

Fiscal Year 2025 Audit Review Meeting

Date: March 2, 2026, Time: 5:00 p.m. Location: Council Chambers, Easton Town Office, 14 S Harrison Street, Easton.

Attendees: Present were: Mayor Megan JM Cook, President Don Abbatiello, Councilmembers Ms. Maureen Curry, Mr. Robert Rankin, Dr. David Montgomery, and Rev. Davis. Also, present were the Town Attorney Ms. Sharon VanEmburch, Chief of Police Alan Lowrey, Town Engineer Rick VanEmburch and Town Clerk Ms. Kathy M. Ruf.

Main Topics Discussed

1. Introduction and Auditor Team

- Attendees: Bill Early from CliftonLarsonAllen (CLA) (external auditor), Alex Walther and Heidi (engagement team members), Jill Sherwood, Assistant Finance Officer (from the town's finance team).
- Firm Specialization: CLA specializes exclusively in audits of state and local governments; no private or corporate tax work.

2. Audit Scope and Timeline

- Period Audited: Fiscal year ending June 30, 2025.
- Documents Issued:
 - Financial statements (issued Friday prior to the meeting).
 - Audit opinion on financial statements.
 - Single Audit (audit of Schedule of Federal Awards) is in process, due to the federal government by March 31, 2026. Certification of the data collection form to follow within 30 days.
 - Report on internal controls and compliance.
 - Management letter, auditor certification of the uniform financial report (to be finalized this week and sent to the State of Maryland).

3. Audit Results

- Opinion: Unmodified opinion (clean audit) – highest possible assurance on financials.
- Findings:
 - No material weaknesses or significant deficiencies noted in internal controls.
 - No significant corrective or uncorrected misstatements found.
 - No management disagreements or consulting with other accountants during the audit process.

4. Audit Process and Key Areas Tested

- Controls Tested: Payroll, disbursements, procurement processes.
- Grants Audited: Main focus on the Coronavirus State and Local Fiscal Recovery Fund. This was the only federal program meeting audit criteria for the year.
- Single Audit: Has been an annual requirement due to volume of federal coronavirus funds; may not be needed in future years as these funds diminish.

5. Financial Highlights

- Assets & Net Position: Assets increased slightly; net position is trending upward – a positive indicator of financial health and stability.
- Revenue & Expenses:
 - Revenue and expenses remain consistent year-over-year.
 - Charges for services can fluctuate; capital grant reporting changed, influencing comparisons.
 - Decrease (~\$5.3m) in intergovernmental (grant) revenue due to tapering of federal relief funds.
 - Decreases noted in some public safety and public works expenses, mostly due to payroll and open staffing positions.

6. Accounting Standards and Policy Updates

- Recent Changes:
 - GASB 101 (Compensated Absences): Minor updates with no material impact, as these were already tracked.
 - GASB 102 (Risk Disclosures): Not applicable, no triggering events for disclosure this year.
- Forthcoming Changes:
 - GASB 103: Changes to presentation of financial statements for increased consistency and clarity.
 - GASB 104: Updates related to capital assets and lease handling, generally minor for this entity.

7. Financial Statement Review

- Management Discussion & Analysis (MD&A):
 - Highlighted as the recommended “cliff notes” section for council members; 10 pages long, summarizes year-to-year performance.
 - MD&A is management-prepared and unaudited but reviewed for consistency.
- Financial Statement Size: 87 pages total.

8. Communication & Availability

- Open Lines: CLA is available to council and management year-round for consultation or clarification, not just at audit presentation.
- Fraud Risk: Annual procedures include discussions with council on potential fraud risks; no issues were identified this year.

Q&A and Clarifications

- Council asked about the selection of the coronavirus funds for testing—confirmed it was the only federal program meeting the audit threshold.
- Recognized CLA’s cooperation and flexibility in accommodating individual meetings.

Council was reassured of the town’s positive financial health, effective internal controls, and the absence of significant issues or deficiencies for FY 2025. CLA acknowledged continued collaboration and highlighted upcoming regulatory changes to be addressed in partnership with the finance team.

Action Items and Follow-Ups

1. Finalization of Single Audit: To be completed and submitted by March 31, 2026.
2. Uniform Financial Report Certification: To be completed jointly by the finance team and CLA and submitted this week to the State of Maryland.
3. Finance Team Preparation: Continue working with CLA on implementing forthcoming GASB standards and updates to financial statement presentation.

Notable Dates and Figures

- Audit Period: FY ending June 30, 2025.
- Report Issued: Financial statements issued late February 2026.
- Single Audit Due: March 31, 2026.
- Financial Statement Length: 87 pages (MD&A: ~10 pages).
- Grant Revenue Decrease: ~\$5.3 million (intergovernmental).

The Audit Review Meeting was adjourned at 5:14 p.m. in preparation for the 5:30 p.m. regularly scheduled Council meeting.

Town Council Meeting

Date: March 2, 2026 **Time:** 5:30 p.m. **Location:** Council Chambers, Easton Town Office, 14 S Harrison Street (with virtual participation from Ms. Curry).

Attendees: Present were: Mayor Megan JM Cook, President Don Abbatiello, Councilmembers Mr. Robert Rankin, Dr. David Montgomery, Rev. Elmer Davis and Ms. Maureen Curry (virtually). Also, present were the Town Attorney Ms. Sharon VanEmburch, Chief of Police Alan Lowrey, Town Engineer Rick VanEmburch and Town Clerk Ms. Kathy Ruf.

I. Opening Proceedings

- **Opening remarks:** Dr. Montgomery opened the meeting with a reading from Psalm 91 as a prayer for peace and safety for those serving the town and nation, followed by the Pledge of Allegiance.
- **Approval of Minutes:**
 - Approved minutes from February 16, 2026:
 - Code Workshop
 - Regular Meeting
 - Closed Session

Upon motion by Rev. Davis, seconded by Dr. Montgomery, minutes as written were unanimously approved.

II. Municipal Official Items:

1. Items by Mayor Cook

- **Fire and Ice Festival:**
 - Successful turnout despite weather challenges. Thanks extended to EEDC, Holly DeKarske, Lance Morris, and Tom Maglio.
- **St. Patrick's Day Parade:**
 - Date: March 17th, 5:30–6:30 PM.
 - Council members must request golf carts by end of the meeting, else must arrange their own transportation. Harley motorcycle participation discussed jokingly.
- **Train Station Roof:**
 - Completion expected this week after weather delays.
- **Economic Development:**
 - Recent lunch and roundtable with Maryland Commerce Secretary and Talbot County Economic Development.
- **Comprehensive Plan:**
 - Planning Commission has recommended it to Council. Will be included in March 16th meeting packet.
- **Hospital Site Charrette:**
 - Finalizing firm for charrette; clarified as distinct from an upcoming Avalon/Talbot Spy event.
- **Budget Workshops:**
 - Scheduled for March 25, 26, and April 2. Departments' schedules to be circulated soon.
- **Upcoming Community Events:**

- **March 28:** Little League Opening Day
- **April 10:** Softball Opening Day
- **April 15:** Spring Run/Walk at Idlewild Park (collaboration among the town, Talbot Thrive, YMCA, and hospital)
- **April 22:** Kickball League starts

2. Items by Town Manager:

a. Property Maintenance Contract

- **Bid Process:**
 - Bid opening on February 18th.
 - Four responsive bids; two vendors recommended:
 - **Prestwood LLC:** Mowing/trimming for properties up to 2 acres (new vendor)
 - **Marshall's Professional Property Management LLC:** Properties over 2 acres, hedge/tree trimming, debris, brush removal
- **Rationale:**
 - Provides flexibility and ensures timely response.
- **Approval:**

Upon motion by Ms. Curry, seconded by Mr. Rankin and carried unanimously, the recommendation by staff to award the bid to Prestwood LLC as the primary contractor for lawn mowing and trimming for properties up to 2 acres and Marshall's Professional Property Management LLC as the primary contractor for properties greater than 2 acres, including hedge and tree trimming, debris removal and brush removal was passed.

b. Public Assembly & Event Permits

- **Recurring Vigil for Peace and Social Justice:**
 - Thursdays, March 5–December 31, 2026, 5–6 PM
 - Location: Sidewalk in front of Talbot County Courthouse
 - Small gatherings (3–20 people).

Upon motion by Ms. Curry, seconded by Mr. Rankin and carried unanimously, the Vigil was approved.

- **St. Patrick's Day Parade and Potato Race:**
 - March 17th, 5:30–6:30 PM
 - Route: Same as previous years; ~2,500 spectators expected.
 - Potato race in front of the courthouse.

Upon motion by Rev. Davis, seconded by Ms. Curry and carried unanimously, the St. Patrick's Day Parade and Potato Race was approved.

- **Easter Eggstravaganza:**
 - March 28th, 1–5 PM, at VFW Post 5118.
 - Parking arrangements secured with Amish Market.

Upon motion by Ms. Curry, seconded by Dr. Montgomery and carried unanimously, the Easter Eggstravaganza was approved.

- **Chesapeake Creative Wellness Mini-Festivals:**
 - Second Saturday, April–October, 2–6 PM

- Location, parking worked out.

Upon motion by Ms. Curry, seconded by Mr. Rankin and carried unanimously, the Wellness Mini-Festivals were approved.

- **2026 Outdoor Summer Concert Series (Avalon Foundation):**

- Dates: June 6, 13, 20, 27; July 25; August 1, 8, 22, 29
- Time: 7–9 PM; ~200 attendees/event
- North Harrison St. to be closed for events.

Upon motion by Mr. Rankin, seconded by Ms. Curry and carried unanimously, the Outdoor Summer Concert Series were approved.

- **2026 Plein Air Easton Festival:**

- July 10–18, 2026
- Includes street closures, special events.

Upon motion by Ms. Curry, seconded by Mr. Rankin and carried unanimously, the Plein Air Festival was approved.

c. Financial Statements & Audit

- **2025 Audit by Clifton, Larson, Allen:**

- Successful audit report presented earlier in the evening.

Upon motion by Dr. Montgomery, seconded by Rev. Davis and carried unanimously, the Council unanimously agreed to accept the FY2025 Audited Financial Statements as presented by Clifton, Larson, Allen.

3. Items by Town Attorney

Planning and Zoning Updates

- **Next Code Workshop:**
 - Chapters 9–15, scheduled prior to the next meeting (4:30 PM start).
- **Comprehensive Plan Status:**
 - Council to receive Planning Commission recommendation in the next packet.
 - First Council step: Schedule public hearing (Council must act within 90 days of receipt; timeframe can be extended).

4. Special Presentations

a. Firearm Safety Initiative – Olivia Wade

- **Presenter:** Olivia Wade, sophomore at St. Michael’s High, Easton High School Clay Team member, Talbot Skipjacks 4-H Club member.
- **Topic:**
 - Firearm safety education as an alternative to restrictive legislation.
 - Program involves parent-child contracts advocating safe gun handling, originated via Project ChildSafe (National Shooting Sports Foundation).
 - “I will not handle guns without permission...”
 - Contracts completed with third-party oversight; families receive gun locks.
 - Plans to expand outreach to daycare providers, schools, community events.
- **Sustainability:**
 - Partnership with law enforcement for supplies; printing subsidized by the Clay Team.

- Volunteers will be trained following trial period.
- **Achievements:**
 - Multiple awards in clay shooting; commitment to safety and community education.
- **Council Response:**
 - Strong support and encouragement for further collaboration and dissemination.

b. Connect Talbot Broadband Update – Easton Utilities

- **Presenters:** John Horner (CEO/President) and Ted Book (VP, Velocity)
- **Accomplishments:**
 - **Universal Broadband Access:**
 - As of March 2026, 100% of Talbot County (grant-eligible unserved addresses) has broadband available.
 - First Maryland county to achieve this.
 - **Stats:**
 - 360 miles of mainline fiber installed.
 - 2,300+ new customers to date.
 - Project began with a Rural Broadband Task Force in 2016; major grant via USDA's Reconnect program in 2020.
 - \$35 million in grant funding; total project close to \$45 million.
- **Public Awareness Effort:**
 - Urged any unconnected homes in eligible zones to contact Easton Utilities ASAP; funding may run out within 6–12 months.
 - Online tool to check eligibility will be available.
 - Emphasis: Installation to homes is covered under grant; service is a separate fee.
- **Fiber-to-the-Home Project (Town of Easton):**
 - Investing \$40 million; \$5 million grant from the town.
 - Phase 2: Fiber to property line in process across neighborhoods.
 - Phase 3: From property line to homes, to start in 12–18 months.
- **Customer Service:**
 - Rates transparent and all-inclusive; 95% satisfaction rate.
 - Importance of partnerships at federal, state, and local levels.
- **Council Discussion:**
 - Appreciation expressed for closing digital divide, especially critical during events like the COVID-19 pandemic.

c. Waterfowl Festival Impact Update – Deena Kilmon, Executive Director

- **Overview:**
 - 501(c)(3) nonprofit focused on conservation, heritage, and education.
 - **Festival Staff:** 3 employees, 13–member board, 24+ chairpersons, ~1,000 volunteers (200+ students).
- **Economic Impact:**

- 2025 festival generated \$5–6 million for Talbot County, \$9 million for Maryland State during festival week.
- Over 13,500 tickets sold; 32,000 estimated attendees; visitors from 45 states.
- 62% of attendees traveled from outside Talbot County; 25% from out-of-state.
- **Community Impact:**
 - Over \$6 million donated to conservation projects over festival history.
 - Support for organizations such as the Maritime Museum, Blackwater, youth scholarships (\$337,035 to Talbot County students – \$30,000 in 2025).
 - Financial support for nonprofits during festival (Lions Club, Girl/Boy Scouts, etc.).
 - Provided many free/educational exhibits and tickets for at-need community members.
- **Venue/Armory:**
 - Waterfowl Festival serves as steward of the historic armory, maintaining upkeep/repairs (recent assessment: \$3.7 million needed for safety/accessibility).
 - Armory hosts numerous community events, usually at low/no cost.
 - Full schedule for 2026; seeking continued support for building improvements and grants.
- **Legacy/Acknowledgments:**
 - 55th year of the festival.
 - Special events (e.g., world champion goose call, Federal Duck Stamp launching at Easton).
 - Strong local partnerships and emphasis on community benefit over profit.
 - Opened to resident feedback and works with neighbors to mitigate event impact.
 - Council expressed support and appreciation for the longstanding community and economic value.

5. Council Committee Reports

- **Ms. Curry discussed Taste of Easton/Easton Restaurant Week:**
 - April 26, 2026 at Tidewater Inn—event launches Easton’s first Restaurant Week.
 - Major sponsorships confirmed: Blue Point Hospitality (\$5,000), United Shellfish, Kelly Distribution, Teddy Bear Fresh (each \$1,000), Gannon Refrigeration (\$500).
- **Mr. Rankin gave Library Board Updates:**
 - St. Michael’s branch grand reopening on Saturday, March 21, 10am–2pm.
 - Library strategic plan survey out to public (tcfl.org) seeking community input.

6. Items by Members of Council

- **Acknowledgment and Prayers for Military:**
 - Ms. Curry asked for special recognition for her nephew, Chief Warrant Officer Brendan Reed Curry, being deployed to the Middle East on USS Ford.
 - Council offered thoughts and prayers.
- **Commendations:**
 - Mr. Rankin expressed thanks to EEDC and organizers of Fire and Ice Festival.

- Recognition for excellent public presentations (Olivia Wade, Easton Utilities, Waterfowl Festival).
- **June/July Fireworks:**
 - Dr. Montgomery stated that the Carnival and fireworks are scheduled for June 24 with fireworks July 4 for Town's 250th anniversary.
 - Thanks to new property owner allowing event use.
- **Healthcare Quality:**
 - Dr. Montgomery noted concern: Easton area hospital scored "2 of 5 stars" in recent Medicare survey—topic for future discussion.
- **Women's History Month:**
 - Rev. Davis referenced significance, honoring historic and local women's contributions, and perseverance required to succeed.
- **Recent Emergency Response:**
 - Pres. Abbatiello discussed a recent incident and expressed appreciation for cooperative fire/police emergency response.
- **Ongoing Hope & Community:**
 - Multiple comments on need for kindness, understanding, and support for one another amidst challenging times.

III. Closed Session

- **Summary of Previous Closed Session (Feb. 16, 2026):**
 - President Abbatiello read a statement regarding the previous Closed Session. Topic: Business/industrial development; no action taken.

At 6:38 p.m., upon motion by Mr. Rankin, seconded by Ms. Curry and carried unanimously, President Abbatiello moved in Closed Session.

- Subject: Business/industrial proposals for location/expansion in Easton.

At 7:07 p.m., upon motion by Mr. Rankin, seconded by Ms. Curry and carried unanimously, President Abbatiello moved back in Open Session.

IV. Adjournment

At 7:08 p.m., upon motion by Rev. Davis, seconded by Dr. Montgomery and carried unanimously, President Abbatiello adjourned the regularly scheduled meeting

Respectfully submitted,

Kathy M. Ruf, Town Clerk