Jones stated that there are Loons tickets available from Kiwanis for a game on Wednesday, June 29<sup>th</sup> for \$9 for the game and \$3 for the bus trip. See Chief Jones or Council Member Crawford for tickets.

Administrator Moffit stated that he attended a "How to Help Small Towns Succeed" conference and received a lot of good information.

USDA has funded economic gardening programs in three surrounding counties.

Administrator Moffit thanked Council Member Novak for her service to school and community and she will be missed.

Motion by Council Member Jungman, supported by Council Member Alward to adjourn. All ayes. Motion carried.

Meeting ended at 5:50 p.m.

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Thomas L. Winarski, Mayor

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Shannon Greaves, City Clerk