

CITY OF SALISBURY  
WORK SESSION  
DECEMBER 4, 2017

Public Officials Present

Council President John R. "Jack" Heath  
Councilman James Ireton, Jr.  
Councilman R. Hardy Rudasill

Council Vice President Muir Boda  
Councilwoman April Jackson

Public Officials Not Present

Mayor Jacob R. Day

In Attendance

Deputy City Administrators Alison Pulcher and Andy Kitzrow, Finance Director Keith Cordrey, Pam Baker of Barbacane, Thornton & Company, LLP, Dr. Sarah Surak and Salisbury University Political Science students, Field Operations Traffic Superintendent William Sterling, City Clerk Kimberly Nichols, City Attorney Mark Tilghman, interested citizens and members of the press.

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On December 4, 2017, Salisbury City Council convened in a Work Session at 4:36 p.m. in Council Chambers, Room 301 of the Government Office Building. The following is a synopsis of the topics discussed in Work Session.

**Presentation – FY17 Audit**

Auditor Pam Baker of Barbacane, Thornton & Company, LLP and Finance Director Keith Cordrey joined Council to discuss the FY17 audit and financial statements. Ms. Baker handed out draft Audit Reports, Single Audit Reports, and Letter of Recommendation. The following is a recap of the audit highlights provided by Ms. Baker:

- Audit Report
  - The audit had no material adjustments and the financial statements were fairly presented with no material weaknesses identified.
  - Governmental Activities- \$40 million unrestricted deficit in net position due to the pension. The City must post their portion of the unfunded pension of the Statewide Pension System. The deficit is due to picking up an unfunded liability.
  - The City is currently meeting all of its pension obligations.
  - The pension liability is around \$30 million; OPEB liability is around \$18 million.
  - The required pension contributions continue to be an issue because if the plans do not get in better funding positions, the required contributions will rise.
  - General Fund final budget for revenue- \$46.1 million; Actual- \$46.3 (\$202,000 over budget). Each department fell below budget and was managed effectively.
  - Final approved line for total expenditures- \$50.3 million. Significant change from the preliminary budget (\$38.5 million) to \$50.3 was due to debt refunding and capital items. Expenditures were under budget by \$4.7 million.

- The Unassigned Fund Balance of \$6.6 million, at 9%, represents two months of operating expenditures. This was the lowest the auditors recommend going.
- The Water & Sewer Fund had \$44 million invested in capital items – \$21 million in restricted funds for the new system.
- The City committed \$16.7 million to construction projects and as of June 30, 2017, spent about \$10 million. The remaining \$6.7 million was comprised mainly of capital improvements and outstanding bonds that have not been drawn yet.
- The City incurred costs totaling \$601,809 in project costs not under formal contract. Out of the \$76 million in commitments, \$53.2 million was spent to date.
- Pension Plan- State will not do rate adjustments to make up unfunded amount.
- **Single Audit Report**
  - The City had an unmodified auditor's report.
  - There were no material weaknesses identified, no significant deficiencies, and no non-compliance with the financial reporting.
  - Since the City spent in excess of \$750,000 in federal money, they have to also test internal controls over managing the federal awards.
  - Did not qualify as a low-risk auditee due to the nature of the Federal programs.
- **Letter of Recommendation**
  - All of the employee files tested this year were in compliance. Next year, all remaining OPEB liability will be booked and pulled onto the balance sheet.

Ms. Baker will provide the final audit presentation at the December 11, 2017 Council Meeting.

### **Salisbury University – SU Public Policy Class- Recycling**

Dr. Sarah Surak thanked Council for allowing her class to present their projects. Eleanor Brown, William Darden, Terri Gladus, Alyssa Massey, and Abigail Mulhern presented at the podium. Gabrielle Miles, Evan Treworgy, Lillianne Walters, Nicole Stafford, and Jacob Fisher assisted with research, reports, summaries, and presentations. The following topics were presented and attached summaries handed out to Council and made part of these minutes:

- Stickers and Magnets to Promote Recycling
- Installing City Park Recycling Bins
- Business Recycling as a City-Wide Mandate
- Zero Waste Plan for the National Folk Festival
- Reusable Beverage Cup for National Folk Festival

President Heath thanked them and said it would have been helpful to see a business plan, as the Zero Waste Plan for the three day Folk Festival was different from the 365 day-a-year challenge. Mr. Boda thought that studying local businesses recycling programs could have helped them.

### **Non-profit Parking Permit Rates**

Deputy City Administrator Andy Kitzrow reported the City issues 89 non-profit permits, 56 of which are to the Library. 304 are government permits, 256 of which are for Wicomico County

employees. Most of the remaining 48 belong to the State's Attorneys Office. Included in the proposal was for all the governmental entities to begin paying the new rates on July 1, 2018.

Council reached consensus to advance the proposed legislation to legislative agenda.

#### **Pay Station Parking Fee Rate Adjustment**

Field Operations Traffic Superintendent William Sterling explained the first two hours would be standard rate; hours 2 to 3 would increase nominally; hours 3 to 4 would further increase. Coins can be used for parking for less than an hour to avoid administrative fees.

Council reached unanimous consensus to advance the legislation to legislative agenda.

#### **Moratorium Permit Fee Waivers**

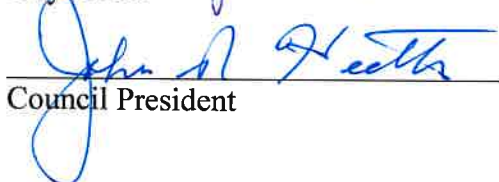
Mr. Ireton asked if the Mayor thought the number of waivers (8 total) was positive or if there should have been more applications. Mr. Kitzrow did not have an update from the Mayor.

Mr. Rudasill asked why attached housing units were not included in the moratorium, and Council discussed looking at including attached units. Mr. Heath asked Mr. Kitzrow for clarification from Mayor Day, and the topic would be scheduled for an upcoming work session.

#### **Adjournment**

There being no further business to discuss, Council adjourned at 5:56 p.m.

  
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City Clerk

  
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Council President