

The Wicomico County Council met in Legislative Session on Tuesday, January 15, 2019 at 10:00 a.m. in Council Chambers, Government Office Building, Salisbury, Maryland.

In attendance: John T. Cannon, President; Larry Dodd, Vice President; Marc Kilmer, Ernest F. Davis, Joe Holloway, William R. McCain, and Josh Hastings.

Present: Laura Hurley, Council Administrator, Robert Taylor, Council Attorney, Lynn Sande, Executive Office Associate, Steve Roser, Internal Auditor, and Levin Hitchens, Assistant Internal Auditor.

On motion by Mr. Dodd and seconded by Mr. McCain, the Legislative Minutes from January 2, 2019 were unanimously approved.

On motion by Mr. Dodd and seconded by Mr. McCain, the Special Legislative Session Minutes from December 27, 2018 were unanimously approved.

On motion by Mr. Dodd and seconded by Mr. Davis, the Open Work Session Minutes from December 18, 2018 – Council Appointments to Boards and Commissions, were unanimously approved.

On motion by Mr. Dodd and seconded by Mr. McCain, the Open Work Session Minutes from December 18, 2018 – Legislative Bill 2018-12, were unanimously approved.

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**Robert Taylor, Council Attorney**

**Public Hearing: Legislative Bill No. 2018-05-Amendment No. 2** - An Act to amend and transfer the appropriation from Estimated Contribution to Fund Balance Account and the Use of Prior Year Funds Balance Account to Solid Waste Enterprise Fund, Cell 9 Construction Project Account, in the Annual Budget for the Fiscal Year ending June 30, 2019. Mr. Taylor said this was introduced on December 18, 2018 by the Council President at the request of the County Executive. Mr. Cannon opened the Public Hearing.

Mr. Weston Young, Assistant Director of Administration, came to the podium, and said he is in receipt of a letter dated January 10<sup>th</sup>, which he received yesterday, from the Council President regarding this specific project. He then asked if they could keep the fund transfer and the reparations with Geosyntec separate so that the project does not get delayed further. He explained, this project suffered some time delays to date, as well as the fact that space at the current landfill is getting tight, so the sooner they can get this new cell completed and able to start putting trash there, it will alleviate a major pressure issue at Solid Waste now. He then asked if there is a way they can get the fund transfer approved, and then talk about where things went wrong with the bidding process, and what brought them to this point.

There were no further public comments. Mr. Cannon closed the Public Hearing. Mr. Cannon said he understands what Mr. Young has said, but he thinks it is going to be a little more involved than just trying to make an amendment to the Legislative Bill at this time without further discussion. Mr. Taylor then asked Mrs. Hurley if they need a motion to table the Bill, to which Mrs. Hurley responded, she does not think they need a motion to table, and they can just move forward without voting at this time, if that is what Council desires to do.

**Public Hearing: Legislative Bill No. 2018-12** – An Act to provide in Chapter 77 titled “Roads and Improvements,” Article 1, titled “General Provision,” Section 77-1 titled “General Powers” that the Director of Public Works is authorized to install and maintain traffic control devices to the extent allowed by applicable law. Mr. Taylor said this Bill was discussed in a Work Session recently, and the discussion focused on whether there should be absolute control of traffic control devices by the Director

of Public Works, and/or any oversight either by the County Executive, or by the County Executive and the County Council, or just the County Council. He said it was kicked around at the Work Session, and there were various views, so he thinks the thing to do is decide how Council wants to proceed, and let him suggest language to do that. Mr. Cannon opened the Public Hearing. There were no public comments. Mr. Cannon closed the Public Hearing. Mr. Taylor said he has a recommendation, depending on how Council wants to address this topic, and right now the pending Bill provides for the authority of the Director of Public Works to handle the location of traffic control devices. He reported, his general research among other Counties is that this tends to be the way most of them do it, at least the ones he has looked at, which are probably five or six, and he thinks there are a couple of good reasons for that. He said number one is the fact that the location of traffic control devices is subject to State Legislation, and State regulations even though they are talking about traffic control devices on County roads, so, as a County, they still have to conform to those State regulations. He said there is a manual on-line, and he looked at it just to see how complex and lengthy it was, but the on-line version is at least 1,000 PDF pages. He clarified, it is not all about stop signs, but it is a complex technical manual. He said number two is that there is an exception for Governmental immunity for the maintenance and design of County roads. He said there is a general rule of Governmental immunity for most things that the Government does, but there is a longstanding exception in Maryland for public roads. He said he thinks signage and traffic control devices would also be subject to that exception, so his thinking, and this is just his thinking and certainly not binding on Council, is why would Council want to get into this matter that, number one, is extremely complex because of the manual he just mentioned with the State regulations, and number two, if they are in error in some way, the County could be subject to suit, and would not have Governmental immunity. He said it seems to him that the net of all of this would be to leave it with the Department of Public Works, possibly subject to oversight by the County Executive. Mr. Cannon clarified, he does not think Council was worried about establishing any local autonomy separate from the State of Maryland. He said he thinks all they were trying to do was establish a concrete procedure within the County, and that is his understanding, to which Mr. Taylor responded, and that is why this question came up during the summer about who regulates stop signs, and where they are located in the County, and that is what brought them to where they are today. Mr. Kilmer said he thinks this was an attempt to clarify that, and putting it with the Public Works Director, he thinks, is absolutely appropriate, and he does not think Council needs to meddle with Roads, so he supports it as written. There being no further discussion, on motion by Mr. Kilmer, seconded by Mr. McCain, and by roll call vote, Mr. Hastings, aye; Mr. Kilmer, aye; Mr. Dodd, aye; Mr. McCain, aye; Mr. Holloway, aye; Mr. Davis, aye; and Mr. Cannon, aye, Legislative Bill No. 2018-12 was unanimously approved.

**Public Hearing: Legislative Bill No. 2018-13** – An Act to amend the Wicomico County Personnel Manual Chapter One titled “Authority, Objective and Scope,” Section 0104 titled “Scope”; Chapter 6 titled “Recruitment and Selection” Section 0615 titled “Appointments”; Chapter 8 titled “Probationary Period”, Section 0801 titled “Objective”, and Chapter 27 titled “Definitions”, Section 2701 regarding the employment relationship of Deputy Department Directors shall continue to be in the Merit System, and, following the probationary period, shall not be at-will employees. Mr. Taylor said this is intended to conform the Personnel Manual provisions regarding Deputy Department Heads to the Charter amendment that was passed at the November election regarding Deputy Department Heads and their appointment. He said the confusion or need for clarification relates to the fact that now that Deputy Department Heads are to be appointed, without these changes they would be subject to the at-will employment rules in the Personnel Manual. He said the intention is, after the probationary period following their appointment, they would not be at-will employees, but would be merit system employees, and that is what the Bill as introduced does. Mr. Cannon opened the Public Hearing. There were no public comments. Mr. Cannon closed the Public Hearing. Mr. Taylor said, after this Bill was

introduced, they received from Mr. Wilber some suggestions that were made, and some tweaking of the language with the main purpose being to make it absolutely clear that the Deputy Department Heads would remain merit system employees after the probationary period. He said he does not think the language changes, which Mrs. Hurley has prepared and passed out, make any substantive change, but it just makes it clearer, and, he guesses, gives more comfort to the Deputy Department Heads. He said he can go through those one by one, and they could be amended individually, or done as a group. Mr. Cannon said they have it on the table, and he thinks a member of Council should propose an amendment so they can get a second for discussion. Mr. Kilmer said he would like to amend Section I to insert "to clarify that Deputy Directors shall continue to be in the Merit System," and to delete "and following," and insert "after the probationary period following appointment," and to delete "shall not be at-will employees as follows;" in Chapter 27, in the definition for appointed position, add "Provided, however, that Deputy Department Directors are," and delete "not at-will," and insert "merit employees except during the probationary period following appointment," and then delete the line that says "Employees in appointed positions serve at the pleasure and discretion of the appointing official". Mr. Kilmer said the definition for appointed employees should be amended as follows: An employee hired, and then insert "or promoted to" an appointed position, and who serves at the will and pleasure of the appointing official, and then insert "including Deputy Department Directors", delete "Heads", and then insert "during the probationary period but not thereafter." Mr. Kilmer said, for the definition of Termination-at-Will in that section, starting with the second line that reads employees on their initial probationary period, and appointed employees are, delete "at-will" and insert "merit" employees, and then insert "provided however that Deputy Department Directors are not at-will employees after the probationary period following appointment." On motion by Mr. Kilmer and seconded by Mr. McCain, Legislative Bill No. 2018-13 was amended. On motion by Mr. Dodd, seconded by Mr. Kilmer, and by roll call vote, Mr. McCain, aye; Mr. Davis, aye; Mr. Holloway, aye; Mr. Hastings, aye; Mr. Kilmer, aye; Mr. Dodd, aye; and Mr. Cannon, aye, Legislative Bill No. 2018-13 was unanimously approved as amended.

**Legislative Bill No. 2018-05-Amendment No. 1** – An Act to amend and transfer the appropriation from Use of Prior Year Funds Account to the Transfer to the Others Account in the amount of \$254,758.15 in the Annual Budget for the Fiscal Year Ending June 30, 2019. On motion by Mr. Dodd, seconded by Mr. Kilmer, and by roll call vote, Mr. Hastings, aye; Mr. Kilmer, aye; Mr. Dodd, aye; Mr. McCain, aye; Mr. Davis, aye; Mr. Holloway, aye; and Mr. Cannon, nay, Legislative Bill No. 2018-05 was approved.

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**Laura Hurley, Council Administrator**

Mrs. Hurley said they are working on cross-training in the Council office, so, with Mr. Cannon's permission, she would like to announce the first Agenda item, and then have Lynn Sande announce the remaining Agenda items.

**Audit Presentation – Pigg, Krahl and Stern**

Mr. Michael Kleger, Ms. Ashley Stern, and Mr. Ryan Taylor of Pigg, Krahl and Stern came before Council. Mr. Kleger said Council should have received a copy of the draft financial statements prior to the meeting today, and they also previously delivered and reviewed the draft statements with management, as well as the Finance Department. He explained, their purpose today is to present an overview of the audit results, mention some key highlights, and then answer any questions Council may have for them.

Mr. Kleger said he would like to begin with the audit report itself, which is in the large bound financial statements. He said Council has a PDF copy, so the page numbers may not exactly match up, but, in the bound report, it is pages 1 through 3. He said pages 1 and 2 cover management's responsibilities for the

financial statements, which, basically, is the preparation and presentation of those statements. He said, contrary to popular belief, these are not Pigg, Krahl and Stern's (PKS) statements or financial statements, but they are the County's. He clarified, PKS's responsibility as auditors is to audit those financial statements, and issue an opinion on the statements. He said the opinion paragraph is on page 2, and he is happy to report that their opinion on the County's financial statements for the year ended June 30, 2018 is unmodified, which is also referred to as a clean opinion, and is the highest level of assurance they can provide as auditors. He explained, an unmodified opinion means that the financial statements present the financial position of the County fairly in accordance with generally accepted accounting principles. He said they added an additional paragraph this year that was not there last year, which is called Change in Accounting Principle. He explained, this relates to Government Accounting Standards Board (GASB) Statement Number 75, which deals with accounting and note disclosures related to post-employment benefits other than pensions, which, essentially, is their health insurance plan. He said they will discuss the impact of this new standard on the statements later, but he wanted to specifically mention that there had been an accounting change.

Mr. Kleger said the next report is on pages 4 and 5 directly behind the audit report, which is a report on internal controls and compliance matters. He explained, unlike the audit report, this is not an opinion paragraph on the internal controls or compliance matters, but, basically, is a report on any findings or weaknesses they noted during their audit testing. He said, again, he is happy to report that they did not identify any internal control or compliance matters as a result of this year's testing. He said they did issue a separate management letter, and an auditors communication report, but it did not rise to the level of significant deficiency, and he will comment on those later as well.

Mr. Kleger said those are the two types of reports that came from PKS, and he is going to turn it over to Ms. Stern to mention some of the key highlights, and then they will go through questions at that point.

Ms. Stern said she is going to focus on the green copy handed out this morning. She explained, she summarized some financial highlights so Council would not have to flip through the 140 pages of the financial statements. She said there are some references in there to pages within the financial statements, so, if they are looking through this later, they can take a look back and see the pages within the financial statements that it refers to. She said, before she gets into anything, she is going to touch a little more on the GASB 75 that was released this year for other post-employment benefits that Mr. Kleger touched on a little earlier, especially with it being such a new statement, so she wanted to make sure to give some background and detail on it. She said this was implemented during this year, and is very similar to GASB 68, which, if they remember back a few years, dealt with pensions. She said this is the way the Government Accounting Standards Boards has addressed the other post-employment benefit liability (OPED) plan. She said first they released GASB 74, which changed the way the actuary looks at their other post-employment benefits, and values that liability. She said, subsequently, in this year, GASB 75 was released in order to change the way the valuation is included on the County financial statements. She said additional disclosures are required, so that is why Council is seeing eleven more pages within their financial statements this year, and there are also some additional footnotes and supplementary information related to these items. She said this can be found on page 98, and starting on page 124 of the financial statements. She clarified, this change only affects their Government-wide financial statements, and does not affect their fund statements or the business type activities, but just their Government-wide Governmental activities.

Ms. Stern said, in addition to that change to the GASB 75, there is one more note she wanted to make in connection with the OPEB plan. She said there was also a change in assumptions that was implemented this year, which is a plan change for the recommendation to take Medicare first, and then to use the

County health insurance plan as a supplement. She reported, that is, actually, \$11.6 million dollars in decreased expenses the County will realize over the next seven years, but the requirement is, instead of recognizing that decrease in expenses in the first year, it gets recognized over the remaining seven, so they have six more years of recognizing a decrease in their expenses related to the OPEB plan.

Ms. Stern said some key financial highlights for the Government-wide financial statements start on page 17, and include both their Governmental, business type, and enterprise fund activities. She said it also includes their two component units, the Board of Education, and the Wicomico County Free Library. She said, just as a note, their business type activities include the Nursing Home, which is also audited by another accounting firm. She explained, the primary Government is what they tend to focus on, and that is their Governmental and business type activities. She reported, some key things to note in changes when looking at 2017 versus 2018 for these numbers is that their deferred inflows and outflows have changed. She said these were implemented a few years ago to bring clarity to the statements, and are not considered assets or liabilities, but are more future expenses, or future decreases in expenses. She said they see some new inflows and outflows related to the GASB 75. She said their unrestricted net position totals \$23.7 million, or 20 percent of their net position, whereas they, actually, have a restricted net position totaling \$29 million, and that is mostly due to timing, such as timing of when expenses are paid versus what the purpose of those expenses or revenues are, and that is why they consider it a restricted net position, but should be looked at in connection with their unrestricted net position.

Ms. Stern said some key highlights on their general fund are that they saw an unassigned fund balance remaining strong this year with a little over \$32 million, which is 58.32 percent of their total fund balance. She said, before she gets into some of their budget and actuals, some other key notes about the general fund include some numbers in comparison to previous years, and those are going to refer to the next couple of slides where they actually do a five-year comparison. She explained, she thinks it is a lot easier to look at things from year to year as opposed to just saying this is what happened this year. She reported, there was a decrease in the fund balance by \$4.6 million, and this is due to budgeted transfers for capital funding, so nothing that they believe is concerning. She said this is the first time in quite a few years they have had a decrease, but these are the Executive and Council approved budgeted decreases that were transfers to other funds, so not money going outside of the County.

Ms. Stern said some key notes about their budget to actual expenditures and revenues include that they saw actual revenues were \$2.28 million dollars greater than the budgeted amount, and that is 1.6 percent difference from the budget. She said actual expenditures were, actually, \$4.32 million dollars less than the budgeted amount, and that is 3.6 percent close to the budget.

Ms. Stern said, looking at some general fund revenues over the past five years, they can see a small decrease in their property taxes in 2018 due to the rate decrease, so that was expected, and very close to what was actually budgeted for property taxes. She reported, income taxes were \$300,000 less than 2017, and that is, actually, what they are seeing at quite a few other towns and Counties, so that is pretty consistent across the State, but it can be from year to year. She said, as a heads up going forward, they will, actually, see their first decrease in the payment from the State of Maryland for income taxes in 2019 for the Wynne case. She explained, if Council remembers, the State of Maryland is, actually, going to reduce County payments by \$800,000 for a previous tax return amendment. She said other revenues were slightly down from 2017. Mr. Cannon asked if 2018 is lower simply because 2017 was an exceptionally strong year, and it is not as if there is a downward trend for the County, to which Ms. Stern responded, correct. Mr. Kleger added, they do not see a downward trend. Ms. Stern said a lot of that can be due to timing of tax returns with the County's fiscal year end being June 30<sup>th</sup>, and when the State of Maryland makes payments when returns are filed.

Ms. Stern said, taking a look at the general fund expenditures by type, they, actually, split these out into four different types, which they thought would be beneficial for Council. She said they have salaries, other operating, debt service, and the Board of Education. She said, just as a note, the Board of Education does not include any bond interest or principal payments that are on behalf of the Board of Education, but is just the payment to the Board of Education on behalf of the County. She said there was an increase in their debt service this year, and that is due to the new bonds that have been issued, so there is an increase for that, as well an increase in their Board of Education payment by a little under \$2 million. She said she, actually, has the totals for what was paid on behalf of the Board of Education including the debt principal and interest, which was \$11,730,000 for 2018.

Ms. Stern said, taking a look at the big pie chart of the County expenditures, they split this into some different Departments to see exactly what the percentages were per Department. She said the Education expenditures, which include the Library and the Community College expenditures, are 34 percent of the total expenditures for the County. She said falling slightly behind Education is Public Safety at 14 percent, Detention Center at 11 percent, and Debt Service right at about 10 percent.

Ms. Stern said, taking a look at the fund balance of the general fund, she thinks this is really important to understand the health of the County. She clarified, when they talk about how the County has done over the past five years, or the health of the general fund, the Government Finance Officers Association (GFOA) recommends that the undesignated or unassigned fund balance be two to three months of operating expenditures, and that is something they take a look at when looking at the general fund, to which Mr. Kleger added, that is a minimum reference, by the way. Ms. Stern continued, they have taken a look at that with the Executive, and the County as well within that minimum recommendation. She said the unassigned fund balance is \$32 million, and the remainder of the fund balance, which includes the non-spendable, committed, assigned, and restricted portions is right at about \$23 million dollars.

Ms. Stern said they decided they were going to take a look at some enterprise funds, and these are the ones they felt would be important for Council to take a look at to see a five-year trend. She said they selected Solid Waste, the Airport, and the Civic Center to look over a five-year trend, and she is, actually, going to go over a few things within that five-year trend. She said, taking a look at Solid Waste first, as Council can see, revenues are slightly down from 2018, and that is due to the tonnage being disposed of. She said, on a positive note, new inventory controls were implemented during the year, as she knows they spoke to Council last year about some of the Solid Waste and Roads inventory, so she is happy to say those were all implemented during the year as well. She said, taking a look at the operating income or loss for Solid Waste, she will note that back in 2014 they, actually, saw a loss, but over the past two years they have seen a positive operating income, although it is slightly down from 2017 due to certain expenses that have come up during the year, as well as the small decrease in revenues she mentioned, but they are, actually, seeing a good, positive trend with the Solid Waste financials.

Ms. Stern said, taking a look at the Airport, revenues, actually, increased from 2017 by \$160,000, and expenses increased by right about \$600,000, and that is due to improvements that are taking place at the Airport. She reported, they have seen an increase in the Airport depreciation as well, and, if Council remembers, back in 2016, they saw a lot of great income for capital improvements, so now they are seeing the expenses, or the depreciation from those capital improvements from years ago, so 2016 is a little bit of a different number when looking at the five-year trend. Mr. McCain asked if that is just straight line, or is that accelerated, to which Ms. Stern responded, it is straight line. She said this year for the Airport they saw a change in net position of \$3.3 million dollars of a decrease.

Ms. Stern said, taking a look at the Civic Center five-year trend, they have seen revenue stay stable from this year and last year, and, similarly, operating expenses have stayed stable from 2017 to 2018. She said the big difference between the change in net position from 2017 to 2018 was, actually, those transfers to the Civic Center for capital improvements, which she mentioned earlier in the presentation, and they, actually, just like the Airport, will see that depreciation over the next couple of years.

Mr. Cannon said he does not know if this is in PKS's territory or not, and then asked how the County as a Government decides whether to continue to maintain different Departments as enterprise accounts as opposed to wrapping them into the standard Department status, to which Ms. Stern responded, PKS, actually, took a look at the Civic Center this past year with Administration, and she spoke to the Finance Department about this, and they are, actually, looking to move the Civic Center from being an enterprise fund in 2019 to being what is considered a special revenue fund, which would be a Governmental fund. She said they, typically, look at a three or five-year trend to see what the operating income or loss is because what they want to look at is the intention of the fund, or the intention of the revenue. She said, if they are budgeting to completely be able to support themselves every year, then they can testify that it is an enterprise fund, but, if they are budgeting for a County appropriation, or help from the County, then it tends to be moved over to a special revenue fund. She said the Finance Department is, actually, working on that now, so Council will see that in their 2019 statement. Mr. Dodd asked if she is saying that PKS made that recommendation, to which Ms. Stern responded, that is correct. She explained, they made that recommendation for 2019, and she, actually, has a meeting later this month to go over the logistics, and to go over that, and she has also talked with Ms. Pam Oland at the Civic Center about this.

Ms. Stern said, instead of continuing to take a look back at 2018, she wants to take a look forward at what the County is going to be experiencing for the next couple of years, and what will affect them down the road so they can keep these accounting and procurement standards in mind while they are making their decisions. She said the first thing she wants to go over is their new uniform guidance procurement standards, which, actually, is effective right now. She said they have been working with Mr. Nick Rice in the Purchasing Department on these new procurement standards, and these are for Federal funds only. She clarified, when she is talking about the new thresholds, these do not govern all expenditures of the County, but would govern their expenditures related to any Federal grants only. She said the uniform guidance is requiring conflict of interest statements for any person involved in Federal funds, or the disbursement of Federal funds during a selection period, so, if there is a bid process going on, they have made the suggestion that everyone involved gets their conflict of interest statement signed, and keeps it on record. She said there are also new procurement thresholds related to what is required. She said the County's thresholds are, actually, stricter than what the Federal Government is recommending, but they like to keep this in mind just in case because they never want to see any type of de-obligation of funds due to this. She said they will be testing these during 2019 as well.

Ms. Stern said, coming down the road for the County's June 30, 2020 audit, she knows that seems like far away, but she knows they are getting ready to start on that budget right now. She said they have a new GASB Statement Number 84, which is affecting their fiduciary activities, and this is, actually, redefining what is to be reported as fiduciary, and it will bring changes to the County financial statements. She said those will be effective for their 2020 statements, so Council will see a little bit of a modification there. She said the biggest change coming down the road is, actually, GASB Number 87 on leases, and this will have a major effect on the County's financial statements. She said this is effective for the June 2020-2021 financial statements, and requires the recognition of certain leased assets and leased liabilities previously classified as operating leases. She explained, instead of having any operating leases, for example, copiers or cars, they are now, actually, going to all be considered somewhat like capital leases, so they will see a leased asset as well as all lease liability related to all operating leases,

which is a major change coming down the road. Mr. Kleger clarified, previously, that would have just shown up in the footnotes as a disclosure item, so now they are just taking that and putting it on the face of the financial statements directly.

Ms. Stern said she went over some highlights, so, if Council has any questions, they are happy to take any now. She said, if Council wants to take a deeper look into the presentation slides or statements, they are happy to come back and do a Work Session, or anything Council would recommend.

Mr. Kilmer said he has just one question in reference to page 98 talking about the deferred compensation plan. He then asked if they could talk about that a little bit, and what that plan is, and whether it is the drop plan, to which Ms. Stern responded, the drop plan is, actually, included within the pension plan, so this is the 457 plan, and is a little bit different than the pension. She said they can, actually, see the drop plan details starting on page 72.

Mr. Cannon said he thinks what Council will do is take Ms. Stern up on her offer for a Work Session because he doubts Council, as a whole, has had a lot of time to review this. He said they will plan for a Work Session sometime in the near future.

**Resolution No. 32-2019** – To Make an Appropriation of Funds to the Sheriff's Office from Unanticipated Revenue in the Amount of \$127,728.21. Mrs. Sande said the Sheriff's Office has received unanticipated revenue from the State of Maryland for Sex Offending Monitoring, revenue from the sale of property/equipment through Pete Richardson Auction Sales, and revenue from the Local Government Insurance Trust for the total loss of a vehicle. She said the Sheriff's Office is seeking acceptance of the unanticipated revenue and the appropriation to various accounts in the Sheriff's Office budget. Captain Tod Richardson came before Council. Mr. Davis asked, was the appropriation to the account of capital vehicle to purchase another vehicle, to which Captain Richardson responded, yes. He explained, that was for a total loss of a 2015 Charger, and, at the time of the loss, the car was less than two years old, therefore, LGIT pays the full replacement value. He said they will have that dropped into their capital account for cars, and replace that car. Mr. Cannon said they had talked earlier about the way these forfeitures come down, to which Captain Richardson responded, he went back and looked through them, and they have one offending judge who he will ask to meet with, and a couple visiting judges, but it is just a matter of him educating the States Attorneys to make sure they say "Sheriff's Office" rather than "Wicomico County," though he knows Wicomico County is not in the business of forfeiting funds as a County entity like the Sheriff's Office is. He said, when they come in, if he notices that they say "Wicomico County" instead of the "Sheriff's Office," he can simply ask the States Attorney to have it adjusted, and take care of it. Mr. Kilmer clarified, he thinks it is the other way around because he thought State Law was that it was supposed to be forfeited to the County, and not the Sheriff's Office. He said that is not something that will hold this up, but they have talked about it in the past, and he thinks they are trying to figure out what that is. He clarified, this is not on Captain Richardson's end, to which Captain Richardson responded, he knows the State, effective last year, has them do all kinds of reporting on each forfeiture, and he, basically, reports each forfeiture on a website to the State as it comes in. He said, at the end of the year, they tell them what they forfeited, what was returned, and what is still in the court system, but he will get that ironed out, and make sure it is consistent. Mr. Cannon said Council can help him with that too, as well as Mr. Taylor and Mr. Wilber could look at the statute, to which Captain Richardson responded, he thinks it is more making sure the States Attorney who is in the courtroom that day is in sync with the judge. There being no further discussion, on motion by Mr. Dodd and seconded by Mr. Kilmer, Resolution No. 32-2019 was unanimously approved.



**Resolution No. 33-2019(SM)** – Authorizing Jailcraft, Inc. as a Sole Source Vendor for the Replacement and/or Repair of Doors at the Wicomico County Detention Center, and to Waive the Formal Competitive Bidding Process for the Replacement/Repair of said Doors during Fiscal Year 2019. Ms. Ruth Colbourne, Director of Department of Corrections, and Mr. Nick Rice, Purchasing Agent, came before Council. Mr. Dodd asked them to explain why Jailcraft will be the sole vendor, and why they are waiving the bid process, to which Ms. Colbourne responded, because she has reached out to other vendors, and they just do not want to travel to the Eastern Shore to take a look at the work, and Jailcraft does. She repeated, they do not want to come here. Mr. Rice added, they have looked to see if there are any other examples, and one is Caroline County, as well as a bunch of others in the area who use Jailcraft for these services. Mr. Dodd asked how long the process will go on of Jailcraft being the sole vendor, to which Mr. Rice responded, they are currently doing these each fiscal year, so it would be for this fiscal year, and, if they want to do it again in the next fiscal year, they will come before Council. Mr. Dodd asked if next year they will make the same request, to which Ms. Colbourne responded, yes. There being no further discussion, on motion by Mr. Dodd and seconded by Mr. McCain, Resolution No. 33-2019 (SM) was unanimously approved.

**Submission of Appointments to the Wicomico County Local Management Board, the Wicomico County Board of Electrical Examiners, the Director of Administration, and the Assistant Director of Administration:** Mrs. Sande said, in accordance with Section 315 (A) and (B) of the Charter, the County Executive is to submit appointments to Boards and Commissions, as well as the appointment of the Director of Administration and Deputy Director of Administration, to Council for confirmation at a Legislative Session. She said the Director of Administration has formally submitted nominees to the Wicomico County Local Management Board, the Board of Electrical Examiners, the Director of Administration position, and the Assistant Director of Administration position for confirmation.

**Resolution No. 34-2019** – Confirming the Appointment of Minister George Mandel Copeland to the Wicomico County Local Management Board. Mrs. Sande said the Local Management Board is the primary structure for the County to implement and maintain an efficient system of services for children, adolescents, and families. There being no discussion, on motion by Mr. Dodd and seconded by Mr. Davis, Resolution No. 34-2019 was unanimously approved.

**Resolution No. 35-2019** – Confirming the Appointment of Sara Walling to the Wicomico County Local Management Board. There being no discussion, on motion by Mr. Dodd and seconded by Mr. Davis, Resolution No. 35-2019 was unanimously approved.

**Resolution No. 36-2019** – Confirming the Reappointment of Brett Calloway to the Wicomico County Board of Electrical Examiners. Mrs. Sande said the Board of Electrical Examiners is responsible for administering the provisions of Chapter 138 of the County Code pertaining to Electrical Standards. There being no discussion, on motion by Mr. Dodd and seconded by Mr. Hastings, Resolution No. 36-2019 was unanimously approved.

**Resolution No. 37-2019** – Confirming the Reappointment of R. Wayne Strausburg as the Director of Administration. There being no discussion, on motion by Mr. Dodd and seconded by Mr. Kilmer, Resolution No. 37-2019 was unanimously approved.

**Resolution No. 38-2019** – Confirming the Appointment of Weston S. Young as the Assistant Director of Administration. There being no discussion, on motion by Mr. Dodd and seconded by Mr. Davis, resolution No. 38-2019 was unanimously approved.

**Steve Roser, Internal Auditor**

**Resolution No. 39-2019** – Accepting the Annual Report Submitted by the County Internal Auditor. Mr. Roser said the Office of the Internal Auditor for Wicomico County would like to submit a progress report for his eighth year in office, and he would like to thank the County Council, once again, for the opportunity to serve Wicomico County in this capacity. He also thanked County Executive Bob Culver, Council Administrator Laura Hurley, and the Wicomico County Audit Committee for their invaluable support during the past year. He said additional thanks go to the Assistant Internal Auditor, Levin Hitchens, Department Heads, County Accounting Professionals, and all other associates within the County and the State of Maryland who have been so supportive in their interest and openness when it comes to addressing various County issues. He said any success they enjoy as Auditor and Audit Committee is directly attributable to the people who make Wicomico County succeed. He said everything they do is designed to improve the efficiency and effectiveness of Wicomico County. He reported, they completed 13 projects in the past year including a fuel inventory, purchase cards, and a budget review. He said scope and objectives for audits underway and other planned projects can be found in the FY2019 Annual Audit Plan. He said many of their completed projects require follow up, and subsequent work on many of these projects is just as important and time consuming as the audit itself. He said they performed additional work on numerous completed projects, and this office assisted in requests for assistance along with several investigations involving various factions of the County on a variety of subjects. He said, additionally, they completed numerous reports and projects for the benefit of the Office of the Internal Auditor, County Council, and the County Executive. He said the Office of the Internal Auditor would like to thank all those who participated in the various projects undertaken. He said the quality of relationships previously developed with Council, senior management, and County associates in the spirit of cooperation for the betterment of Wicomico County in an effort to improve efficiency and effectiveness was further developed to everyone's benefit. He said, once again, he hopes that all stakeholders review the small contribution this office made in the past year favorably.

Mr. Cannon said Mr. Roser had mentioned the additional work, and he, certainly, has taken on a lot of additional work, and Council appreciates it because it has been a big help for them. He said Mr. Roser has managed to stay on target with his existing programs that he is responsible for, so he definitely has expanded his role, and Council appreciates that, and considers that invaluable. He said Mr. Hitchens is doing a great job, and they are very glad they brought him in as well.

There being no further discussion, on motion by Mr. Dodd and seconded by Mr. McCain, Resolution No. 39-2019 was unanimously approved.

**Resolution No. 40-2019** – Accepting the Audit Report on the Wicomico County Detention Center Inmate Cash Accounts. Mr. Roser said, with Mr. Cannon's permission, Mr. Hitchens did most of the testing on this, so he would like to call him up to do the presentation. Mr. Hitchens came before Council, and said they performed an audit on the fiduciary accounts at the Department of Corrections. He explained, as fiduciary accounts, of course, it is not the County's money, but the County is responsible for its safekeeping. He said, currently, there are four accounts at the Department of Corrections, two of which are for inmates, with one of those being for population, and one that manages individual inmate balances for commissary and things like that. He said another is for correctional staff for holiday parties, and other things to boost morale, and the last is for work release payments that inmates pay to the fund that then get transferred to the County. He reported, a new employee started as an accountant right at the time they started the audit, so it was very good timing. He said everything was in order, they did not find anything out of place in Quick Books, and they analyzed an entire year of transactions for each

account. He said they offered seven suggestions to management to help internal controls and compliance, and he is going to highlight three of them today.

Mr. Hitchens said the first suggestions is regarding County purchase cards. He explained, the Department of Corrections has an agreement with Finance that they can use purchase cards, and then the inmate welfare account reimburses the County for those expenses. He said they analyzed all the inflows and outflows of that, and did not find any issues, but, as a good practice, they recommended they do not use County purchase cards on a fiduciary account as that is really not within policy.

Mr. Hitchens said the second highlight is in reference to submissions to the Finance Department. He said, historically, they submit reports monthly, but they found they were about six months behind at one point in time. He said they recommended they work with Finance to get back on a schedule that works for both of them so Finance can keep good timing with all their duties, as well as help with oversight. Mr. McCain asked if that was in light of the fact they had a new person come on board for accounting, or was it going on before that, to which Mr. Hitchens responded, it was going on before.

Mr. Hitchens said the last highlight is bank reconciliations. He explained, the accountant has check signing privileges, and the accountant was also responsible for doing reconciliations, so they recommended either they give up check signing privileges, or delegate the bank reconciliations to another staff member who cannot sign checks. He said, further, they noticed that all the statements they originally received did not have check images. He said they saw check images during their audit, but they recommended they have routine statements come from the bank with check images included.

Mr. Hitchens said they plan to follow up in March to see where they are at with all the findings and recommendations. He thanked the management at Corrections, and said they were extremely helpful and candid. Mr. Cannon said, in reference to management responses, he sees where it says two positions were vacant for six months, but everything is now current. He said, with regard to the community corrections in reference to policies and procedures for bad debts, it said community corrections was sending the accounts to the Law Office of the County, so he was curious if they have had any response in reference to that, to which Mr. Hitchens responded, no. He clarified, as of the report date, they have not gotten a response. He said the accountant there had just started, so he was still trying to figure out what all of the policies were, and what had been done. He said, of course, they know they do not have a Law Department, so he was not sure if they were being sent to the external law office or not, but within the past year or so they have not gotten any bad debt payments collected. Mr. Cannon said there were a lot of comments made, and a lot of management comments made. He then asked, when he follows up on this, will he be working directly with management there, or does this have to be a coordinated effort with the Executive Branch as well, to which Mr. Hitchens responded, it is coordinated with the Executive Branch, but they go directly to the Department of Corrections right on site and work with them. He said they met with them probably three or four times at the Department of Corrections working directly in their office to see how everything flowed. He said they had access to Quick Books, Quick Book backups, and looked firsthand at all of their data, and that is what they will be doing for the follow up as well. Mr. Cannon asked, and this is just for his personal information, but what exactly is the process for the work release accounts, to which Mr. Hitchens responded, from his understanding, the inmates who participate in work release have to pay fees to the Department of Corrections to help subsidize their stay there, and then those payments made get transferred to the County's general fund. There being no further discussion, on motion by Mr. Dodd and seconded by Mr. Holloway, Resolution No. 40-2019 was unanimously approved.

**Public Comments:**

Dr. Gerri Mason came to the podium and said her concern is, as she looked over the budget proposal

that was on-line, looking at the Wicomico Nursing Home budget, the revenues generated for 2018 and the Nursing Home expenditures are equal. She said she then looked at the projected description of some general services needed for the Nursing Home, and, of course, they know they have been having problems with the heating and air conditioning for some time, so there is as \$450,000 funding for that project. She said she assumes there are no funds left in the 2018 budget, so she guesses that is why the decision has been made to look into someone taking over the Nursing Home because of the updating of that unit. She said the auditors said they did not handle the Nursing Home audit, so she would like to request a copy of the budget for the Nursing Home for income and expenditures because they need to take a serious look at where this \$8,870,460 is going almost annually, and yet the revenue is the same amount. She said, if she was in charge of an agency like the Nursing Home, there would be maintenance in the budget as well, so she wants to see for herself personally, and for people who have interest in keeping the Nursing Home open, where that money is going. She said a lot of Council were here the last time they met, and the gentleman said there were policies and procedures required by the State Health Department, which she guesses he is saying they are not capable as a County to perform those duties, so she would like to request a copy of the policies and procedures because she knows the State Health Department would not allow the Nursing Home to continue to be open if they were not following those guidelines. She said she also talked with the current acting manager of the facility, and, to her, she is not qualified, so she would like to see her qualifications, the qualifications for that position, as well as her resume she submitted to say that she is qualified. She then asked, or was it just a favorite person someone liked, and appointed her to that position? She said she also would like to see a copy of how the property was transferred from Phi Delta Kappa Beta Todd Chapter in 1966 to a nonprofit corporation, and then to the County in 1972. She said there should be a record of that somewhere, and it seems that no one she has asked has a record of the transaction. She said, last but not least, she would like a listing of all of the employees and their positions because there seems to be an imbalance of diversity, as she will put it. She said she is free to take any questions from Council.

Mr. Cannon suggested Dr. Mason speak with Mr. Strausburg because he can give her a breakdown and, most assuredly, can answer her questions, and get her the information she needs. He said Council appreciates her email, and they will continue to give her whatever she needs to help clarify this for her.

Ms. Katrina Purnell came to the podium and said it is a new year, and she is so pleased to see how well the County is doing with the auditor who gave her report because it gives them such a bright future with a \$32 million-dollar fund, and then the restricted fund of \$23 million dollars. She said she wants to add to what Dr. Mason had to say. She said, since they are in such a fine place for Wicomico County, she wants to add a request for a copy of the transfer of funds that was from Wicomico Nursing Home to wherever it went to. She said she tried to get information on that and could not, so, if those funds can be transferred back, she is talking about a million-plus dollars. She said the last time she was before Council, they advised her it was not during their tenure, but it is still their responsibility for the people of Wicomico Nursing Home, their community, and for the County if someone requests something. She then addressed Mr. Strausburg and asked, when he gives that to Dr. Mason, if he can also add that point in. She then asked when they can get their million dollars back.

Mr. McCain asked Mr. Strausburg if he knows when the audit for the Nursing Home will be presented. Mr. Strausburg then came to the podium, and said they are on a fiscal year as well, and they have the June 30, 2018 audit, so he can get copies of that to them. He said it was a clean audit. He said, with regard to the heating and air conditioning units, the replacement of all of those units was included in this year's budget, and that project is going to take place. He said each of the units in each room is going to be replaced, and that has been funded. He said, in reference to the Nursing Home Administrator's qualifications, State Law says, if a nursing home administrator resigns, the Director of Nursing can

temporarily become the Administrator of the Nursing Home for a period of 30 days, and it can be renewed for another 30 days, so that is the action the County took because they have to have an acting Administrator. He said what their course will be in the longer term just remains under review right now, but what they are trying to do is get more revenue into the Nursing Home. He said, at one of the recent meetings, they talked about the fact that they have been running at about a 70 percent occupancy, but right now they have gotten that up to an 80 percent occupancy. He said their goal is to get it to a 90 percent occupancy. He explained, at 80 percent they break even, and at 90 percent they generate some profit that can be reinvested in the Nursing Home. He reported, one of the other things they are doing that can also increase the Nursing Home's census is hospice care, and they are working with Coastal Hospice because they believe they could probably have eight to ten beds occupied on a continuum, so he thinks that would be a very good idea. He said their goal is to get their revenues up, and to right size their expenses, but at the same time they do not want to see any sort of deterioration in the care given to the patients because the Nursing Home provides excellent care, and they want to maintain that. He said, if there is any other information they would like, he would be happy to get it to them.

Ms. Lakeisha Ballard came to the podium and said she is a Wicomico County resident, and her concern is that she is a Wicomico taxpayer, but, on the other side, she is also a Wicomico Nursing Home employee. She said she works there, and her concern is that she has to come to these meetings to get information because they are at the Nursing Home, and they do not hear anything. She said they have been told that people were going to come out to talk to them, but nobody came, and nobody is explaining anything, so they are kind of in a tizzy with the unknown. She said Mr. Strausburg has said they are not going to close, so that kind of put people at ease, but the question is if they are going to sell. She said, if they sell, there are people who have been there for 30 years, so what would they do with their sick time, vacation time, pension, and so on. She said nobody has put them at ease. She said they have 80 residents, and hopefully they will get one or two more in today, but it is still not off the table. She said she can bust her behind and do everything she is supposed to, and continue her daily activities at work as normal, and still continue to be at the best she is supposed to because that is her job, but there is the fear of the unknown. She said change is not always good. She said they can change some things, but if it is not for the good, then it is not worth the hassle. She said the people in the community are talking, and it is frustrating. She said they had a meeting on Wednesday, and Mr. Bob Culver came and said they need a management group, but her question is what a management group is. She said they say one thing, and then somebody else says something else, and it is just frustrating because they have no idea where they are going because nobody is talking. She again asked what a management group is, and if that means they are going to sell. She said she understands the acting Administrator can only be there for a period of time, so there is the fear of the unknown, and everybody is concerned.

Mr. Cannon said he believes it was discussed that the Executive Branch was going to schedule a meeting, to which Mr. Strausburg responded, yes, they were. He explained, unfortunately, that meeting was supposed to have been held last week, and instead of meeting with the Nursing Home employees, he was at home in bed with pneumonia, so he had to reschedule the meeting. He said, in response to what Ms. Ballard said, he wants to get to the Nursing Home to have a meeting with employees, but when he has that meeting with the employees, he wants to have as many answers as he can provide. He clarified, if they schedule a meeting like that and have not covered all their bases, they can actually create more anxiety than they relieve. He said she will have to forgive him, but he understands her anxiety, and he is going to do his best to get there next week. He said one of the things he will again reiterate is that they are not going to close the Nursing Home at this point in time. He said they are focused on getting the Nursing Home back to what he will call fiscal solvency, and they are trying to make as many of those decisions as they can so when he comes out and meets with employees, he can lay out exactly what they are going to be doing at the Nursing Home so they will have a clear vision of

where they are going. He again apologized, and said he meant to get there, but they did not want what he had, so he stayed home.

Mr. Cannon said he knows the Public Comments are traditionally not a question and answer, but the question was asked about what a management company is, so, if Mr. Strausburg could clarify that briefly, to which Mr. Strausburg responded, there are companies that specialize in managing nursing homes, are very specialized, and that environment is highly regulated. He said, if they cannot source a Director who they have confidence in, one of the options is that they could hire a management company to manage the facility, but the County would still have oversight just like they do now. He clarified, this is not his decision, but is a decision for the Executive and the Council. He said, if they decide they have a better possible outcome and better course of action by hiring a specialist in this arena, that may be the best route to take, but they have not made that decision yet.

Mr. Holloway said the Nursing Home Director retired at the end of the year. He then asked if there have been advertisements put out to hire a new Director, to which Mr. Strausburg responded, not at this point in time. He explained, he has been trying to meet with the lady who is in that seat now at least on a weekly basis, and he is trying to take all of those steps that will move them forward as quickly as they can so they can get stabilized, and then search and make their decision as to what they find out there. He said he is comfortable that the day-to-day operation can be managed with the people who they have in place, but he is staying very close to it as well. Mr. Cannon said he would guess, in order to bring someone in who would be extremely qualified, that individual would want to see some stability before they turn in their resume, to which Mr. Strausburg responded, someone who is what he calls "worth a salt" is going to want to see some stability, and some plan moving forward, so he has really been focused on that as opposed to finding a replacement. He said they have people in-house who can keep it operating well for the time being, so he just felt that was a better course of action.

#### **Council Comments:**

Mr. Dodd said he would like to personally congratulate everybody who has been appointed on their positions. He said the County appreciates everything they do. He also thanked the public for coming to the meeting to voice their concerns over the Nursing Home again. He said they are listening, and they understand that the public knows the concerns are not with the closing of the Nursing Home, but with the sale of the Nursing Home, and they are listening to their concerns. He then recognized Mr. John Psota, Town Manager of Fruitland, in the audience, and said he knows he is here for a Work Session, but it is nice to see him here, and it would be nice to see him more often to represent the Town of Fruitland.

Mr. McCain said he had the opportunity Saturday night to attend the British Invasion at the Civic Center, which was a pretty neat event that the County puts on, and there are actually a couple of shows that they do that are a dinner and show. He said he wants to compliment the Civic Center staff on an outstanding job, their food preparation, and their service. He said people were commenting regularly during the evening on just how well everything was conducted. He said it is a nice thing for their County, and he looks forward to the upcoming events they are having as well.

Mr. Hastings said he got a couple of calls regarding the Nursing Home, and he wants to thank Dr. Mason, Ms. Purnell, and Ms. Ballard for coming to the meeting. He said he does not know where this will go in the future, but it certainly feels like a lot of the staff and other folks who have reached out to him would like it to come to some sort of a better conclusion as expediently as possible, so he looks forward to seeing the County Executive's Office help make that happen. He said he also wants to mention that a couple of them attended the memorial of Mike Pretl, who was a great community leader. He said,

despite all of the snow, it was great to see the attendance of the folks who were there.

Mr. Davis said he would also like to thank Dr. Mason and Ms. Purnell for coming to the meeting. He said Council has been watching and thinking. He clarified, the County Executive maintains the day-to-day operations of things in the County, and the Council just hears about what they give them. He again thanked them for coming out and supporting the Nursing Home, and said Council is watching very closely, so, if they have any questions, they have his number, and he can give them whatever information he has.

**Council President Comments:**

There were no Council President Comments.

There being no further business, on motion by Mr. Dodd, seconded by Mr. McCain, and unanimously approved, the Legislative Session was adjourned to convene as the Urban Services Commission followed by Open Work Sessions and a Closed Work Session pursuant to the General Provisions Article, Section 3-104 to discuss Internal Auditor project updates.

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The Wicomico County Council met in an Administrative Closed Session on Tuesday, January 15, 2019, at approximately 12:45 p.m. in Council Chambers, Government Office Building, Salisbury, Maryland.

In attendance: John T. Cannon, Council President; Larry Dodd, Vice President; Marc Kilmer, Joe Holloway, Ernie Davis, William R. McCain, and Josh Hastings.

Present for the Closed Session: Laura Hurley, Council Administrator; Robert Taylor, Council Attorney; Lynn Sande, Executive Office Associate; Steve Roser, Internal Auditor, and Levin Hitchens, Assistant Internal Auditor.

The purpose of the Administrative Closed Session was to discuss Internal Auditor project updates.

On motion by Mr. Dodd, seconded by Mr. Kilmer, and unanimously approved, the Administrative Closed Session was adjourned at approximately 1:30 p.m. The legal authority for the Administrative Closed Session is General Provisions Article, Section 3-104.

*Signatures on next page*

Legislative Session  
January 15, 2019



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John T. Cannon, President



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Larry W. Dodd, Vice President, District 3



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Ernest F. Davis, District 1



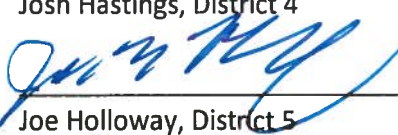
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Marc Kilmer, District 2



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Josh Hastings, District 4



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Joe Holloway, District 5



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William R. McCain, At-Large



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Laura Hurley, Council Administrator