

CITY OF SALISBURY  
WORK SESSION  
DECEMBER 18, 2023

Public Officials Present

Council President D'Shawn M. Doughty  
Council member April R. Jackson  
Council member Sharon C. Dashiell

Mayor Randolph J. Taylor  
Council member Michele Gregory

Public Officials Absent

Council member Angela M. Blake

In Attendance

City Administrator Andy Kitzrow, Deputy City Administrator John Tull, Former Mayor John R. "Jack" Heath, Clerk of Circuit Court James "Bo" McAllister, Finance Director Keith Cordrey, Assistant Director of Finance-Operations Olga Butar, Fire Chief Rob Frampton, Deputy Chiefs Chris O'Barsky and Darrin Scott, Housing & Community Development Director Muir Boda, Project Management Specialist Angela Jenkins, HR Specialist-Benefits Melissa Becker, HR Specialist- Training & Development Kacey Lingle, Executive Administrative Assistant Jessie Turner, City Attorney Ashley Bosché, City Clerk Kim Nichols and members of the public

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On December 18, 2023 the City Council convened at 4:30 p.m. in Work Session in Council Chambers of SBY Headquarters, located at 115 S. Division Street. President Doughty announced the Council Rules of Order would be discussed at the next Work Session. Below is a synopsis of the items discussed.

**Swearing in of New Fire Chief Rob Frampton**

Clerk of Circuit Court James "Bo" McAllister administered the Oath of Office to the City's new Fire Chief Rob Frampton.

**Presentation of FY23 Audit and Financial Statements**

Finance Director Keith Cordrey and Timothy Sawyer CPA, CGMA of Barbacane Thornton & Company (via Zoom) joined Council. Mr. Cordrey said the FY23 original budget included \$1.8 million use of surplus in order to balance. The City carried forward \$811,000 in encumbrances from the prior year and passed ordinances increasing appropriations for expenditures by \$2.6 million. The final budget included \$5.3 million use of surplus. If the City received the revenues that were budgeted and expended all of the funds appropriated, the General Fund would have used \$5.3 million of surplus.

Mr. Cordrey referred to the Pie Chart on the handout (attached to these minutes) and pointed out the Original Budget, Ordinances and Encumbrances. The City had favorable

revenue variances totaling \$4 million in FY23. Significant contributors them were unexpected increases in personal property taxes and a new State program subsidizing gaps in the EMS collections. The City then had \$5.6 million favorable variances and expenditures. Significant contributors to the expenditure variances were Police and Sanitation. The other chart on the handout showed the budgeted use of surplus of \$5.3 million and was surpassed by favorable variances of \$9.7 million, resulting in an increase to the City's General Fund Surplus of \$4.4 million. This was how we could experience a contribution to surplus in a year when we budgeted surplus. Finance would drill down more on this in preparation for the FY25 budget. He acknowledged Assistant Director of Finance Olga Butar (present in the room) and his staff for their hard work.

Mr. Sawyer reported the firm began their field work on October 24<sup>th</sup> and ended on December 6<sup>th</sup> . They tested the details in various account balances, conformation work with third party, testing of controls, etc. Once finished, they went through the review process. Based on their work, **they issued an unmodified or clean audit opinion.** On the governmental and business activities, each major fund also got an opinion, as well as the aggregate remaining fund information such as trust funds and custodial funds.

Mr. Sawyer said the firm also issued a report on the City's internal control or financial reporting and on clients, and other matters based on audit in accordance with the government auditing standards as well as the compliance report on each major program and on internal control compliance.

Mr. Sawyer said that in comparing 2023 and 2022 in Cash, Restricted Cash, Investment Pool and Receivable balances, the Cash and Investment Pool was up from \$23 to \$27.5 million while the Restricted Cash Investment Pool went down from \$23 to \$18.3 million. Overall, the City was at about the same place we were cash-wise and receivables, down a half million from the previous year. Receivables were a combination of taxes receivable, accounts receivable for Water/Sewer billings, and amounts due from other governments for grants, etc. Capital Assets was down from \$196 to \$194 million. On the Financial Statements he reported that Note 5 on pages 35 to 38 would provide more detail on the Capital Assets. Note 11 discussed commitments related to construction and progress for ongoing projects. Bonds and Notes Payable were down from \$97 to \$88 million. Note 6 provided more details on pages 39 to 46. Net Position went from \$89.5 to \$94.6 million. Mr. Sawyer stated the City had overall good results for the year.

For Fund Balance, Restricted went down from \$14 to \$11.5 million, related to Capital Improvements. Committed was at \$3.6 million, and the biggest piece was what the City allotted for Healthcare (\$2.3 million). Assigned Fund Balances were up from \$1.1 to \$2.7 million, due to grant encumbrances and Community Development. The overall surplus carried forward was \$12.2 million last year, and now it was \$14.8 million.

Governmental Fund Revenues across the board were pretty even. Taxes were \$31.9 up to \$33.2 million. Other Revenue up from \$5.3 to \$5.5 million. Intergovernmental Revenue was up from \$6.5 to \$11.3 million. The biggest increase was the recognition of the Federal Recovery Fund (\$4.1 million). Charges for services were about \$5.7 million.

Expenditures were fairly even across the board. General Government- from \$4.9 to \$5.7 million. Public Safety- from \$27.2 to \$29.6 million. Public Works- from \$5.7 to \$4.9 million. Recreation and Culture Expenditures- from \$2.8 to \$3.1 million. Capital Outlay- from \$3.8 to \$5.2 million. Debt Service- from \$4.6 to \$5.1 million.

Water & Sewer Operating Revenues were up from \$17.6 to \$18.4 million. Expenses rose from \$12.2 to \$14.3 million. Non-operating Revenues were grant related, and down from \$3.2 to \$4.5 million. Change in Net Position went down from \$3.1 million to \$220,000.

He summarized the required communications. When the firm began the audit they issued an engagement letter and planning memo to Mr. Cordrey and his staff on July 13, 2023. They issued **an unmodified or clean opinion on all our opinion units**. There were no new significant accounting policies that were required to be adopted by the City this year, and were not aware of any that were being applied that would be controversial. There were no uncorrected mis-statements. The firm helped with the 68 and 75 adjustment, which were posted and reflected in the financial statements. There were no issues with internal control and the City's transactions were being processed correctly and the controls were operating correctly. Based on the audit work and testing, there were no fraud or illegal acts that they were aware of.

President Doughty asked how they determined which internal controls they would look closer at. Mr. Sawyer said they rotated each year and this year they reviewed payroll and water/sewer billings. They looked at everything, but dug deeper on a rotating basis.

There were no comments from the Public on this matter.

### **Budget amendment to accept grant for Anne Street Village**

Housing & Community Development Department (HCDD) Director Muir Boda reported the City received a \$1,000 grant from the Fruitland Walmart for Anne Street Village to help outfit the units and help with electricity and Comcast. He reported that next week they would have 14 residents. They changed the model because there were issues with residents refusing help, and they were now being required to have mental health and substance abuse counseling (if applicable) to take them on a path of improvement.

Ms. Jackson asked about other resources for the residents. Mr. Boda said the City acted as coordination for services and helped them access services. The mental health and substance abuse evaluations were key because the City could help them find housing and other benefits. They focused on one thing at a time, step by step to show progress and to prepare them for housing on their own.

Ms. Gregory asked how people could help, and Mr. Boda said there was no budget and the program depended on donations. The best way to donate was through the Community Foundation of the Eastern Shore. He said they needed small refrigerator/freezers. He could be contacted at [mboda@salisbury.md](mailto:mboda@salisbury.md). The occupants had limited space for clothes.

Mayor Taylor asked if everyone coming in would need mental health counseling or substance abuse counseling, or both. Mr. Boda said the majority of homeless had a mental health component. Some had addiction issues, and some had health issues. They had a couple with accessibility issues due to being handicapped. Most of them had addiction issues and they connected them to the program. That was the biggest issue, and they were not allowed to *use* on site. If they were continually coming to Anne Street under the influence, they had to go directly to their room and not interact with others.

Ms. Jackson said most did come with mental issues and were not taking their medicine.

Council reached unanimous consensus to advance the budget amendment.

### **Ordinance accepting CFES grant for Summer Youth Program**

Mr. Boda said the grant was for \$7,231 to cover two high school students in the Summer Youth Employment Program. The program employed 12 high school students for eight weeks and ran from June through August. It exposed students to the departments within the City and the jobs associated with the operation of a municipality in partnership with Junior Achievement which provided financial literacy classes to the students. Students obtained work experience, built a resume and earned job references for the future.

Ms. Dashiell clarified the grant would cover two students and Ms. Jackson asked for the ages allowed into the program. Mr. Boda said from about fifteen years old and up.

One speaker from the public asked if the program was an internship and Mr. Boda said it was more like assisting the employees with their work, within guidelines, and was only for the summer. She asked about selection and Mr. Boda said they would be interviewed. Greater Salisbury helped start the program years ago. The Community Foundation began managing the grant for high school students who lived in the City. The jobs would be posted in early Spring. She asked how the positions were advertised, and Mr. Boda answered on the website by the job applications under Summer Youth Employment. The high schools were contacted directly.

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

### **Ordinance accepting reimbursement from OC Jams LLC**

Deputy Chief Chris O'Barsky said this was the second year that Ocean City had asked for help in providing Bike Medics for the Ocean City Bike Fest. Just like the event last year, the City paid these medics out of the overtime account and the account was reimbursed. budget. Ms. Jackson asked how much the budget amendment was for, and he answered the amount was \$4,160 and it was for four days of coverage.

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

### **Budget amendment to appropriate funds for damaged Fire Department equipment**

Deputy Chief O’Barsky reported a few months ago during the mitigation of a fire at the Spartech Company one of the machines hit a pipe and oil spewed out on several pieces of firefighting gear and firehose. They tried several times to clean the gear and sent it away to be professionally cleaned. The equipment was returned and they were told they needed to dispose of it. The equipment and hose were very expensive and the insurance company for Spartech paid for it. The budget amendment was to approve accepting the reimbursement check to recoup the \$24,805.72 they had to spend to replace the gear.

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

**ADMINISTRATION AND COUNCIL COMMENTS**

Mr. Kitzrow announced the Downtown Salisbury Ball Drop, presented by Pohanka, was scheduled for 9:00 p.m. on New Year’s Eve. He invited everyone to come out on the corner of Main Street and Division Street.

Mayor Taylor thanked Rob Anderson for his help in the Park on the lights. Merry Christmas and Happy New Year, and will see everybody next year.

Ms. Gregory said she went by the Park today and it was seriously flooded. She asked everyone to stay clear of it until the water receded. It would probably take a few days. Have a safe and happy holiday season and get your boosters if you have not already.


Ms. Jackson said she hosted her senior citizens gift giveaway to 302 seniors with 44 helpers. The seniors got a marvelous dinner and very nice gifts. She appreciated all who donated, sponsored and helped. She asked to not let your friends drink and drive. She wished everyone a Merry Christmas and Happy New Year.


Ms. Dashiell thanked everyone at the table and in the building for welcoming her. She said she was the new kid on the block and would do her best. She wished everyone a wonderful holiday with family and friends. If anyone had the time, please volunteer at Hands and Hearts. There were 32 cots for homeless men and they were there every night.

President Doughty said he paid his respects to Greg Bassett and missed Ms. Jackson’s event. It was Christmas, so please be safe and kind. Leave room in the stores since he had not started shopping. He was looking forward to the Ball Drop on New Year’s Eve.

**Adjournment**

With no further business to discuss, President Doughty adjourned the Work Session at 5:24 p.m. The Special Meeting convened immediately afterwards.

  
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City Clerk

  
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Council President