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**CITY OF SALISBURY, MARYLAND**

**AUDIT REPORT**

**JUNE 30, 2016**

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CITY OF SALISBURY

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**CITY OF SALISBURY, MARYLAND**  
**ORGANIZATION**  
**SERVING AS OF JUNE 30, 2016**

**OFFICIALS - ELECTED**

Mayor	Jacob Day
President of Council	Jack R. Heath
Vice President of Council	Laura Mitchell
Council Members	April Jackson Muir Boda Jim Ireton

**OFFICIALS - STAFF**

City Administrator	Tom Stevenson
Assistant City Administrator	Julia Glanz
City Clerk	Kimberly Nichols
Director of Internal Services	Keith Cordrey
City Solicitor	S. Mark Tilghman
Director of Public Works	Michael Moulds
Director of Department of Building, Permits, and Inspections	William Holland
Director of Information Technology	Bill Garrett
Director of Neighborhood Services and Code Compliance	Susan Phillips
Director of Community Development	Deborah J. Stam
Chief of Police	Barbara Duncan
Chief of Fire Department	Rick Hoppes
Incorporated	1854

## INDEPENDENT AUDITOR'S REPORT

December 5, 2016

Members of City Council  
City of Salisbury  
Salisbury, Maryland

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Salisbury ("the City"), Salisbury, Maryland, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Members of City Council  
City of Salisbury

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Salisbury, Salisbury, Maryland, as of June 30, 2016, and the respective changes in its financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Emphasis of Matter

As discussed in Note 2 to the financial statements, the City has adopted the requirements of GASB Statement No. 72, "Fair Value Measurement Application." This statement addresses accounting and financial reporting issues related to fair value measurements. Our opinion is not modified with respect to this matter.

As discussed in Note 14 to the financial statements, the City has restated its opening net position in the Water and Sewer Fund, and opening fund balance in the Grant Fund (a nonmajor governmental fund) to correct an error discovered related to the treatment of grant activity for the City's wastewater treatment plant. This restatement increased opening net position in the Water and Sewer Fund by \$561,110, and reduced opening fund balance in the Grant Fund by \$561,110. Our opinion is not modified with respect to this matter.

#### Other Matters

##### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12, budgetary comparison information on page 57, schedules of the City's proportionate share of the net pension liability on pages 58 and 60, and schedules of City contributions on pages 59 and 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Members of City Council  
City of Salisbury

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information listed in the table of contents and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

  
BARBACANE, THORNTON & COMPANY LLP



## City of Salisbury, Maryland

### MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

This section of the annual financial report of the City of Salisbury ("the City") presents our discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2016. We encourage readers to consider the discussion and analysis along with the other information in this report, including the notes to the financial statements. In this section, we have provided an overview of the basic financial statements, selected condensed financial data and highlights, and analysis of the City's financial position and changes in financial position.

#### FINANCIAL HIGHLIGHTS

- The City's total combined net position at June 30, 2016 was \$64,521,165. Net position of our governmental activities increased by \$572,004 (or 9.95 percent) while net position of our business-type activities increased by \$9,645,133 (or 19.86 percent).
- The General Fund reported revenues and other financing sources over expenditures and other financing uses resulting in a \$278,382 increase in fund balance, bringing its fund balance this year to \$12,572,234.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts — *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *entity-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City's operations in more detail than the entity-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*.
- *Fiduciary fund* statements provide information about the financial relationships in which the City acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

Figure A-1, Required Components of the City's Annual Financial Report

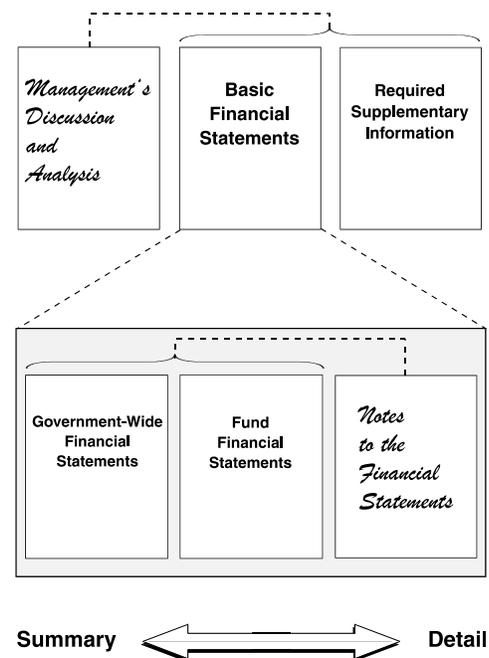


Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements

Type of Statements	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City's government (except fiduciary funds)	The activities of the City that are not proprietary or fiduciary	Activities the City operate similar to private businesses: self insurance	Instances in which the City is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses, and changes in fund net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Entity-wide Statements**

The entity-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two entity-wide statements report the City's net position and how it has changed. Net position — the difference between the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources — is one way to measure the City's financial health.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional nonfinancial factors such as changes in the City's tax base.

The entity-wide financial statements of the City include the *governmental activities*. Most of the City's basic services are included here, such as general government, public safety, highways and streets, sanitation, culture and recreation, and interest on long-term debt. Property taxes and charges for services fund most of these activities. In addition, the entity-wide financial statements include the City's business-type activities, which account for services for which the City charges customers.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the City's most significant *funds* — not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

- *Governmental funds* — Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the entity-wide statements, additional information is provided at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

- *Proprietary funds* — Proprietary funds generally are used to account for services for which the City charges customers — either outside customers, or internal units or departments of the City. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges for customer services and include: water and sewer fees, Mitchell Landing Apartment rents, septage treatment fees, and stormwater system maintenance fees. Operating expenses for enterprise funds include cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Proprietary funds provide the same type of information as shown in the entity-wide financial statements.

The City maintains the following type of enterprise funds to account for the operations of the City's business-type activities: water and sewer services and Mitchell Landing Apartments, both of which are considered to be major funds of the City, and several other nonmajor fee-supported activities.

- *Fiduciary funds* — The City is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that — because of a trust arrangement — can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the City's entity-wide financial statements because the City cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City's combined net position was \$64,521,165.

**Table A-1**  
**CITY'S NET POSITION**  
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
<b>CURRENT ASSETS:</b>						
Cash and investments	\$ 11,210	\$ 11,132	\$ 4,444	\$ 8,879	\$ 15,654	\$ 20,011
Accounts and taxes receivable, net	3,270	3,388	2,803	2,858	6,073	6,246
Due from other governmental units	1,646	318	5,679	94	7,325	412
Internal balances	201	201	(201)	(201)	-	-
Inventories	867	803	526	494	1,393	1,297
Other	225	221	404	401	629	622
<b>TOTAL CURRENT ASSETS</b>	<b>17,419</b>	<b>16,063</b>	<b>13,655</b>	<b>12,525</b>	<b>31,074</b>	<b>28,588</b>
<b>NONCURRENT ASSETS:</b>						
Restricted cash	8,603	8,703	19,314	15,583	27,917	24,286
Capital assets at cost	73,439	65,550	136,089	109,739	209,528	175,289
Less accumulated depreciation	(25,043)	(23,425)	(34,491)	(32,130)	(59,534)	(55,555)
<b>TOTAL NONCURRENT ASSETS</b>	<b>56,999</b>	<b>50,828</b>	<b>120,912</b>	<b>93,192</b>	<b>177,911</b>	<b>144,020</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>						
Deferred pension contributions	2,879	2,764	341	180	3,220	2,944
Deferred outflow — pensions	3,810	318	565	20	4,375	338
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>6,689</b>	<b>3,082</b>	<b>906</b>	<b>200</b>	<b>7,595</b>	<b>3,282</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>81,107</b>	<b>69,973</b>	<b>135,473</b>	<b>105,917</b>	<b>216,580</b>	<b>175,890</b>
<b>CURRENT LIABILITIES:</b>						
Accounts payable and accrued expenses	3,414	1,819	5,300	722	8,714	2,541
Bonds, notes, and capital leases payable	2,555	1,862	3,950	3,770	6,505	5,632
Other	939	756	654	47	1,593	803
<b>TOTAL CURRENT LIABILITIES</b>	<b>6,908</b>	<b>4,437</b>	<b>9,904</b>	<b>4,539</b>	<b>16,812</b>	<b>8,976</b>

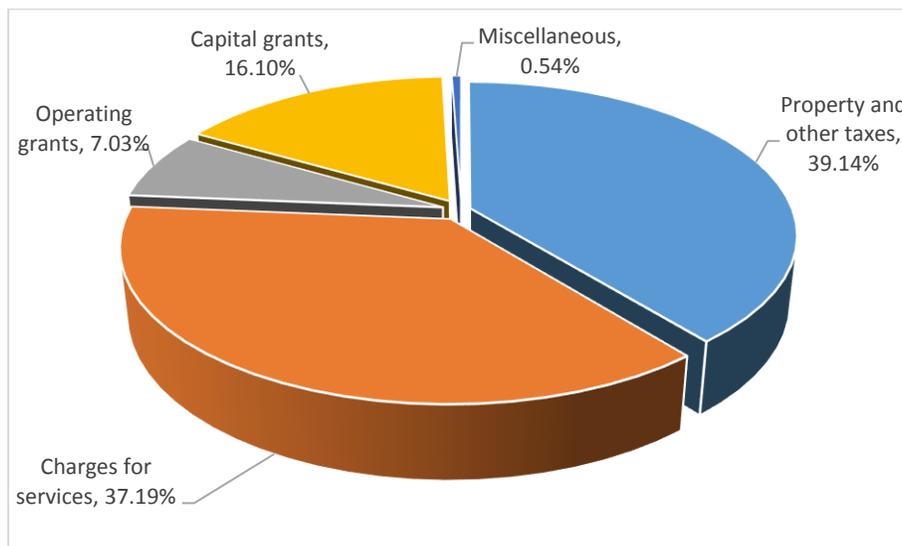
**Table A-1**  
**CITY'S NET POSITION**  
 (in thousands of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
(cont'd)						
<b>NONCURRENT LIABILITIES:</b>						
Compensated absences	1,388	1,292	193	195	1,581	1,487
Post-employment benefits	17,082	15,487	4,270	3,872	21,352	19,359
Net pension liability	25,621	21,988	3,877	1,410	29,498	23,398
Bonds, notes, and capital leases payable	21,371	18,402	58,661	47,173	80,032	65,575
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>65,462</b>	<b>57,169</b>	<b>67,001</b>	<b>52,650</b>	<b>132,463</b>	<b>109,819</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Deferred inflows – pensions	2,415	2,617	369	174	2,784	2,791
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,415</b>	<b>2,617</b>	<b>369</b>	<b>174</b>	<b>2,784</b>	<b>2,791</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>74,785</b>	<b>64,223</b>	<b>77,274</b>	<b>57,363</b>	<b>152,059</b>	<b>121,586</b>
<b>NET POSITION:</b>						
Net investment in capital assets	24,470	28,513	38,987	26,665	63,457	55,178
Restricted	8,602	8,703	19,315	15,584	27,917	24,287
Unrestricted (Deficit)	(26,750)	(31,466)	(103)	6,305	(26,853)	(25,161)
<b>TOTAL NET POSITION</b>	<b>\$ 6,322</b>	<b>\$ 5,750</b>	<b>\$ 58,199</b>	<b>\$ 48,554</b>	<b>\$ 64,521</b>	<b>\$ 54,304</b>

Net position of the City's governmental activities increased 9.95 percent to \$6,322,277 due primarily to increases in capital assets, offset by increases in bonds and capital leases payable and other liabilities of a lesser amount. Net position of the City's business-type activities increased 19.86 percent to \$58,198,888 due to increases capital assets related to the ongoing construction of the City's wastewater treatment plant.

The City's total revenues were \$62,801,985. A significant portion (39.14 percent) of the City's revenue comes from property and other taxes. (See Figure A-3). A portion (37.19 percent) comes from charges for services, 7.03 percent is derived from operating grants, and 16.10 percent is derived from capital grants and contributions. The remaining 0.54 percent comes from miscellaneous, capital grants, and investment earnings. The total cost of all programs and services was \$52,584,848.

**Figure A-3**  
**CITY'S SOURCES OF REVENUES**  
 Fiscal Year 2016



**Table A-2**  
 SOURCES OF REVENUES  
 (in thousands of dollars)

	Governmental Activities		Business-type Activities		Totals		Percentage
	2016	2015	2016	2015	2016	2015	Change 2016-2015
Program revenues:							
Charges for services	\$ 7,126	\$ 6,557	\$ 16,230	\$ 15,984	\$ 23,356	\$ 22,541	4%
Operating grants	4,414	3,741	-	-	4,414	3,741	18%
Capital grants	557	255	9,555	-	10,112	255	3,865%
General revenues:							
Property and other taxes	24,579	23,976	-	-	24,579	23,976	3%
Investment earnings	50	24	44	14	94	38	150%
Transfers	(46)	(23)	46	23	-	-	0%
Miscellaneous	247	192	-	21	247	213	16%
Total Revenues	<u>\$ 36,927</u>	<u>\$ 34,722</u>	<u>\$ 25,875</u>	<u>\$ 16,042</u>	<u>\$ 62,802</u>	<u>\$ 50,764</u>	<u>24%</u>

Table A-3 presents the costs of each of the City's functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

**Table A-3**  
 NET COST OF CITY FUNCTIONS  
 (in thousands of dollars)

	Total Cost of Services			Net (Revenue) Cost of Services		
	2016	2015	% Change	2016	2015	% Change
Governmental Activities:						
General government	\$ 3,936	\$ 3,585	9.8%	\$ 1,113	\$ 1,353	-17.7%
Public safety	22,542	21,773	3.5%	15,555	15,681	-0.8%
Public works	6,053	6,814	-11.2%	4,300	5,241	-18.0%
Recreation and culture	2,144	2,038	5.2%	1,610	1,382	16.4%
Nondepartmental	1,007	618	62.9%	1,007	618	62.9%
Interest on long-term debt	673	690	-2.5%	673	690	-2.5%
Total Governmental Activities	<u>36,355</u>	<u>35,518</u>		<u>24,258</u>	<u>24,965</u>	
Business-type Activities:						
Water and sewer	14,946	12,862	16.2%	(9,322)	(2,244)	315.4%
Mitchell Landing	199	172	15.7%	28	(5)	-660.0%
Other	1,085	718	51.1%	(261)	17	-1,635.3%
Extraordinary loss	-	39,675	-100.0%	-	39,675	-100.0%
Total Business-type Activities	<u>16,230</u>	<u>53,427</u>		<u>(9,555)</u>	<u>37,443</u>	
Total	<u>\$ 52,585</u>	<u>\$ 88,945</u>		<u>\$ 14,702</u>	<u>\$ 62,408</u>	

**Table A-4**  
 CHANGE IN NET POSITION  
 (in thousands of dollars)

Governmental Activities		Business-type Activities		Totals	
2016	2015	2016	2015	2016	2015
<u>\$ 572</u>	<u>\$ (796)</u>	<u>\$ 9,645</u>	<u>\$ (37,385)</u>	<u>\$ 10,217</u>	<u>\$ (38,181)</u>

**Governmental Activities**

Property and other tax revenues increased approximately \$0.6 million due to improvements in economic conditions. The cost of all *governmental* activities this year was \$36.4 million. However, the amount that the City's taxpayers paid for these activities through taxes was only \$24.6 million. Some of the cost was paid by those who directly benefited from the programs, \$7.1 million, or by grants and contributions, \$4.4 million. The total cost of governmental activities increased \$0.8 million, which can be attributed largely to increases in Public Safety and General Government.

**Business-type Activities**

Revenues of the City's business-type activities were \$25.9 million in FY 2016, an increase from \$16.0 million in FY 2015 (refer to Table A-2), while expenses were \$16.2 million in FY 2016 versus \$53.4 million in FY 2015. The revenue increase is primarily due to grant funds received by the City in FY 2016 totaling \$9.6 million to aid in the construction of the City's wastewater treatment plant. Overall costs decreased by \$37.2 million due largely due to a \$39.7 million impairment loss of the wastewater treatment plant realized in FY 2015.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As of the end of FY 2016, the City's governmental funds reported a combined fund balance of \$20.6 million, a \$0.6 million decline from the previous year. At year end, the General Fund had a fund balance of \$12.6 million and the Capital Improvements Fund had a fund balance of \$ 7.3 million. The fund balance for other governmental funds reported an ending in fund balance of \$0.7 million. Revenue collections were less than expenditures by \$6.6 million for the year.

**General Fund Budgetary Highlights**

Over the course of the year, the City processed budget amendments which are used to update the revised budget. The ending revised budget for expenditures in the general fund was \$39.5 million (including operating transfers), versus an original budget of \$37.9 million. The majority of the variance is due a carry forward of encumbrances from FY 2015. Actual expenditures were \$3.6 million below final budget amounts. All departments were under budget during the year.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2016, the City had invested \$209.5 million in a broad range of capital assets. (See Table A-4.)

**Table A-5**  
CITY'S CAPITAL ASSETS  
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Totals		Total % Change
	2016	2015	2016	2015	2016	2015	
Land and art	\$ 8,375	\$ 8,160	\$ 2,164	\$ 2,164	\$ 10,539	\$ 10,324	2.1%
Construction-in-progress	7,517	1,085	33,509	8,813	41,026	9,898	314.5%
Land improvements	767	767	2,014	2,014	2,781	2,781	0.0%
Buildings and improvements	21,287	21,283	49,155	49,345	70,442	70,628	-0.3%
Improvements, non-buildings	15,706	15,385	36,532	35,770	52,238	51,155	2.1%
Machinery and equipment	19,751	18,834	12,715	11,633	32,466	30,467	6.6%
Zoo animals	36	36	-	-	36	36	0.0%
Totals at historical cost	73,439	65,550	136,089	109,740	209,528	175,289	19.5%
Total accumulated depreciation	25,043	23,425	34,491	32,130	59,534	55,555	7.2%
 Net Capital Assets	 \$ 48,396	 \$ 42,125	 \$ 101,598	 \$ 77,609	 \$ 149,994	 \$ 119,734	 25.3%

The City's governmental capital purchases for fiscal year 2016 included the purchase of 14 police vehicles along with the completion of the Animal Health Building. Infrastructure improvements included the Main Street Master Plan, Market Street Shoreline, and Riverwalk. The new fire station also began construction this fiscal year. The business-type activities additions to capital assets include the purchase of two used dump trucks and the completion of the caustic chemical building. Continuing projects include the Park Street and Fitzwater lift stations, and the wastewater treatment plant. More information about the City's capital assets is presented in the notes to the financial statements.

**Long-term Debt**

At year end, the City had \$86.5 million in bonds, notes, and leases outstanding, an increase of \$15.3 million over the previous year. During fiscal year 2016, the City issued \$4.7 million of Public Improvement bonds to finance a number of public works projects, including renovations and improvements to Main Street, storm drain infrastructure improvements, and other various renovations and improvements of City infrastructure. The City also drew down \$14.4 million in revolving loan funds from federal loans administered by the Maryland Department of the Environment to finance the construction of its wastewater treatment plant, as well as to fund other water quality infrastructure improvements.

The City is limited to a maximum general obligation bond limit of \$49.8 million. Debt in enterprise funds are not subject to the maximum bond limit. The City has recently issued its debt through private placement or use of loan programs with the State of Maryland; thus, it does not go to the credit rating agencies. More detailed information about the City's long-term liabilities is presented in Note 6 to the financial statements.

**Table A-6**  
CITY'S LONG-TERM DEBT  
(in thousands of dollars)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>		<u>Total % Change</u>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
Leases payable	\$ 1,963	\$ 934	\$ 558	\$ 166	\$ 2,521	\$ 1,100	129%
Bonds payable	21,848	19,186	60,671	49,396	82,519	68,582	2%
Mortgages and notes payable	<u>115</u>	<u>144</u>	<u>1,382</u>	<u>1,382</u>	<u>1,497</u>	<u>1,526</u>	-2%
Total Bonds and Notes Payable	<u>\$ 23,926</u>	<u>\$ 20,264</u>	<u>\$ 62,611</u>	<u>\$ 50,944</u>	<u>\$ 86,537</u>	<u>\$ 71,208</u>	22%

**ECONOMIC FACTORS**

- Construction activity is increasing in the City, with a mixture of residential and commercial projects starting during the year. The City collected \$333,147 in building permit revenues for FY 2016 vs. \$199,710 for FY 2015.
- The City received \$136,213 more in real estate property tax revenue in FY 2016. The total of other tax revenues were \$608,081 more in FY 2016 than FY 2015. In particular, the City's share of the State-shared income tax increased \$251,437 from FY 2015.
- The City's three-year reassessment cycle started in January 2015. The adjusted assessed value of all properties in the City increased \$40.5 million from the prior year. The increase in the amount of property taxes billed as a result of the increase in the assessed value was offset by increases for tax credits and abatements given during the year.
- The local (Wicomico County) unemployment rate as of July 2016 was 5.5 percent, down from 6.3 percent from a year ago. The State of Maryland had a 4.6 percent rate, and the nation as a whole has a 5.1 percent unemployment rate.

**WATER SEWER FUND**

The water and sewer fund final budget decreased from \$18.8 million in FY 2015 to \$17.9 million in FY 2016. The City is in the process of upgrading the Wastewater Treatment Plant ("WWTP"). After the last upgrade in 2008, the WWTP has not produced effluent at the level required by the State. As a result, the City completed a corrective action plan for the WWTP upgrade, which was approved by the State of Maryland Department of the Environment. The City is under an amended consent order from the State of Maryland, which dictates that the upgrade must be complete and the WWTP meeting effluent limits by

December 31, 2017. The design of the upgrades outlined in the corrective action plan is complete and the project is under construction. The total construction cost is \$50.1 million and is funded with Biological Nutrient Removal and Enhanced Nutrient Removal (BNR/ENR) grants and a 0 percent interest State Revolving Fund loan. The construction notice to proceed was granted on June 10, 2015, and significant construction occurred during FY 2016. The contract is for 30 months, and the completion shall occur by December 2017.

#### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Director of Internal Services in the Finance Division, 125 North Division Street, Room 103, Salisbury, MD 21801 or visit the City's website at [www.ci.salisbury.md.us](http://www.ci.salisbury.md.us).

**CITY OF SALISBURY, MARYLAND**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Current assets:			
Cash and investment pool	\$ 11,210,005	\$ 4,443,983	\$ 15,653,988
Taxes receivable, net	1,111,715	-	1,111,715
Accounts receivable, net	2,158,571	2,803,080	4,961,651
Due from other governmental units	1,646,227	5,678,718	7,324,945
Internal balances	200,906	(200,906)	-
Inventories	866,952	525,542	1,392,494
Prepaid expenses	224,688	404,192	628,880
Total Current Assets	17,419,064	13,654,609	31,073,673
Noncurrent assets:			
Restricted cash and investments	8,602,476	19,314,930	27,917,406
Construction-in-progress	7,516,958	33,509,484	41,026,442
Land and art	8,374,538	2,163,503	10,538,041
Capital assets at cost	57,547,794	100,415,597	157,963,391
Less accumulated depreciation	(25,043,158)	(34,491,103)	(59,534,261)
Total Noncurrent Assets	56,998,608	120,912,411	177,911,019
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension contributions	2,878,455	340,408	3,218,863
Deferred pension	3,810,243	565,122	4,375,365
Total Deferred Outflows of Resources	6,688,698	905,530	7,594,228
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 81,106,370</b>	<b>\$ 135,472,550</b>	<b>\$ 216,578,920</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 3,414,239	\$ 5,300,068	\$ 8,714,307
Unearned revenue	98,586	489,706	588,292
Due to other governmental units	3,150	-	3,150
Deposits and advance payments of taxes	575,905	23,053	598,958
Compensated absences	154,210	21,492	175,702
Accrued interest payable	105,968	119,642	225,610
Bonds, notes, and capital leases payable	2,555,034	3,949,716	6,504,750
Total Current Liabilities	6,907,092	9,903,677	16,810,769
Noncurrent liabilities:			
Compensated absences	1,387,892	193,426	1,581,318
Post-employment benefits	17,081,891	4,270,473	21,352,364
Net pension liability	25,621,249	3,876,619	29,497,868
Bonds, notes, and capital leases payable	21,370,923	58,660,764	80,031,687
Total Noncurrent Liabilities	65,461,955	67,001,282	132,463,237
Total Liabilities	72,369,047	76,904,959	149,274,006
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension	2,415,046	368,703	2,783,749
<b>NET POSITION</b>			
Net investment in capital assets	24,470,175	38,987,001	63,457,176
Restricted	8,602,476	19,314,930	27,917,406
Unrestricted (deficit)	(26,750,374)	(103,043)	(26,853,417)
Total Net Position	6,322,277	58,198,888	64,521,165
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 81,106,370</b>	<b>\$ 135,472,550</b>	<b>\$ 216,578,920</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF SALISBURY, MARYLAND  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>						
General government	\$ 3,936,473	\$ 2,010,719	\$ 408,056	\$ (1,113,120)	-	\$ (1,113,120)
Public safety	22,542,107	3,774,934	-	(15,555,362)	-	(15,555,362)
Public works	6,052,690	806,112	148,962	(4,299,679)	-	(4,299,679)
Recreation and culture	2,143,629	534,242	-	(1,609,387)	-	(1,609,387)
Nondepartmental	1,006,594	-	-	(1,006,594)	-	(1,006,594)
Interest on long-term debt	672,878	-	-	(672,878)	-	(672,878)
Total Governmental Activities	<u>36,354,371</u>	<u>7,126,007</u>	<u>557,018</u>	<u>(24,257,020)</u>	<u>-</u>	<u>(24,257,020)</u>
<b>BUSINESS-TYPE ACTIVITIES</b>						
Water and sewer	14,946,067	14,712,908	9,555,411	-	9,322,252	9,322,252
Mitchell Landing	199,260	171,037	-	-	(28,223)	(28,223)
Other	1,085,150	1,345,965	-	-	260,815	260,815
Total Business-type Activities	<u>16,230,477</u>	<u>16,229,910</u>	<u>9,555,411</u>	<u>-</u>	<u>9,554,844</u>	<u>9,554,844</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 52,584,848</u>	<u>\$ 23,355,917</u>	<u>\$ 10,112,429</u>	<u>(24,257,020)</u>	<u>9,554,844</u>	<u>(14,702,176)</u>
<b>GENERAL REVENUES AND TRANSFERS</b>						
Taxes						
Real and personal property taxes, levied for general purposes				16,674,838	-	16,674,838
Ordinary business corporations and utilities				5,674,764	-	5,674,764
State-shared income tax				1,882,874	-	1,882,874
Other taxes				345,510	-	345,510
Investment earnings				50,457	44,564	95,021
Miscellaneous				246,306	-	246,306
Transfer of capital assets				(200,045)	200,045	-
Operating transfers				154,320	(154,320)	-
TOTAL GENERAL REVENUES AND TRANSFERS				<u>24,829,024</u>	<u>90,289</u>	<u>24,919,313</u>
<b>CHANGE IN NET POSITION</b>				572,004	9,645,133	10,217,137
<b>NET POSITION, BEGINNING OF YEAR, RESTATED</b>				<u>5,750,273</u>	<u>48,553,755</u>	<u>54,304,028</u>
<b>NET POSITION, END OF YEAR</b>				<u>\$ 6,322,277</u>	<u>\$ 58,198,888</u>	<u>\$ 64,521,165</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF SALISBURY, MARYLAND**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	General Fund	Capital Improvements Fund	Nonmajor Funds	Total
<b>ASSETS</b>				
Cash	\$ 7,579,636	\$ -	\$ 248,206	\$ 7,827,842
Investment pool	3,502,929	-	37,649	3,540,578
Taxes receivable	1,995,481	-	-	1,995,481
Less allowance for uncollectibles	(883,766)	-	-	(883,766)
Due from other governmental units	220,345	278,008	1,147,874	1,646,227
Due from other funds	276,868	-	-	276,868
Sundry accounts receivable	4,162,372	-	305,733	4,468,105
Less allowance for uncollectibles	(2,309,534)	-	-	(2,309,534)
Inventory	866,952	-	-	866,952
Prepaid expenditures	224,688	-	-	224,688
Restricted cash	802,237	889,124	-	1,691,361
Restricted investment pool	-	6,911,115	-	6,911,115
<b>TOTAL ASSETS</b>	<b><u>\$16,438,208</u></b>	<b><u>\$ 8,078,247</u></b>	<b><u>\$ 1,739,462</u></b>	<b><u>\$26,255,917</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Cash overdraft	\$ -	\$ -	\$ 158,415	\$ 158,415
Accounts payable and accrued expenses	1,909,863	767,217	737,159	3,414,239
Due to other funds	-	-	75,962	75,962
Due to other governmental units	3,150	-	-	3,150
Unearned revenue	-	-	98,586	98,586
Deposits and advance payment of taxes	575,905	-	-	575,905
Compensated absences	152,611	-	1,599	154,210
<b>Total Liabilities</b>	<b><u>2,641,529</u></b>	<b><u>767,217</u></b>	<b><u>1,071,721</u></b>	<b><u>4,480,467</u></b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue	1,224,445	-	-	1,224,445
<b>Total Deferred Inflows of Resources</b>	<b><u>1,224,445</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,224,445</u></b>
<b>Fund Balances:</b>				
Nonspendable	1,091,640	-	-	1,091,640
Restricted	-	7,311,030	-	7,311,030
Committed	1,798,752	-	313,607	2,112,359
Assigned	2,173,376	-	354,134	2,527,510
Unassigned	7,508,466	-	-	7,508,466
<b>Total Fund Balances</b>	<b><u>12,572,234</u></b>	<b><u>7,311,030</u></b>	<b><u>667,741</u></b>	<b><u>20,551,005</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$16,438,208</u></b>	<b><u>\$ 8,078,247</u></b>	<b><u>\$ 1,739,462</u></b>	<b><u>\$26,255,917</u></b>

The accompanying notes are an integral part of these financial statements.

**CITY OF SALISBURY, MARYLAND  
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS  
TO STATEMENT OF NET POSITION  
JUNE 30, 2016**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 20,551,005

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements but are reported in the governmental activities column of the statement of net position. 48,396,132

Certain revenues that do not provide current financial resources are reported as unavailable revenue in the fund financial statements but are reported as revenue in the governmental activities column of the statement of activities. 1,224,445

Some liabilities are not due and payable in the current period and, therefore, are not reported in the fund financial statements but are reported in the governmental activities column statement of net position. Those liabilities consist of:

Bonds, notes, and capital leases payable	\$ (23,925,957)	
Compensated absences	(1,387,892)	
Post-employment benefits	(17,081,891)	
Accrued interest on bonds	(105,968)	
Net pension liability	<u>(25,621,249)</u>	(68,122,957)

Deferred inflows and outflows related to the City's net pension liability are based on the differences between actuarially determined actual and expected investment returns, changes in assumptions, and pension contributions made after the measurement date of the net pension liability. These amounts will be amortized over the estimated remaining average service life of the employees.

Deferred pension contributions	2,878,455	
Deferred outflows of resources - pensions	3,810,243	
Deferred inflows of resources - pensions	<u>(2,415,046)</u>	<u>4,273,652</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 6,322,277

The accompanying notes are an integral part of these financial statements.

**CITY OF SALISBURY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	General Fund	Capital Improvements Fund	Nonmajor Funds	Total
<b>REVENUES</b>				
Taxes	\$ 24,506,195	\$ -	\$ -	\$ 24,506,195
Other revenue	4,563,763	18,379	66	4,582,208
Intergovernmental revenues	2,312,521	-	2,327,561	4,640,082
Charges for services	3,035,614	-	122,447	3,158,061
<b>TOTAL REVENUES</b>	<u>34,418,093</u>	<u>18,379</u>	<u>2,450,074</u>	<u>36,886,546</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,950,118	-	830,341	3,780,459
Public safety	19,611,828	-	423,704	20,035,532
Public works	4,933,359	-	37,325	4,970,684
Recreation and culture	1,910,125	-	-	1,910,125
Nondepartmental	1,006,594	-	-	1,006,594
Capital outlays	1,661,702	6,058,195	1,232,951	8,952,848
Debt service:				
Principal	2,152,098	-	-	2,152,098
Interest	650,321	-	-	650,321
Issuance costs	23,927	-	-	23,927
<b>TOTAL EXPENDITURES</b>	<u>34,900,072</u>	<u>6,058,195</u>	<u>2,524,321</u>	<u>43,482,588</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>(481,979)</u>	<u>(6,039,816)</u>	<u>(74,247)</u>	<u>(6,596,042)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in (out)	(950,897)	741,453	363,764	154,320
Proceeds from bond issuance	-	4,135,138	-	4,135,138
Proceeds from extended term financing	1,697,575	-	-	1,697,575
Proceeds from sale of capital assets	13,683	-	-	13,683
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>760,361</u>	<u>4,876,591</u>	<u>363,764</u>	<u>6,000,716</u>
<b>NET CHANGE IN FUND BALANCES</b>	278,382	(1,163,225)	289,517	(595,326)
<b>FUND BALANCES, BEGINNING OF YEAR, RESTATED</b>	<u>12,293,852</u>	<u>8,474,255</u>	<u>378,224</u>	<u>21,146,331</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 12,572,234</u>	<u>\$ 7,311,030</u>	<u>\$ 667,741</u>	<u>\$ 20,551,005</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF SALISBURY, MARYLAND**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (595,326)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:

Capital outlays	\$ 8,752,396	
Loss on disposal	(82,564)	
Capital assets transferred to Stormwater Utility Fund	(218,518)	
Depreciation expense	<u>(2,179,866)</u>	6,271,448

Bond and capital lease proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net position. In the current period, bond and capital leases of this amount were issued. (5,832,713)

Because some revenues will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Unavailable revenues decreased by this amount this year. 71,790

Governmental funds report repayment of debt principal as an expenditure. In contrast, the statement of net position treats such repayments as a reduction in long-term liabilities. Also, capital lease liabilities were transferred to business-type activities, resulting in an increase in net position for governmental activities. 2,170,546

Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:

Increase in compensated absences	(96,143)	
Increase in post-employment benefits	(1,595,200)	
Decrease in accrued interest payable	1,382	
Increase in deferred pension contributions	114,482	
Increase in deferred outflow - pension	3,492,162	
Increase in net pension liability	(3,632,680)	
Decrease in deferred inflow - pension	<u>202,256</u>	<u>(1,513,741)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 572,004

The accompanying notes are an integral part of these financial statements.

**CITY OF SALISBURY, MARYLAND**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2016**

	Enterprise Funds			Total
	Water and Sewer Fund	Mitchell Landing Fund	Nonmajor Funds	
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
Current assets:				
Cash	\$ 3,426,958	\$ 19,153	\$ 261,542	\$ 3,707,653
Investment pool	535,558	-	200,772	736,330
Accounts receivable	2,701,251	3,929	97,900	2,803,080
Due from other governmental units	5,677,419	-	1,299	5,678,718
Prepaid expenses	404,192	-	-	404,192
Inventories	525,542	-	-	525,542
Total Current Assets	<u>13,270,920</u>	<u>23,082</u>	<u>561,513</u>	<u>13,855,515</u>
Noncurrent assets:				
Restricted cash	327,820	260,064	-	587,884
Restricted investment pool	18,727,046	-	-	18,727,046
Capital assets:				
Construction-in-progress	33,509,484	-	-	33,509,484
Land	266,703	114,010	1,782,790	2,163,503
Buildings, equipment, and improvements	92,082,135	1,454,319	6,879,143	100,415,597
Less accumulated depreciation	(29,242,504)	(847,257)	(4,401,342)	(34,491,103)
Total Noncurrent Assets	<u>115,670,684</u>	<u>981,136</u>	<u>4,260,591</u>	<u>120,912,411</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension contributions	323,305	-	17,103	340,408
Deferred pension	536,729	-	28,393	565,122
Total Deferred Outflows of Resources	<u>860,034</u>	<u>-</u>	<u>45,496</u>	<u>905,530</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 129,801,638</u>	<u>\$ 1,004,218</u>	<u>\$ 4,867,600</u>	<u>\$ 135,673,456</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>				
<b>LIABILITIES</b>				
Due in one year:				
Accounts payable	\$ 5,009,208	\$ 18,654	\$ 20,135	\$ 5,047,997
Accrued payroll	233,898	988	17,185	252,071
Accrued interest payable	118,433	-	1,209	119,642
Due to other funds	-	-	200,906	200,906
Compensated absences	21,492	-	-	21,492
Bonds, notes, and capital leases payable	3,829,768	-	119,948	3,949,716
Deposits	12,302	10,023	728	23,053
Unearned revenue	489,706	-	-	489,706
Total Current Liabilities	<u>9,714,807</u>	<u>29,665</u>	<u>360,111</u>	<u>10,104,583</u>
Due in more than one year:				
Bonds, notes, and capital leases payable	56,724,342	1,381,807	554,615	58,660,764
Post-employment benefits	4,270,473	-	-	4,270,473
Compensated absences	193,426	-	-	193,426
Net pension liability	3,681,848	-	194,771	3,876,619
Total Noncurrent Liabilities	<u>64,870,089</u>	<u>1,381,807</u>	<u>749,386</u>	<u>67,001,282</u>
Total Liabilities	<u>74,584,896</u>	<u>1,411,472</u>	<u>1,109,497</u>	<u>77,105,865</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension	350,179	-	18,524	368,703
<b>NET POSITION (DEFICIT)</b>				
Net investment in capital assets	36,061,708	(660,735)	3,586,028	38,987,001
Restricted	19,054,866	260,064	-	19,314,930
Unrestricted (deficit)	(250,011)	(6,583)	153,551	(103,043)
Total Net Position (Deficit)	<u>54,866,563</u>	<u>(407,254)</u>	<u>3,739,579</u>	<u>58,198,888</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 129,801,638</u>	<u>\$ 1,004,218</u>	<u>\$ 4,867,600</u>	<u>\$ 135,673,456</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF SALISBURY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Enterprise Funds			Total
	Water and Sewer Fund	Mitchell Landing Fund	Nonmajor Funds	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 13,621,179	\$ 171,037	\$ 1,345,965	\$ 15,138,181
Penalties	72,551	-	-	72,551
Tapping charges and connection fees	361,758	-	-	361,758
Sundry income	216,012	-	-	216,012
Pretreatment monitoring fee	180,940	-	-	180,940
Impact fees	260,468	-	-	260,468
<b>TOTAL OPERATING REVENUES</b>	<u>14,712,908</u>	<u>171,037</u>	<u>1,345,965</u>	<u>16,229,910</u>
<b>OPERATING EXPENSES</b>				
Salaries	3,777,039	-	274,867	4,051,906
Personnel benefits	3,764,212	10,196	192,452	3,966,860
Professional and skilled services	499,001	66,040	139,010	704,051
Supplies	-	35,085	6,947	42,032
Other operating expenses	4,041,042	44,410	239,145	4,324,597
Equipment	2,106	-	36,784	38,890
Bad debt expense	-	7,983	-	7,983
<b>TOTAL OPERATING EXPENSES</b>	<u>12,083,400</u>	<u>163,714</u>	<u>889,205</u>	<u>13,136,319</u>
Operating income before depreciation	2,629,508	7,323	456,760	3,093,591
Depreciation	<u>2,153,181</u>	<u>35,546</u>	<u>170,077</u>	<u>2,358,804</u>
<b>NET OPERATING INCOME (LOSS)</b>	<u>476,327</u>	<u>(28,223)</u>	<u>286,683</u>	<u>734,787</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Operating transfers in (out)	8,774	-	(163,094)	(154,320)
Capital contributions	-	-	200,045	200,045
Grants	9,555,411	-	-	9,555,411
Interest income	42,842	1,427	295	44,564
Interest expense	<u>(709,486)</u>	<u>-</u>	<u>(25,868)</u>	<u>(735,354)</u>
<b>TOTAL NONOPERATING REVENUES</b>	<u>8,897,541</u>	<u>1,427</u>	<u>11,378</u>	<u>8,910,346</u>
<b>CHANGE IN NET POSITION</b>	9,373,868	(26,796)	298,061	9,645,133
<b>NET POSITION (DEFICIT), BEGINNING OF YEAR, RESTATED</b>	<u>45,492,695</u>	<u>(380,458)</u>	<u>3,441,518</u>	<u>48,553,755</u>
<b>NET POSITION (DEFICIT), END OF YEAR</b>	<u>\$ 54,866,563</u>	<u>\$ (407,254)</u>	<u>\$ 3,739,579</u>	<u>\$ 58,198,888</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF SALISBURY, MARYLAND**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Enterprise Funds			Total
	Water and Sewer Fund	Mitchell Landing Fund	Nonmajor Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers	\$ 12,421,862	\$ 166,760	\$ 1,295,875	\$ 13,884,497
Payments to suppliers	(3,066,130)	(169,909)	(385,203)	(3,621,242)
Payments to employees	(5,300,574)	-	(349,965)	(5,650,539)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>4,055,158</u>	<u>(3,149)</u>	<u>560,707</u>	<u>4,612,716</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Internal activity - payments (to) from other funds	8,774	-	(163,094)	(154,320)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>8,774</u>	<u>-</u>	<u>(163,094)</u>	<u>(154,320)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from sale of capital assets	322,000	-	-	322,000
Proceeds from issuance of bonds and extended term financing	12,104,552	-	214,665	12,319,217
Principal paid on bonds, notes, and capital leases	(3,720,628)	-	(136,996)	(3,857,624)
Interest paid on bonds, notes, and mortgages	(717,970)	-	(26,188)	(744,158)
Payments for capital acquisitions	(23,011,890)	-	(279,716)	(23,291,606)
Capital grants	10,045,117	-	-	10,045,117
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(4,978,819)</u>	<u>-</u>	<u>(228,235)</u>	<u>(15,252,171)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest income	42,842	1,427	295	44,564
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>42,842</u>	<u>1,427</u>	<u>295</u>	<u>44,564</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(872,045)	(1,722)	169,673	(704,094)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>23,889,427</u>	<u>280,939</u>	<u>292,641</u>	<u>24,463,007</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 23,017,382</u>	<u>\$ 279,217</u>	<u>\$ 462,314</u>	<u>\$ 23,758,913</u>
Cash	\$ 3,426,958	\$ 19,153	\$ 261,542	\$ 3,707,653
Investment pool	535,558	-	200,772	736,330
Restricted cash	327,820	260,064	-	587,884
Restricted investment pool	18,727,046	-	-	18,727,046
	<u>\$ 23,017,382</u>	<u>\$ 279,217</u>	<u>\$ 462,314</u>	<u>\$ 23,758,913</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 476,327	\$ (28,223)	\$ 286,683	\$ 734,787
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	2,153,181	35,546	170,077	2,358,804
Loss on disposal of asset	3,769	-	23,393	27,162
(Increase) Decrease in:				
Accounts receivable	105,599	(1,842)	(48,791)	54,966
Due from other governments	(2,396,645)	-	(1,299)	(2,397,944)
Prepaid expenses	(4,215)	-	-	(4,215)
Inventories	(31,542)	-	-	(31,542)
Deferred pension contributions	(150,173)	-	(10,015)	(160,188)
Deferred outflow - pension	(517,139)	-	(27,591)	(544,730)
Increase (Decrease) in:				
Accounts payable	1,508,007	(6,195)	13,290	1,515,102
Accrued payroll	427	-	3,948	4,375
Compensated absences	(1,926)	-	-	(1,926)
Post-employment benefits	398,800	-	-	398,800
Net pension liability	2,327,631	-	139,330	2,466,961
Deferred inflow - pension	183,057	-	11,682	194,739
Deposits	-	(2,435)	-	(2,435)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 4,055,158</u>	<u>\$ (3,149)</u>	<u>\$ 560,707</u>	<u>\$ 4,612,716</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Capital assets acquired through incurrence of accounts and retainage payable	<u>\$ 3,186,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,186,757</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF SALISBURY, MARYLAND**  
**STATEMENT OF NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2016**

	<u>Health Care Trust</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash	\$ -	\$ 395,569
Investment pool	-	63,458
Investments	1,411,841	-
Accounts receivable	-	204,957
	<u>1,411,841</u>	<u>663,984</u>
Total Assets		
<b>LIABILITIES</b>		
Accounts payable	-	291,645
Deposits	-	204,957
Due to other governmental units	-	167,382
	<u>-</u>	<u>663,984</u>
Total Liabilities		
<b>NET POSITION</b>		
Restricted	<u>\$ 1,411,841</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF SALISBURY, MARYLAND**  
**STATEMENT OF CHANGES IN NET POSITION - HEALTH CARE TRUST**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Health Care Trust</u>
<b>ADDITIONS</b>	
Interest	\$ 30,288
Net depreciation in fair value of investments	<u>(61,813)</u>
<b>TOTAL ADDITIONS (DEDUCTIONS)</b>	<u>(31,525)</u>
 <b>EXPENSES</b>	
Operating expenses	<u>4,363</u>
<b>TOTAL EXPENSES</b>	<u>4,363</u>
 <b>CHANGE IN NET POSITION</b>	 (35,888)
 <b>NET POSITION, BEGINNING OF YEAR</b>	 <u>1,447,729</u>
 <b>NET POSITION, END OF YEAR</b>	 <u><u>\$ 1,411,841</u></u>

The accompanying notes are an integral part of these financial statements.

## CITY OF SALISBURY, MARYLAND

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 DESCRIPTION OF THE CITY OF SALISBURY

The City of Salisbury, Maryland ("the City") was established in 1732. The City is governed by a Mayor and a board of five Council Members elected by the voters of the City.

#### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to local government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the City's accounting policies are described below.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision of whether to include a potential component unit was made by applying the criteria set forth in the GASB standards related to component units. The basic - but not the only - criterion for including a potential component unit is the exercise of oversight responsibility by the City's elected officials. Based upon the application of these criteria, the accompanying statements include the financial transactions of the Salisbury Zoo Commission, Inc. ("the Zoo"). The operations of the Zoo are included in the general fund.

##### Basis of Presentation

The City's basic financial statements consist of entity-wide statements, including a statement of net position and a statement of activities; and fund financial statements, which provide a more detailed level of financial information.

##### ENTITY-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the City. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for business-type activities of the City. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program; grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions.

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from general revenues of the City.

FUND FINANCIAL STATEMENTS

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at a more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets, liabilities, and deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

**General Fund** – The general fund is the general operating fund of the City. All general revenues and other receipts that are not allocated by law or contractual agreement to another fund and general operating expenditures are accounted for in this fund.

**Capital Improvements Fund** – The capital improvements fund is used to account for all financial transactions related to the acquisition or construction of major capital facilities for the governmental fund type activities.

PROPRIETARY FUNDS

Proprietary funds focus on the determination of changes in net position, financial position, and cash flows and are classified as enterprise funds.

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**Enterprise Funds** – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The City's major enterprise funds are:

- Water and Sewer Fund – The Water and Sewer Fund is used to account for all financial transactions, including the acquisition or construction of major capital facilities, related to the operations of the City's water and sewer services.
- Mitchell Landing Fund – The Mitchell Landing Fund is used to account for all financial transactions related to the operations of the Mitchell Landing Apartments, a low-income housing project which operates under the guidelines of the Maryland Department of Housing and Community Development.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The City's fiduciary funds include the volunteer firemen service award trust, health care trust, police-confiscated asset, and bay restoration funds. These funds account for assets held by the City in a trustee capacity or as fiscal agent for individuals, private organizations, other governments, and/or other funds.

Measurement Focus

**Entity-wide financial statements** – The entity-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the City are included on the statement of net position.

**Fund financial statements** – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the entity-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the entity-wide statements and the statements for governmental funds.

Like the entity-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the statement of revenues, expenses, and changes in net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Entity-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned and unavailable revenue, and in the presentation of expenses versus expenditures.

**Revenues - Exchange and Nonexchange Transactions** – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means received within 60 days after year end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, primarily include grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursable basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: charges for services, fines and forfeitures, state-levied locally shared taxes (including gasoline tax and motor vehicle license tax), grants, interest, and rent.

**Unavailable revenue** – Unavailable revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On the governmental fund financial statements, receivables that were not collected within the available period have been reported as unavailable revenue.

**Expenses/Expenditures** – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated items received during the year is reported in the operating statement as an expense with a like amount reported as donated revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(expenditures) rather than expenses. Expenditures generally are recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The City Council adopts an annual budget as set forth in the City Charter. The budget is prepared on the budgetary basis of accounting consistent with GAAP, except that depreciation is not considered. The Mayor may transfer the balance of unencumbered appropriations between general classifications of expenditures within an office, department, or agency. At the Mayor's request, in the last three months of the budget year, the Council may, by resolution, transfer any unencumbered appropriation balance from one office, department, or agency to another. All appropriations lapse at year end.

Cash Equivalents

For purposes of the statement of cash flows, the enterprise funds consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are recorded at fair value.

In establishing the fair value of investments, the City uses the following hierarchy. The lowest available level of valuation available is used for all investments.

*Level 1* – Valuations based on quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access.

*Level 2* – Valuations based on quoted prices of similar products in active markets or identical products in markets that are not active or for which all significant inputs are observable, directly or indirectly.

*Level 3* – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Allowance for Uncollectible Accounts

The City estimates an allowance for uncollectible accounts based upon an aging of the receivables and the City's historical collection rates experienced in prior years for each type of receivable. Real estate taxes that can be liened with Wicomico County for lack of payment are deemed to be fully collectible; other taxes, such as local personal taxes and ordinary business

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

corporation taxes which cannot be liened, are not considered fully collectible and are recorded net of an allowance. In addition, the City may terminate service and lien a user's property for delinquent water and sewer bills and, therefore, considers water and sewer utility receivables to be fully collectible.

Property Taxes

Property taxes attach as an enforceable lien as of July 1. Taxes are levied on July 1 and are recognized when levied. Taxes are due and payable on or before September 30, and all unpaid taxes become delinquent October 1. Wicomico County, Maryland bills and collects property taxes for the City. Real property taxes uncollected as of 60 days after fiscal year end are considered unavailable to pay liabilities that are owed at the balance sheet date and, therefore, are included in deferred inflows of resources in the balance sheet – governmental funds. An allowance is established for delinquent personal property taxes to the extent that their collectibility is improbable. At June 30, 2016, all property taxes were deemed collectible, and there was no allowance.

Inventories

Inventory is presented at the lower of cost or market on a first-in, first-out basis and is expensed when used.

Capital Assets

General capital assets are those assets not specifically related to activities reported in proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the entity-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the entity-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical costs) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$10,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add value to the asset or materially extend an asset's life are not capitalized.

All reported capital assets except land, art, and construction-in-progress are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	10 - 40 years
Buildings and improvements	10 - 40 years
Improvements, nonbuildings	10 - 40 years
Machinery and equipment	5 - 15 years

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Compensated Absences

The City accrues a liability for vested compensated absences including vacation, sick leave, compensatory time, and holidays worked with various limitations on each type of compensated absence. All accrued compensated absences liabilities are recorded in the entity-wide financial statements.

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the entity-wide statements; and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

Net Position

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by grantors, creditors, or laws or regulations of other governments. Amounts not meeting the definition of restricted or net investment in capital assets are reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance (Deficit)

Fund balance will be displayed in the following classifications (if applicable) depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

*Nonspendable* – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

CITY OF SALISBURY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS

NOTE 2     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

*Restricted* – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* – amounts that can be used only for specific purposes determined by formal action of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through resolutions approved by the City Council.

*Assigned* – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. City Council has designated the Director of Internal Services the authority to assign amounts for specific purposes.

*Unassigned* – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds and, finally, unassigned funds, as needed, unless City Council or the Director of Internal Services has provided otherwise in its commitment or assignment actions.

The deficit in the Mitchell Landing Fund (major enterprise fund) as of June 30, 2016 was \$407,254. This deficit is due to depreciation which cannot be recaptured through user charges.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water and sewer. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues not meeting these definitions are reported as nonoperating.

Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Implementation of GASB Statements

During the year ended June 30, 2016, the City implemented GASB Statement No. 72, "Fair Value Measurement and Application." GASB Statement No. 72 provides guidance for determining a fair value measurement for financial reporting purposes and applying fair value to certain investments, as well as improving disclosures related to all fair value measurements. The effects of this statement have been included in the City's financial statements.

NOTE 3 CASH AND INVESTMENTS

The City maintains a cash account and an investment pool that is available for use by all funds. Each fund reports its portion of this account and pool. Additional cash and investment accounts are also held separately by several of the City's funds.

The City follows the State of Maryland laws related to types of deposits and investments, selection of depositories, and collateral requirements.

Cash and deposits

At June 30, 2016, the carrying amount of the City's deposits was \$14,051,894, and the bank balance was \$13,913,929. Of the bank balance, \$967,158 was covered by federal depository insurance, and \$12,946,771 was exposed to custodial credit risk because, in accordance with Maryland State law, it was uninsured and the collateral held by the depository's agent was not in the City's name.

Investment Pool

The City is a participant of the MLGIP, which provides all local government units of the State a safe investment vehicle for short-term investment of funds. The State Legislature created MLGIP with the passage of Article 95 22G of the Annotated Code of Maryland. The MLGIP, under the administrative control of the State Treasurer, has been managed by PNC Institutional Investments. An MLGIP Advisory Committee comprised of current participants was formed to review, on a quarterly basis, the activities of the fund and to provide suggestions to enhance the pool.

As of June 30, 2016, the City's investment pool consisted of MLGIP investments which are rated AAAM by a nationally recognized statistical rating organization. The carrying value of the investment pool at June 30, 2016 was \$29,978,527.

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 3 CASH AND INVESTMENTS (cont'd)

Restricted Cash

Restricted cash in the governmental funds represents funds held in escrow by a local financial institution relating to the 2009, 2008, 2007, 2004, and 2003 Public Improvement Bonds. Additional restricted cash in the enterprise funds represents a replacement reserve fund for the Mitchell Landing Fund and funds held in escrow for the 2009, 2008, and 2007 Public Improvement Bonds.

Retiree Health Plan Trust

The investment policy of the City of Salisbury Health Care Trust requires that the funds be managed as a balanced account with approximately 60 percent equities, and 40 percent cash and equivalents and government and corporate bonds. The investments are held at State Street Bank in the City's name. The total investment balance in this fund at June 30, 2016 was \$1,411,841.

The City did not have any individual investments that exceeded five percent of the total investment amount.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City has the following recurring fair value measurements as of June 30, 2016:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Money markets	\$ 30,073,478	\$ 30,073,478	\$ -
Government and agency bonds	76,214	-	76,214
Corporate bonds	238,692	-	238,692
Mutual funds	139,223	139,223	-
Common stock	862,761	862,761	-
<b>TOTAL</b>	<b>\$ 31,390,368</b>	<b>\$ 31,075,462</b>	<b>\$ 314,906</b>

Investments in corporate bonds held at June 30, 2016 are as follows:

<u>Quantity</u>	<u>Company</u>	<u>Interest Rate</u>	<u>Due Date</u>
10,000	The Walt Disney Company	1.35%	08/16/16
10,000	Intel Corp	1.95%	10/01/16
10,000	Becton Dickinson	1.75%	11/08/16
10,000	Deere Capital Corp.	2.00%	01/13/17
15,000	Berkshire Hathaway	1.60%	05/15/17
15,000	General Electric Company	5.25%	12/06/17

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 3 CASH AND INVESTMENTS (cont'd)

Quantity	Company	Interest Rate	Due Date
10,000	Costco Wholesale	1.125%	12/15/17
15,000	United Parcel Service, Inc.	5.50%	01/15/18
15,000	Caterpillar Financial Services	5.45%	04/15/18
10,000	GTE Corporation	6.84%	04/15/18
10,000	Merrill Lynch & Co., Inc.	6.875%	04/25/18
15,000	Johnson and Johnson	5.15%	07/15/18
10,000	PepsiCo Inc.	7.90%	11/01/18
15,000	Cisco Systems	2.125%	03/01/19
10,000	Pfizer, Inc.	6.20%	03/15/19
15,000	Franklin Resources, Inc.	4.625%	05/20/20
15,000	Charles Schwab Corp.	4.45%	07/22/20
15,000	Qualcomm Inc.	3.00%	05/20/22

NOTE 4 INTERFUND RECEIVABLES AND PAYABLES

As a result of its operations, the City effects a variety of transactions between funds to finance operations and service debt. Accordingly, to the extent that certain interfund transactions have not been paid or received as of June 30, 2016, appropriate due from/to other funds have been established. The composition of interfund balances as of June 30, 2016 is as follows:

<u>Receivable By</u>	<u>Amount</u>	<u>Payable From</u>	<u>Amount</u>
General Fund	\$ 200,906	Nonmajor Proprietary Funds	\$ 200,906
General Fund	<u>75,962</u>	Nonmajor Governmental Funds	<u>75,962</u>
	<u>\$ 276,868</u>		<u>\$ 276,868</u>

Interfund receivables/payables represent temporary borrowings between funds and general fund contributions to support certain enterprise activities.

Interfund transfers for the year ended June 30, 2016 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 950,897
Capital Improvements Fund	741,453	-
Nonmajor Governmental Funds	363,764	-
Water and Sewer Fund	8,774	-
Nonmajor Proprietary Funds	<u>-</u>	<u>163,094</u>
TOTAL	<u>\$ 1,113,991</u>	<u>\$ 1,113,991</u>

CITY OF SALISBURY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2016</u>
<b>GOVERNMENTAL ACTIVITIES</b>					
Capital assets not being depreciated:					
Land and art	\$ 8,159,743	\$ 214,795	\$ -	\$ -	\$ 8,374,538
Construction-in-progress	<u>1,084,710</u>	<u>6,836,812</u>	<u>(82,564)</u>	<u>(322,000)</u>	<u>7,516,958</u>
Total Capital Assets Not Being Depreciated	<u>9,244,453</u>	<u>7,051,607</u>	<u>(82,564)</u>	<u>(322,000)</u>	<u>15,891,496</u>
Capital assets being depreciated:					
Land improvements	767,410	-	-	-	767,410
Buildings and improvements	21,283,041	3,788	-	-	21,286,829
Improvements, non-buildings	15,384,551	-	-	322,000	15,706,551
Machinery and equipment	18,834,330	1,697,001	(780,327)	-	19,751,004
Zoo animals	<u>36,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,000</u>
Total Capital Assets Being Depreciated	56,305,332	1,700,789	(780,327)	322,000	57,547,794
Accumulated depreciation	<u>(23,425,101)</u>	<u>(2,179,866)</u>	<u>561,809</u>	<u>-</u>	<u>(25,043,158)</u>
Total Capital Assets Being Depreciated, Net	<u>32,880,231</u>	<u>(479,077)</u>	<u>(218,518)</u>	<u>322,000</u>	<u>32,504,636</u>
Governmental Activities Capital Assets, Net	<u>\$ 42,124,684</u>	<u>\$ 6,572,530</u>	<u>\$ (301,082)</u>	<u>\$ -</u>	<u>\$ 48,396,132</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 47,749
Public safety	1,297,256
Public works	679,937
Recreation and culture	<u>154,924</u>
Total depreciation expense	<u>\$ 2,179,866</u>

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2016</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
<b>Water and Sewer Fund</b>					
Capital assets not being depreciated:					
Land	\$ 266,703	\$ -	\$ -	\$ -	\$ 266,703
Construction-in-progress	<u>8,743,373</u>	<u>25,846,118</u>	<u>-</u>	<u>(1,080,007)</u>	<u>33,509,484</u>
Total Capital Assets Not Being Depreciated	<u>9,010,076</u>	<u>25,846,118</u>	<u>-</u>	<u>(1,080,007)</u>	<u>33,776,187</u>

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2016</u>
Capital assets being depreciated:					
Land improvements	430,636	-	-	-	430,636
Buildings and improvements	43,902,287	-	(300,000)	-	43,602,287
Improvements, non-buildings	35,704,794	3,769	(322,000)	1,080,007	36,466,570
Machinery and equipment	11,233,882	348,760	-	-	11,582,642
Total Capital Assets Being Depreciated	91,271,599	352,529	(622,000)	1,080,007	92,082,135
Accumulated depreciation	<u>(27,385,555)</u>	<u>(2,153,181)</u>	<u>296,232</u>	-	<u>(29,242,504)</u>
Total Capital Assets Being Depreciated, Net	<u>63,886,044</u>	<u>(1,800,652)</u>	<u>(325,768)</u>	<u>1,080,007</u>	<u>62,839,631</u>
Water and Sewer Fund Capital Assets, Net	<u>\$ 72,896,120</u>	<u>\$24,045,466</u>	<u>\$ (325,768)</u>	<u>\$ -</u>	<u>\$ 96,615,818</u>
<b>Parking Authority Fund</b>					
Capital assets not being depreciated:					
Land	\$ 467,790	\$ -	\$ -	\$ -	\$ 467,790
Construction-in-progress	<u>64,208</u>	-	<u>(18,000)</u>	<u>(46,208)</u>	-
Total Capital Assets Not Being Depreciated	<u>531,998</u>	-	<u>(18,000)</u>	<u>(46,208)</u>	<u>467,790</u>
Capital assets being depreciated:					
Land improvements	156,704	-	-	-	156,704
Buildings and improvements	3,877,491	62,851	-	46,208	3,986,550
Improvements, non-buildings	64,800	-	-	-	64,800
Machinery and equipment	<u>181,148</u>	<u>2,200</u>	-	-	<u>183,348</u>
Total Capital Assets Being Depreciated	4,280,143	65,051	-	46,208	4,391,402
Accumulated depreciation	<u>(2,503,711)</u>	<u>(97,272)</u>	-	-	<u>(2,600,983)</u>
Total Capital Assets Being Depreciated, Net	<u>1,766,432</u>	<u>(32,221)</u>	-	-	<u>1,790,419</u>
Parking Authority Fund Capital Assets, Net	<u>\$ 2,308,430</u>	<u>\$ (32,221)</u>	<u>\$ (18,000)</u>	<u>\$ -</u>	<u>\$ 2,258,209</u>
<b>City Marina Fund</b>					
Capital assets not being depreciated:					
Land	\$ 1,315,000	\$ -	\$ -	\$ -	\$ 1,315,000
Construction-in-progress	<u>5,393</u>	-	<u>(5,393)</u>	-	-
Total Capital Assets Not Being Depreciated	<u>1,320,393</u>	-	<u>(5,393)</u>	-	<u>1,315,000</u>

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2016</u>
Capital assets being depreciated:					
Land improvements	1,418,255	-	-	-	1,418,255
Buildings and improvements	209,494	-	-	-	209,494
Other fixed assets	128,221	-	-	-	128,221
Total Capital Assets Being Depreciated	1,755,970	-	-	-	1,755,970
Accumulated depreciation	(1,428,966)	(19,306)	-	-	(1,448,272)
Total Capital Assets Being Depreciated, Net	327,004	(19,306)	-	-	307,698
City Marina Fund Capital Assets, Net	<u>\$ 1,647,397</u>	<u>\$ (19,306)</u>	<u>\$ (5,393)</u>	<u>\$ -</u>	<u>\$ 1,622,698</u>
<b>Stormwater Utility Fund</b>					
Capital assets being depreciated:					
Other fixed assets	\$ -	\$ 214,665	\$ -	\$ 517,106	\$ 731,771
Total Capital Assets Being Depreciated	-	214,665	-	517,106	731,771
Accumulated depreciation	-	(53,499)	-	(298,588)	(352,087)
Total Capital Assets Being Depreciated, Net	-	161,166	-	218,518	379,684
City Storm Water Fund Capital Assets, Net	<u>\$ -</u>	<u>\$ 161,166</u>	<u>\$ -</u>	<u>\$ 218,518</u>	<u>\$ 379,684</u>
<b>Mitchell Landing Fund</b>					
Capital assets not being depreciated:					
Land	\$ 114,010	\$ -	\$ -	\$ -	\$ 114,010
Total Capital Assets Not Being Depreciated	114,010	-	-	-	114,010
Capital assets being depreciated:					
Land improvements	7,862	-	-	-	7,862
Buildings and improvements	1,357,052	-	-	-	1,357,052
Machinery and equipment	89,405	-	-	-	89,405
Total Capital Assets Being Depreciated	1,454,319	-	-	-	1,454,319
Accumulated depreciation	(811,711)	(35,546)	-	-	(847,257)
Total Capital Assets Being Depreciated, Net	642,608	(35,546)	-	-	607,062
Mitchell Landing Fund Capital Assets, Net	<u>\$ 756,618</u>	<u>\$ (35,546)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 721,072</u>

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

The majority of the construction-in-progress relates to the New Fire Station, Main Street Master Plan, Waverly Drive, Isabella Water Main, Skate Park, and Riverwalk Repairs for the governmental activities. Business-type projects included the expansion of the wastewater treatment plant, Paleo Well, and Parkside Lift Station. Refer to Note 11 for more information regarding the total project and completed amounts relating to these projects.

NOTE 6 LONG-TERM DEBT

The City's Charter provides that total bonded or other indebtedness of the City payable from its general tax revenues shall at no time exceed the total of two percent of the assessed valuation of all real property and five percent of the assessed valuation of all personal and corporate property subject to taxation by the City. The legal debt limit permitted at June 30, 2016 totaled \$49,846,128. After considering general obligations including mortgages and notes outstanding of \$21,963,437, the available additional debt margin was \$27,882,691.

Long-term debt activity for the year ended June 30, 2016, was as follows:

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2016</u>
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 19,186,225	\$ 4,135,138	\$(1,472,923)	\$ -	\$ 21,848,440
Mortgage and Notes Payable:					
Lawton Loan	143,745	-	(28,748)	-	114,997
Capital Lease Obligations	933,820	1,697,575	(650,427)	(18,448)	1,962,520
Compensated absences	<u>1,435,276</u>	<u>106,826</u>	<u>-</u>	<u>-</u>	<u>1,542,102</u>
Governmental Activities Long-term Debt	<u>\$ 21,699,066</u>	<u>\$ 5,939,539</u>	<u>\$(2,152,098)</u>	<u>\$ (18,448)</u>	<u>\$ 25,468,059</u>
<b>Business-type Activities:</b>					
General Obligation Bonds	\$ 49,395,716	\$14,997,173	\$(3,722,024)	\$ -	\$ 60,670,865
Mortgage and Notes Payable:					
Department of Housing and Community Development - Mitchell Landing Project - no interest or principal due while project serves as low- income rental housing	1,381,807	-	-	-	1,381,807
Capital Lease Obligations	166,133	508,827	(135,600)	18,448	557,808
Compensated absences	<u>216,844</u>	<u>-</u>	<u>(1,926)</u>	<u>-</u>	<u>214,918</u>
Business-type Activities Long-term Debt	<u>\$ 51,160,500</u>	<u>\$15,506,000</u>	<u>\$(3,859,550)</u>	<u>\$ 18,448</u>	<u>\$ 62,825,398</u>

CITY OF SALISBURY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (cont'd)

The City's long-term debt consisted of the following:

	Balance Outstanding	
	Governmental Activities	Business-type Activities
<p>In the year ended June 30, 2003, the City obligated itself to pay to MDE the amount of \$3,163,361 at an annual interest rate of 0.4 percent for wastewater treatment plant upgrades and expansion. Interest is payable semi-annually beginning August 1, 2003, and principal is payable annually beginning February 1, 2005 until the principal amount of the bond has been paid. The general obligation bond is accounted for in the water and sewer enterprise fund.</p>	\$ -	\$ 1,295,729
<p>In the year ended June 30, 2006, the City obligated itself to pay to MDE the amount of \$42,009,341 at an annual interest rate of 0.4 percent for wastewater treatment plant upgrades and expansion. Interest is payable semi-annually beginning February 1, 2006, and principal is payable annually beginning February 1, 2009 until the principal amount of the bond has been paid. The general obligation bond is accounted for in the water and sewer enterprise fund. As of June 30, 2016, total principal of \$41,721,225 has been drawn on this facility, and the principal amount outstanding totaled \$25,318,852.</p>	-	25,318,852
<p>In the year ended June 30, 2007, the City issued \$4,950,000 of Public Improvement Bonds at an interest rate of 4.03 percent. Interest is payable semi-annually beginning October 1, 2007. The bonds mature beginning April 1, 2008 and continuing through April 1, 2027. This obligation is accounted for in the general fund and water and sewer fund.</p>	794,800	1,927,700
<p>In the year ended June 30, 2008, the City issued \$3,605,000 of Public Improvement Bonds at an interest rate of 4.09 percent. Interest is payable semi-annually beginning August 1, 2008. The bonds mature beginning February 1, 2009 and continuing through February 1, 2028. This obligation is accounted for in the general fund and water and sewer fund.</p>	1,949,339	315,661

CITY OF SALISBURY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS

NOTE 6     LONG-TERM DEBT (cont'd)

	Balance Outstanding	
	Governmental Activities	Business-type Activities
<p>In the year ended June 30, 2010, the City issued \$2,600,000 of Public Improvement Bonds at an interest rate of 3.78 percent. Interest is payable semi-annually beginning May 1, 2010. The bonds mature beginning November 1, 2010 and continuing through November 1, 2024. This obligation is accounted for in the general fund and water and sewer fund.</p>	303,326	751,168
<p>In the year ended June 30, 2010, the City obligated itself to pay to MDE the amount of \$2,756,400. The final amount advanced as of June 30, 2016 is \$2,056,250. The loan is repayable in annual installments of \$145,021. There was an initial payment of \$1,000 due on August 1, 2011. Due to the reduction in principal drawn, the bonds now mature through February 1, 2026 with a reduced final payment of \$24,955. There is no interest on this obligation, which is accounted for in the water and sewer enterprise fund.</p>	-	1,330,145
<p>In the year ended June 30, 2010, the City entered into a loan agreement with the Maryland Energy Administration ("MEA") for its Jane E. Lawton Conservation Loan Program ("JELLP") for the amount of \$258,740. There is no interest on this loan. The first principal payment was due 13 months after the first draw on the loan, and the loan matures September 2019. The loan is accounted for in the general fund.</p>	114,996	-
<p>In the year ended June 30, 2011, the City entered into a loan agreement with MEA for JELLP for the amount of \$142,800 at an interest rate of 2.5 percent. Interest is payable semi-annually beginning March 1, 2012. The bonds mature in varying amounts beginning March 1, 2012 and continuing through July 15, 2017. This obligation is accounted for in the nonmajor enterprise fund.</p>	-	36,096

CITY OF SALISBURY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (cont'd)

	Balance Outstanding	
	Governmental Activities	Business-type Activities
<p>In the year ended June 30, 2011, the City issued \$5,050,000 of Public Facilities Refunding Bonds at an interest rate of 3.35 percent. Interest is payable semi-annually beginning October 1, 2011. The bonds mature in varying amounts beginning October 1, 2011 and continuing through October 1, 2026. This obligation is accounted for in the general fund.</p>	3,747,113	-
<p>In the year ended June 30, 2012, the City issued \$4,828,000 of Public Improvement Refunding Bonds at an interest rate of 2.39 percent. Interest was payable semi-annually beginning June 1, 2012. The bonds matured in varying amounts beginning June 1, 2012 and continuing through June 1, 2023. This obligation is carried in the water and sewer enterprise fund, the nonmajor enterprise fund, and the general fund.</p>	1,666,497	1,261,503
<p>In the year ended June 30, 2012, the City issued \$7,693,000 of Public Improvement Bonds at an interest rate of 2.52 percent. Interest is payable semi-annually beginning May 1, 2012. The bonds mature in varying amounts beginning May 1, 2013 and continuing through May 1, 2027. This obligation is carried in the water and sewer enterprise fund, and the capital improvements fund.</p>	386,507	5,526,493
<p>In the year ended June 30, 2012, the City entered into a tax-exempt loan agreement with MDE in the amount of \$1,631,000 at a rate of .90 percent for 30 years. The interest payments are due semi-annually beginning August 1, 2012. Annual principal payments are due February 1, beginning February 1, 2014. The obligation is accounted for in the water and sewer enterprise fund.</p>	-	1,369,071
<p>In the year ended June 30, 2013, the City entered into a loan agreement with the Maryland Water Quality Financing Administration ("the Administration") in the amount of \$1,500,000. The loan is due on demand,</p>		

CITY OF SALISBURY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS

NOTE 6     LONG-TERM DEBT (cont'd)

	Balance Outstanding	
	Governmental Activities	Business-type Activities
<p>with interest accruing at the default rate (3.74 percent) from the date of demand. The Administration shall forgive repayment of the principal amount if the City performs all of its obligations under the loan agreement. If the Administration has not demanded repayment of the principal prior to May 22, 2022, then the loan shall be deemed forgiven. This obligation is accounted for in the water and sewer enterprise fund.</p>	-	1,412,274
<p>In the year ended June 30, 2013, the City issued \$6,041,000 of Public Improvement Bonds at an interest rate of 3.01 percent. Interest is payable semi-annually beginning July 1, 2013. The bonds mature in varying amounts beginning July 1, 2013 and continuing through July 1, 2028. The bonds are accounted for in the water and sewer enterprise fund.</p>	-	5,129,000
<p>In the year ended June 30, 2014, the City issued \$3,178,000 of Public Improvement Bonds at an interest rate of 2.96 percent. Interest is payable semi-annually beginning July 1, 2014. The bonds mature in varying amounts beginning July 1, 2014 and continuing through July 1, 2028. The bonds are accounted for in the general fund.</p>	2,833,000	-
<p>In the year ended June 30, 2014, the City entered into a tax-exempt loan agreement with the Maryland Water Quality Financing Administration ("the Administration") in the amount of \$66,375. The loan is due on demand, with interest accruing at the default rate (1.00 percent) from the date of demand. This obligation is accounted for in the general fund. As of June 30, 2016, total principal of \$51,117 has been drawn on this facility and the principal amount outstanding totaled \$51,117.</p>	51,117	-
<p>In the year ended June 30, 2014, the City entered into a loan agreement with the Maryland Water Quality Financing Administration ("the Administration") in the</p>		

CITY OF SALISBURY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS

NOTE 6     LONG-TERM DEBT (cont'd)

	Balance Outstanding	
	Governmental Activities	Business-type Activities
<p>amount of \$464,625. The loan is due on demand and bears no interest. The Administration shall forgive repayment of the principal amount if the City performs all of its obligations under the loan agreement. If the Administration has not demanded repayment of the principal prior to March 20, 2024, then the loan shall be deemed forgiven. This obligation is accounted for in the general fund. As of June 30, 2016, total principal of \$357,821 has been drawn on this facility and the principal amount outstanding totaled \$357,821.</p>	357,821	-
<p>In the year ended June 30, 2015, the City issued \$4,009,000 of Public Improvement Bonds at an interest rate of 2.85 percent. Interest is payable semi-annually beginning April 1, 2015. The bonds mature in varying amounts beginning April 1, 2015 and continuing through June 30, 2029. The bonds are accounted for in the capital projects fund.</p>	3,588,000	-
<p>In the year ended June 30, 2015, the City issued \$2,754,365 of Public Improvement Refunding Bonds at an interest rate of 2.53 percent in order to refund the General Obligation Bond Series of 2004. Interest is payable semi-annually beginning April 1, 2015. The bonds mature in varying amounts beginning April 1, 2015 and continuing through June 30, 2024. The bonds are accounted for in the capital projects fund.</p>	2,444,721	-
<p>In the year ended June 30, 2015, the City obligated itself to pay the Maryland Water Quality Administration the amount of \$34,545,000 for wastewater treatment plant upgrades and expansion. Principal is payable annually beginning February 1, 2018 continuing through February 1, 2037 and bears no interest. This obligation is accounted for in the water and sewer fund. As of June 30, 2016, total principal of \$13,997,173 has been drawn on this facility and the principal amount outstanding totaled \$13,997,173.</p>	-	13,997,173

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (cont'd)

	<u>Balance Outstanding</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
In the year ended June 30, 2015, the City entered into a tax-exempt loan agreement with the Maryland Water Quality Financing Administration in the amount of \$1,500,000. The Administration shall forgive repayment of the principal amount if the City performs all of its obligations under the loan agreement. The loan shall be deemed forgiven if the Administration has not demanded repayment of principal prior to February 1, 2037. This obligation is accounted for in the water and sewer fund. No funds have been drawn down from the loan as of June 30, 2016; therefore, there was no outstanding balance.	-	-
In the year ended June 30, 2016, the City issued \$4,726,200 of Public Improvements Bonds at an interest rate of 2.18 percent. Interest is payable semi-annually beginning June 30, 2016. The bonds mature in varying amounts beginning June 1, 2016 and continuing through December 1, 2025. The bonds are accounted for in the general fund and the water and sewer enterprise fund.	<u>3,726,200</u>	<u>1,000,000</u>
	<u>\$ 21,963,437</u>	<u>\$ 60,670,865</u>

Principal maturities of the City's long-term debt is as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2017	\$ 1,896,024	\$ 614,890	\$ 2,510,914
2018	1,948,783	560,808	2,509,591
2019	1,993,645	505,238	2,498,883
2020	2,068,347	448,370	2,516,717
2021	2,090,395	389,081	2,479,476
2022-2026	9,148,465	1,063,395	10,211,860
2027-2029	<u>2,817,778</u>	<u>114,841</u>	<u>2,932,619</u>
	<u>\$ 21,963,437</u>	<u>\$ 3,696,623</u>	<u>\$ 25,660,859</u>

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (cont'd)

<u>Year Ending June 30,</u>	<u>Business-type Activities</u>		
	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2017	\$ 3,830,647	\$ 687,017	\$ 4,517,664
2018	4,006,538	638,382	4,644,920
2019	4,033,493	585,965	4,619,458
2020	4,075,270	534,612	4,609,882
2021	4,115,778	482,233	4,598,011
2022-2026	21,348,589	1,513,971	22,862,560
2027-2031	18,672,986	480,784	19,153,770
2032-2036	284,730	35,690	320,420
2037-2041	297,776	22,644	320,420
2042-2043	5,058	2,911	7,969
	<u>\$ 60,670,865</u>	<u>\$ 4,984,209</u>	<u>\$ 65,655,074</u>

The principal maturities reflected in the previous table do not include the effects of a bond refunding issued in fiscal year 2017 estimated to result in a reduction of approximately \$1.6 million in future debt service. See Note 15 for a description of the refunding issue.

Conduit Debt

In the year ended June 30, 2007, the City issued Special Obligation Bonds (Villages at Aydelotte Farm Project), Series of 2007, in the amount of \$9,775,000, payable solely from and secured by a pledge of certain tax increment revenues and special tax revenues. These bonds are secured in the first instance by the proceeds of tax collections attributable to the increase in the assessed value of real property located in a prescribed development district over the original taxable value of such real property, as determined in accordance with the Maryland Tax Increment Financing Act. To the extent such tax increment revenues are insufficient, proceeds of special taxes levied on and collected from the taxable parcels within a prescribed special taxing district will be used to pay debt service. The full faith and credit and unlimited taxing power of the City have not been pledged to pay these bonds. These bonds are payable over 30 years, with semi-annual interest payments on each July 1 and January 1, starting July 1, 2007; and principal payments on July 1 in the years 2012 to 2036, inclusive, with a final principal and interest payment on January 1, 2037. These bonds bear interest at the rate of 5.25 percent per annum. These bonds are not subject to the debt limit set forth in the City's Charter. These bonds were issued with the expectation that interest thereon shall be excludable from gross income of the holders thereof for federal income tax purposes.

In the year ended June 30, 2007, the City issued Special Obligation Bonds (Village at Salisbury Lake Project), Series of 2007, in the amount of \$15,000,000, payable solely from and secured by a pledge of certain tax increment revenues and special tax revenues. These bonds are secured in the first instance by the proceeds of tax collections attributable to the increase in the assessed

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (cont'd)

value of real property located in a prescribed development district over the original taxable value of such property, as determined in accordance with the Maryland Tax Increment Financing Act. To the extent such tax increment revenues are insufficient, proceeds of special taxes levied on and collected from the taxable parcels within a prescribed special taxing district will be used to pay debt service. The full faith and credit and unlimited taxing power of the City have not been pledged to pay these bonds. These bonds are payable over 30 years, with semi-annual interest payments on July 1 and January 1, starting July 1, 2012 (or such earlier date as the bonds are converted and remarketed); and principal payments on July 1 in the years 2013 to 2036, inclusive, with a final principal and interest payment on January 1, 2037. These bonds initially bear interest at the rate of 7.9 percent per annum. These bonds are not subject to the debt limit set forth in the City's Charter. These bonds were issued as drawdown bonds and sold to the then current owner of the property located in the prescribed development/special taxing district. These bonds are subject to conversion and reoffering if certain conditions set forth in the Indenture of Trust relating to such bonds are met. Until any such conversion and reoffering, the bond holder will advance proceeds of the bonds to pay project costs. Until any such conversion and reoffering (and, potentially, even thereafter), interest on such bonds will be includable in gross income of the holders thereof for federal income tax purposes.

Capital Leases

The City has entered into leases for the acquisition of various machinery and equipment, which are classified as capital leases. Accordingly, the present value of future minimum lease payments and the related assets have been recorded in the appropriate fund.

The original cost of assets acquired under these capital leases for the general fund is \$4,444,072 with accumulated depreciation of \$1,132,981; for the water and sewer fund, the original cost is \$582,598 with accumulated depreciation of \$105,767; and for the storm water fund, the original cost is \$214,665 with accumulated depreciation of \$1,789 at June 30, 2016.

Following is a summary of total future minimum lease payments for all capital leases:

<u>Year Ending June 30,</u>	<u>General</u>	<u>Water and Sewer</u>	<u>Stormwater Utility</u>
2017	\$ 659,010	\$ 87,372	\$ 31,697
2018	589,877	87,372	31,697
2019	318,557	87,372	31,697
2020	318,557	44,101	31,697
2021	92,218	44,101	31,697
2022 - 2026	92,218	44,101	31,697
Less amount representing interest	<u>(107,917)</u>	<u>(18,953)</u>	<u>(7,840)</u>
Present value of future minimum lease payments	<u>\$1,962,520</u>	<u>\$ 375,466</u>	<u>\$ 182,342</u>

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 7 PENSION PLAN

Generally, all regular employees of the City participate in the State of Maryland Employees Retirement and Pension Systems ("Employees' Systems"). Law enforcement officers and firemen employed by the City generally participate in the State of Maryland Law Enforcement Officers Pension Systems ("LEOPS"). Both the Employees' Systems and LEOPS (collectively, the "Systems") are cost-sharing multiple-employer public retirement systems sponsored by the Maryland State Retirement and Pensions Systems and created by the Maryland General Assembly.

Benefits Provided

Participants in the Systems may retire with full benefits after 30 years of service regardless of age or at various ages with specified years of eligibility service for reduced benefits. Annual service retirement allowances are paid monthly to retired members in accordance with allowance options selected based on average final compensation. Participants terminating in the retirement system prior to specified retirement age are refunded their accumulated contributions plus earned interest or may defer receipt of accumulated contributions until age 60. Participants and their beneficiaries may also be eligible for disability and death benefits based on years of creditable service and average final compensation.

Member Contributions

During fiscal year 2016, the State Personnel and Pensions Article required active members to contribute to the Systems at a rate of seven percent for LEOPS and six percent for non-LEOPS personnel of each employee's covered salary.

Employer Contributions

The City's contractually required annual contribution is based on an actuarially determined amount that, when combined with the employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2016, the rate of the employer contribution varied depending on each pension plans' requirements. The City's contribution to the Systems for the year ended June 30, 2016 was \$3,218,863.

Pension Liability and Expense, and Deferred Outflows and Inflows of Resources

At June 30, 2016, the City reported a liability of \$29,497,868 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2014 to June 30, 2015. The City's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2015, the City's proportion for the Employee plan was 0.04388 percent, and the LEOPS plan was 0.09806 percent.

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 7 PENSION PLAN (cont'd)

For the year ended June 30, 2016, the City recognized pension expense of \$4,999,517. At June 30, 2016 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Employees Plan		LEOPS Plan		Total	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Changes in assumptions	\$ 526,145	\$ -	\$ 1,204,312	\$ -	\$ 1,730,457	\$ -
Differences between actual required contributions	-	153,402	46,760	105,439	46,760	258,841
Contributions subsequent to the measurement date	800,742	-	2,418,121	-	3,218,863	-
Differences between actual and expected experience	-	186,749	-	417,342	-	604,091
Differences between actual and expected returns	<u>803,192</u>	<u>527,152</u>	<u>1,794,956</u>	<u>1,393,665</u>	<u>2,598,148</u>	<u>1,920,817</u>
Total	<u>\$ 2,130,079</u>	<u>\$ 867,303</u>	<u>\$ 5,464,149</u>	<u>\$ 1,916,446</u>	<u>\$ 7,594,228</u>	<u>\$ 2,783,749</u>

An amount of \$3,218,863 is reported as deferred outflows of resources resulting from the City's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts will be reported as deferred outflows and resources and deferred inflows of resources related to pensions, and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2017	\$ 207,399
2018	207,399
2019	207,399
2020	820,597
2021	<u>148,822</u>
	<u>\$ 1,591,616</u>

Actuarial Assumptions

The total pension liability as of June 30, 2016 was determined by rolling forward the system's total pension liability as of the June 30, 2014 actuarial valuation to June 30, 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry age normal, level percentage of pay.
- Investment return – 7.55 percent.
- Salary increases – 3.4 to 11.9 percent, allowing for inflation.
- Inflation – 2.95 percent for general inflation, and 3.45 percent for wages.
- Mortality rates were based on the RP-2000 Combined Healthy Annuitant Tables (male and female) projected to the year 2025.

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 7 PENSION PLAN (cont'd)

The actuarial assumptions used in the June 30, 2014 valuation were based on the experience study that was performed for the five-year period ended June 30, 2010. The assumptions derived from the experience study were adopted by the Board of Trustees for first use in the actuarial valuation as of June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using the building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

A schedule of plan investments by asset class, target allocations, and long-term expected real rate of return is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equity	35%	6.3%
Fixed income	10%	0.6%
Credit opportunity	10%	3.2%
Real return	14%	1.8%
Absolute return	10%	4.2%
Private equity	10%	7.2%
Real estate	10%	4.4%
Cash	1%	0.0%
	<u>100%</u>	

The above is the Board of Trustees adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2015.

Discount Rate

The discount used to measure the total pension liability was 7.55 percent. The discount rate was based on the expected rate of return on the pension plan investments of 7.55 percent. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on these assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF SALISBURY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS

NOTE 7 PENSION PLAN (cont'd)

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 7.55 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.55 percent) or one percentage point higher (8.55 percent) than the current rate.

	1% Decrease 6.55%	Current Rate Discount Rate 7.55%	1% Increase 8.55%
City's proportionate share:			
Employee plan	\$ 12,888,275	\$ 9,118,977	\$ 5,993,477
LEOPS plan	28,802,438	20,378,891	13,394,093
	\$ 41,690,713	\$ 29,497,868	\$ 19,387,570

Pension Plan Fiduciary Net Position

Detailed information about the Systems' fiduciary net position is available in the Systems' Comprehensive Annual Financial Report, which may be obtained by writing to the Office of Legislative Audits, State Office Building, 301 West Preston Street, Baltimore, Maryland, 21201, or by visiting the Systems' website at [www.sra.maryland.gov](http://www.sra.maryland.gov).

NOTE 8 POST-RETIREMENT HEALTH CARE BENEFITS

In addition to the pension benefits described above, the City provides limited post-retirement health care benefits as approved by the City Council to all retirees (and their dependents) who are eligible to retire under the State Retirement System and, as of July 1, 2007, those who have worked for the City for a minimum of 10 years.

Subject to the above, the employee may retire and retain health insurance coverage until the retiree reaches the age of 65. During this period, the City will pay 30 percent and 50 percent, respectively, of the retiree's health insurance premium for employees who retired prior to and after July 1, 2002.

For the year ended June 30, 2016, there were 58 participants eligible and receiving post-retirement health care benefits at a pay-as-you-go annual cost to the City of \$260,519.

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 8 POST-RETIREMENT HEALTH CARE BENEFITS (cont'd)

Plan Description

During the year ended June 30, 2007, Wicomico County and the Board of Education jointly set up the "Retiree Health Insurance Plan Trust of the Board of Education of Wicomico County and Wicomico County." A Board of Trustees (the "Board") oversees the trust. In June 2009, the City joined the trust and the trust was renamed, "Amended Retiree Health Plan Trust for the Wicomico County Board of Education and Wicomico County and the City of Salisbury" (the "Trust").

The plan is an agent multiple-employer plan with combined administrative functions for efficiency, and each agent employer remains responsible for financing benefits of its own individual plan. Each agent employer also remains individually responsible for its own separate actuarial valuations, and expenses and obligations are measured like those of sole employers. The assets of the three entities are segregated within the Trust.

The assets of the Trust are managed by an investment manager, Croft-Leominster, Inc., under a formal investment policy. The Board meets quarterly to review investment performance. The investment manager provides a fiscal year performance report to the Board. Questions regarding performance should be directed to the plan administrator. The plan does not issue a stand-alone financial report.

Funding Policy

The City has chosen to continue to pay current retiree medical payments from the general fund. Therefore, the Trust will fund each year, to the extent appropriate, the Annual Required Contribution ("ARC").

The City contracted for an actuarial study which determined that the ARC for fiscal year 2016 was \$2,701,000. The City has recorded the associated liability as of June 30, 2016 in the statement of net position.

Annual OPEB Cost and Net OPEB Obligation

The City's OPEB cost (expense) is the ARC, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

Net OPEB obligation at beginning of year	\$ 19,358,364
Annual Required Contribution	2,701,000
Interest on net OPEB obligation	678,000
Amortization of net OPEB obligation	(918,000)
Contributions	<u>(467,000)</u>
Total Net OPEB Obligation at End of Year	<u>\$ 21,352,364</u>

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 8 POST-RETIREMENT HEALTH CARE BENEFITS (cont'd)

The annual OPEB cost and the net OPEB obligation are determined on the basis of annual contributions.

Schedule of Funding

The schedule of funding progress of OPEB is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/2015	\$1,446,700	\$27,661,000	\$26,214,300	5.23%	\$16,150,067	162.00%
7/1/2014	\$1,356,000	\$23,032,000	\$21,676,000	5.89%	\$15,378,119	141.00%
7/1/2013	\$1,267,000	\$31,051,000	\$29,783,991	4.08%	\$14,814,161	201.00%

Actuarial assumptions of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, not presented as required supplementary information but included in the notes to financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Summary of Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on a substantive plan as understood by the employer and the plan members; and include the type of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point, and any known changes in the plan going forward.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation, the projected unit credit method, with linear proration to assumed benefit commencement, was used. Medical trends are based on Society of Actuaries Long-term Medical Trend Model. The initial rate is 8.0 percent in 2013, decreasing gradually. The rate in 2050 is 5.5 percent for pre-Medicare, and 5.0 percent for post-Medicare. The ultimate rate is 4.4

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 8 POST-RETIREMENT HEALTH CARE BENEFITS (cont'd)

percent for pre-Medicare and 4.3 percent for post-Medicare, and is achieved in 2099. The actuarial assumptions included an investment return for discounted liabilities of 7.0 percent. Mortality calculations were done using the RP 2000 Combined Healthy Table and the RP 2000 Combined Disabled Table.

NOTE 9 DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all eligible City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The deferred amounts are invested in various annuity contracts.

All amounts of compensation deferred under the plan; all property and rights purchased with those amounts; and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of plan participants and their beneficiaries and are not subject to the claims of the City's general creditors.

The City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

NOTE 10 SERVICE AWARD TRUST

The City has a Volunteer Firemen Service Award Trust, which was established to accumulate funds for the City Volunteer Firemen's Retirement. The maximum monthly benefit per individual is \$500 upon retirement, and the retirement age is 60. The transactions of the Service Award Trust have been reported as an expendable trust fund in the fiduciary fund types. The trust has no assets as of June 30, 2016.

NOTE 11 COMMITMENTS AND CONTINGENT LIABILITIES

As of June 30, 2016, the City had infrastructure projects yet to be completed. The commitments and amounts completed are as follows:

	Project Amount	Completed as of 06/30/2016	Commitments
Governmental Activities:			
Riverwalk	\$ 2,009,892	\$ 1,592,503	\$ 417,389
Fire Station Renovation #2	4,195,420	3,884,512	310,908
Main Street Master Plan	822,067	262,406	559,661

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 11 COMMITMENTS AND CONTINGENT LIABILITIES (cont'd)

	Project Amount	Completed as of 06/30/2016	Commitments
Waverly Drive Water Quality Inlet	631,000	545,568	559,661
Isabella Water Main	485,000	469,278	15,722
Skate Park	294,000	257,794	36,206
Totals	<u>\$ 8,437,379</u>	<u>\$ 7,012,061</u>	<u>\$ 1,425,318</u>

In addition, the City has incurred costs totaling \$504,897 for governmental activities project costs that were not under a formal contract as of June 30, 2016.

	Project Amount	Completed as of 06/30/2016	Commitments
Business-type Activities:			
Scenic Dr. Water Main Replacement	\$ 74,720	\$ 36,720	\$ 38,000
Paleo Well 3	2,850,000	148,753	2,701,247
Park Well Rehabilitation	171,811	170,913	898
Parks Well Upgrade	99,955	77,311	22,644
Parkside HS Lift Station and Mill Street WWTP Upgrade	1,678,801 71,166,283	1,641,647 29,836,402	37,154 41,329,881
Totals	<u>\$ 76,041,570</u>	<u>\$ 31,911,746</u>	<u>\$ 44,129,824</u>

In addition, the City has incurred costs totaling \$1,597,738 for business-type activities project costs that were not under a formal contract as of June 30, 2016.

NOTE 12 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the State to form the Local Government Insurance Trust ("LGIT"), a public entity risk pool currently operating as a common risk management and insurance program for member municipalities. The City pays an annual premium to LGIT for its building and contents, commercial general liability, environmental liability, business automobile, and excess liability coverage. The agreement for formation of the LGIT provides that it will be self-sustaining through member premiums and will reinsure through commercial companies for

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 12 RISK MANAGEMENT (cont'd)

claims in excess of \$500,000 for liability claims. The City continues to carry separate commercial insurance for its workers' compensation and health insurance coverage. Settled claims resulting from the above risks have not exceeded coverage in any of the past three fiscal years.

Under the terms of the agreement, LGIT deficits may be funded by additional assessments against participating municipalities, levied at the trustees' discretion.

NOTE 13 FUND BALANCES

As of June 30, 2016, fund balances are composed of the following:

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Inventory	\$ 866,952	\$ -	\$ -	\$ 866,952
Prepaid expenditures	224,688	-	-	224,688
Restricted:				
Capital improvements	-	7,311,030	-	7,311,030
Committed:				
Health care	1,788,701	-	-	1,788,701
General impact	10,051	-	-	10,051
Curb, gutter, and sidewalk	-	-	79,302	79,302
Trash container sales and demolition	-	-	234,305	234,305
Assigned:				
Grants	-	-	254,232	254,232
Encumbrances	2,173,376	-	-	2,173,376
Community development	-	-	99,902	99,902
Unassigned	<u>7,508,466</u>	<u>-</u>	<u>-</u>	<u>7,508,466</u>
Total Fund Balances	<u>\$12,572,234</u>	<u>\$ 7,311,030</u>	<u>\$ 667,741</u>	<u>\$ 20,551,005</u>

NOTE 14 PRIOR PERIOD RESTATEMENTS

During the year ended June 30, 2016, the City restated its opening net position in the Water and Sewer Fund, and opening fund balance in the Grants Fund to correct an error discovered related to the treatment of grant activity for the City's wastewater treatment plant. This restatement increased opening net position in the Water and Sewer Fund by \$561,110, and reduced opening fund balance in the Grants Fund by \$561,110. At the entity-wide level, this restatement also decreased opening net position of governmental activities and increased the opening net position of business-type activities a respective amount.

CITY OF SALISBURY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS

NOTE 15 SUBSEQUENT EVENTS

On July 11, 2016, the Council of the City approved the issuance of general obligation bonds in the principal amount of \$20,030,000. These bonds were designated for the City of Salisbury Public Improvement and Refunding Bonds of 2016, and were for the purpose of financing or reimbursing costs of public improvement projects and refinancing existing obligations. These bonds were issued on July 28, 2016.

The City has evaluated all subsequent events through December 5, 2016, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF SALISBURY, MARYLAND  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RESOURCES (INFLOWS):</b>				
Tax revenue	\$24,415,620	\$24,415,620	\$24,506,195	\$ 90,575
Other revenue	3,916,176	3,916,176	4,563,763	647,587
Charges for services	3,242,622	3,242,622	3,035,614	(207,008)
Intergovernmental revenues	2,356,760	2,356,760	2,312,521	(44,239)
<b>AMOUNTS AVAILABLE FOR APPROPRIATION</b>	<b>33,931,178</b>	<b>33,931,178</b>	<b>34,418,093</b>	<b>486,915</b>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
<b>General government</b>				
City council	70,230	70,230	70,056	174
City clerk	154,543	154,784	151,667	3,117
Mayor's office	794,122	800,457	790,993	9,464
Development services	81,911	81,917	79,138	2,779
Elections	37,570	48,570	48,183	387
City attorney	263,000	303,295	285,176	18,119
Finance	529,191	530,971	492,713	38,258
Purchasing	229,627	230,429	206,894	23,535
Human resources	239,767	244,277	224,635	19,642
Information services	262,914	272,514	257,373	15,141
Planning and zoning	281,532	331,945	184,200	147,745
Municipal buildings	226,400	229,994	143,714	86,280
Poplar Hill	27,434	45,260	38,046	7,214
<b>Public safety</b>				
Police and traffic control	12,782,682	13,142,029	12,101,955	1,040,074
Fire	7,716,476	8,115,586	7,975,874	139,712
Buildings, permits, and inspections	377,870	378,421	372,190	6,231
Neighborhood services and code compliance	782,229	782,794	703,908	78,886
<b>Public works</b>				
Supervision and engineering	2,040,948	2,278,027	1,466,084	811,943
Roadways	885,904	910,632	697,369	213,263
Highway lighting	843,075	843,075	829,126	13,949
Waste collection and disposal	1,550,951	1,547,251	1,225,944	321,307
Recycling	181,179	174,179	167,972	6,207
Fleet maintenance	517,345	532,966	483,384	49,582
Carpenter shop	135,826	135,825	130,709	5,116
<b>Recreation and culture</b>				
Municipal zoo	1,540,541	1,558,090	1,486,554	71,536
Park maintenance	480,192	527,758	453,274	74,484
Nondepartmental	1,138,132	1,139,408	1,006,595	132,813
Debt payments	3,121,987	3,130,956	2,826,346	304,610
<b>TOTAL CHARGES TO APPROPRIATION</b>	<b>37,293,578</b>	<b>38,541,640</b>	<b>34,900,072</b>	<b>3,641,568</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(3,362,400)</b>	<b>(4,610,462)</b>	<b>(481,979)</b>	<b>4,128,483</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers out	(588,166)	(954,913)	(981,480)	(26,567)
Operating transfers in	-	-	30,583	30,583
Proceeds from sale of capital assets	-	-	13,683	13,683
Proceeds from extended term financing	-	1,701,450	1,697,575	(3,875)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(588,166)</b>	<b>746,537</b>	<b>760,361</b>	<b>13,824</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(3,950,566)</b>	<b>(3,863,925)</b>	<b>278,382</b>	<b>4,142,307</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>12,293,852</b>	<b>12,293,852</b>	<b>12,293,852</b>	<b>-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 8,343,286</b>	<b>\$ 8,429,927</b>	<b>\$12,572,234</b>	<b>\$ 4,142,307</b>

**CITY OF SALISBURY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY - EMPLOYEE PLAN**

	MEASUREMENT DATE	
	<u>JUNE 30, 2015</u>	<u>JUNE 30, 2014</u>
City's proportion of the net pension liability	0.04388%	0.03618%
City's proportion of the net pension liability - dollar value	\$ 9,118,977	\$ 6,421,441
City's covered employee payroll	\$ 8,921,251	\$ 8,210,528
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	102.22%	78.21%
Plan fiduciary net position as a percentage of the total pension liability	68.78%	71.87%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**CITY OF SALISBURY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CITY CONTRIBUTIONS -  
EMPLOYEE PLAN**

	<u>JUNE 30, 2016</u>	<u>JUNE 30, 2015</u>
Contractually required contribution	\$ 800,742	\$ 820,957
Contributions in relation to the contractually required contribution	<u>800,742</u>	<u>820,957</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 9,025,976	\$ 8,921,251
Contributions as a percentage of covered-employee payroll	9%	9%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**CITY OF SALISBURY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY - LEOPS**

	MEASUREMENT DATE	
	<u>JUNE 30, 2015</u>	<u>JUNE 30, 2014</u>
City's proportion of the net pension liability	0.09806%	0.09566%
City's proportion of the net pension liability - dollar value	\$ 20,378,891	\$ 16,976,786
City's covered employee payroll	\$ 8,115,718	\$ 7,710,443
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	251.10%	220.18%
Plan fiduciary net position as a percentage of the total pension liability	68.78%	71.87%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**CITY OF SALISBURY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CITY CONTRIBUTIONS -  
LEOPS**

	<u>JUNE 30, 2016</u>	<u>JUNE 30, 2015</u>
Contractually required contribution	\$ 2,418,121	\$ 2,123,236
Contributions in relation to the contractually required contribution	<u>2,418,121</u>	<u>2,123,236</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 8,446,983	\$ 8,115,718
Contributions as a percentage of covered-employee payroll	29%	26%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**OTHER SUPPLEMENTARY INFORMATION**

## **General Fund**

**CITY OF SALISBURY, MARYLAND**  
**SCHEDULE OF REVENUE - ESTIMATED AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Final Budget	Actual	Variance Positive (Negative)
<b>Taxes</b>			
Real property	\$15,947,991	\$16,098,115	\$ 150,124
Personal property	50,039	65,354	15,315
Ordinary business corporations and utilities	6,093,178	5,674,764	(418,414)
Payments in lieu of tax	405,412	335,762	(69,650)
Admissions and amusement	384,000	345,510	(38,490)
State shared income tax	1,375,000	1,882,874	507,874
<b>Total taxes</b>	<u>24,255,620</u>	<u>24,402,379</u>	<u>146,759</u>
Interest and penalties on delinquent taxes	160,000	103,816	(56,184)
<b>Total Taxes, Interest, and Penalties</b>	<u>24,415,620</u>	<u>24,506,195</u>	<u>90,575</u>
<b>Other revenue</b>			
Amusement licenses	4,000	4,530	530
Billboard licenses	21,000	20,970	(30)
Building and inspection permits	335,000	333,147	(1,853)
Business licenses	152,800	156,781	3,981
Franchise fees	406,700	424,968	18,268
Landlord licenses	411,250	422,001	10,751
Parking fines and meter collections	-	17,060	17,060
Plumbing licenses and permits	45,000	40,190	(4,810)
Street-breaking permits	1,750	-	(1,750)
Towing companies	3,500	3,525	25
Other miscellaneous permits	29,925	27,689	(2,236)
Municipal infraction violations	54,000	26,625	(27,375)
Interest on investment of idle funds	14,500	30,403	15,903
Insurance proceeds	53,323	146,316	92,993
Health insurance rebate		574,906	574,906
Donations	283,600	291,800	8,200
Zoo reimbursements	235,000	200,058	(34,942)
Zoo Commission	397,788	334,184	(63,604)
Sale of maps, codes, and documents	2,000	1,160	(840)
Bad debt collections	27,250	5,691	(21,559)
School zone camera fines	1,285,000	1,349,971	64,971
Other miscellaneous receipts	152,790	151,788	(1,002)
<b>Total Other Revenue</b>	<u>3,916,176</u>	<u>4,563,763</u>	<u>647,587</u>

Continued on next page.

**CITY OF SALISBURY, MARYLAND**  
**SCHEDULE OF REVENUE - ESTIMATED AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Final Budget	Actual	Variance Positive (Negative)
Charges for services			
Administrative fees	416,922	313,192	(103,730)
Ambulance call fees	1,935,000	1,867,091	(67,909)
Advertising	100	180	80
Filing fees	200	230	30
Garbage disposal fees	683,000	674,547	(8,453)
Inspection fees	31,800	24,940	(6,860)
Plan review fees	20,000	21,621	1,621
Police alarm systems	65,000	29,020	(35,980)
Weed removal	90,000	104,743	14,743
Zoning appeal and housing board appeal fees	600	50	(550)
Total Charges for Services	<u>3,242,622</u>	<u>3,035,614</u>	<u>(207,008)</u>
Intergovernmental			
State of Maryland			
Police protection	543,397	438,458	(104,939)
Enterprise zone	59,500	58,449	(1,051)
Highway user	935,561	950,428	14,867
Wicomico County			
Financial corporations	18,302	18,302	-
Fire department	600,000	590,000	(10,000)
Room tax	200,000	256,884	56,884
Total Intergovernmental	<u>2,356,760</u>	<u>2,312,521</u>	<u>(44,239)</u>
Total Revenues	<u>33,931,178</u>	<u>34,418,093</u>	<u>486,915</u>
Other Financing Sources			
Transfers in	-	30,583	30,583
Proceeds from extended term financing	1,701,450	1,697,575	(3,875)
Proceeds from sale of capital assets	-	13,683	13,683
Total Other Financing Sources	<u>1,701,450</u>	<u>1,741,841</u>	<u>40,391</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$35,632,628</u>	<u>\$36,159,934</u>	<u>\$ 527,306</u>

**CITY OF SALISBURY, MARYLAND**  
**SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS -**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>General Government</b>				
City council				
Salaries	\$ 52,000	\$ 52,000	\$ 52,000	\$ -
Personnel benefits	8,718	8,974	8,870	104
Other operating expenses	8,762	8,762	8,696	66
Community promotion	750	494	490	4
	<u>70,230</u>	<u>70,230</u>	<u>70,056</u>	<u>174</u>
City clerk				
Salaries	103,024	102,711	102,240	471
Personnel benefits	34,873	35,181	34,744	437
Other operating expenses	16,646	16,892	14,683	2,209
	<u>154,543</u>	<u>154,784</u>	<u>151,667</u>	<u>3,117</u>
Mayor's office				
Salaries	307,618	302,833	301,295	1,538
Personnel benefits	100,819	101,438	96,183	5,255
Professional services	1,800	2,140	1,231	909
Other operating expenses	82,287	86,797	85,157	1,640
Capital outlay	-	3,097	3,095	2
Community promotion	301,598	304,152	304,032	120
	<u>794,122</u>	<u>800,457</u>	<u>790,993</u>	<u>9,464</u>
Developmental services				
Salaries	46,393	46,471	46,471	-
Personnel benefits	13,391	13,657	13,490	167
Other operating expenses	22,127	21,789	19,177	2,612
	<u>81,911</u>	<u>81,917</u>	<u>79,138</u>	<u>2,779</u>
Elections				
Professional services	18,175	31,690	31,518	172
Other operating expenses	19,395	16,880	16,665	215
	<u>37,570</u>	<u>48,570</u>	<u>48,183</u>	<u>387</u>
City attorney				
Professional services	263,000	303,295	285,176	18,119
	<u>263,000</u>	<u>303,295</u>	<u>285,176</u>	<u>18,119</u>
Internal services - finance				
Salaries	285,427	281,915	281,411	504
Personnel benefits	106,038	104,855	104,677	178
Professional services	48,376	54,570	46,139	8,431
Other operating expenses	82,150	82,431	55,029	27,402
Capital outlay	7,200	7,200	5,457	1,743
	<u>529,191</u>	<u>530,971</u>	<u>492,713</u>	<u>38,258</u>
Internal services - purchasing				
Salaries	137,582	135,615	130,036	5,579
Personnel benefits	53,455	50,622	42,948	7,674
Professional services	14,000	14,450	12,342	2,108
Other operating expenses	19,790	24,942	18,027	6,915
Capital outlay	4,800	4,800	3,541	1,259
	<u>229,627</u>	<u>230,429</u>	<u>206,894</u>	<u>23,535</u>

Continued on next page.

**CITY OF SALISBURY, MARYLAND**  
**SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS -**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>General Government (cont'd)</b>				
Internal services - human resources				
Salaries	114,173	113,844	112,586	1,258
Personnel benefits	104,449	86,747	83,404	3,343
Professional services	7,500	14,600	14,515	85
Other operating expenses	13,645	18,702	14,130	4,572
Capital outlay	-	10,384	-	10,384
	<u>239,767</u>	<u>244,277</u>	<u>224,635</u>	<u>19,642</u>
Information services				
Salaries	150,684	150,938	150,938	-
Personnel benefits	51,026	51,904	51,586	318
Other operating expenses	61,204	69,672	54,849	14,823
	<u>262,914</u>	<u>272,514</u>	<u>257,373</u>	<u>15,141</u>
City and county - joint activities				
Planning and zoning	281,532	331,945	184,200	147,745
	<u>281,532</u>	<u>331,945</u>	<u>184,200</u>	<u>147,745</u>
Municipal buildings				
Other operating expenses	226,400	229,994	143,714	86,280
	<u>226,400</u>	<u>229,994</u>	<u>143,714</u>	<u>86,280</u>
Poplar Hill Mansion	27,434	45,260	38,046	7,214
	<u>27,434</u>	<u>45,260</u>	<u>38,046</u>	<u>7,214</u>
<b>Total General Government</b>	<u>3,198,241</u>	<u>3,344,643</u>	<u>2,972,788</u>	<u>371,855</u>
<b>Public Safety</b>				
Police services				
Salaries	6,057,960	6,157,809	6,078,284	79,525
Personnel benefits	3,612,591	3,251,871	3,192,715	59,156
Professional services	34,955	103,555	59,928	43,627
Other operating expenses	854,989	1,364,589	1,086,421	278,168
Community promotions	36,000	111,332	73,852	37,480
Capital outlays	409,000	614,388	348,526	265,862
	<u>11,005,495</u>	<u>11,603,544</u>	<u>10,839,726</u>	<u>763,818</u>
Police communications				
Salaries	571,477	408,085	397,197	10,888
Personnel benefits	241,667	141,350	124,644	16,706
Professional services	5,755	5,755	1,656	4,099
Other operating expenses	58,821	64,035	52,048	11,987
	<u>877,720</u>	<u>619,225</u>	<u>575,545</u>	<u>43,680</u>
Animal control				
Salaries	75,229	75,378	73,725	1,653
Personnel benefits	35,740	36,331	35,027	1,304
Other operating expenses	5,000	2,000	1,670	330
Professional services	87,732	90,504	89,452	1,052
	<u>203,701</u>	<u>204,213</u>	<u>199,874</u>	<u>4,339</u>
<b>Total Police Department</b>	<u>12,086,916</u>	<u>12,426,982</u>	<u>11,615,145</u>	<u>811,837</u>

Continued on next page.

**CITY OF SALISBURY, MARYLAND**  
**SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS -**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Public Safety (cont'd)</b>				
Traffic control				
Salaries	284,788	276,925	271,237	5,688
Personnel benefits	117,783	125,645	120,326	5,319
Other operating expenses	103,195	111,777	95,247	16,530
Capital outlays	190,000	200,700	-	200,700
	<u>695,766</u>	<u>715,047</u>	<u>486,810</u>	<u>228,237</u>
Fire department				
Firefighting				
Salaries	3,583,006	3,593,873	3,592,569	1,304
Personnel benefits	2,069,436	2,045,486	2,020,534	24,952
Professional services	141,600	187,272	177,380	9,892
Other operating expenses	763,817	889,095	785,687	103,408
Capital outlays	912,000	1,160,318	1,160,112	206
	<u>7,469,859</u>	<u>7,876,044</u>	<u>7,736,282</u>	<u>139,762</u>
Volunteer firemen				
Personnel benefits	210,680	199,931	199,931	-
Professional services	27,075	30,749	30,799	(50)
Other operating expenses	8,862	8,862	8,862	-
	<u>246,617</u>	<u>239,542</u>	<u>239,592</u>	<u>(50)</u>
Total Fire Department	<u>7,716,476</u>	<u>8,115,586</u>	<u>7,975,874</u>	<u>139,712</u>
Buildings, permits, and inspections				
Salaries	262,618	262,489	261,979	510
Personnel benefits	90,301	96,494	93,981	2,513
Professional services	50	70	66	4
Other operating expenses	21,401	19,368	16,164	3,204
Capital outlay	3,500	-	-	-
	<u>377,870</u>	<u>378,421</u>	<u>372,190</u>	<u>6,231</u>
Neighborhood services and code compliance				
Salaries	416,201	378,208	367,130	11,078
Personnel benefits	177,711	180,155	140,565	39,590
Professional services	538	938	750	188
Other operating expenses	153,459	189,445	162,001	27,444
Capital outlay	34,320	34,048	33,462	586
	<u>782,229</u>	<u>782,794</u>	<u>703,908</u>	<u>78,886</u>
<b>Total Public Safety</b>	<u>21,659,257</u>	<u>22,418,830</u>	<u>21,153,927</u>	<u>1,264,903</u>
<b>Department of Public Works</b>				
Supervision and engineering				
Salaries	613,951	599,649	572,340	27,309
Personnel benefits	231,337	234,499	208,657	25,842
Professional services	39,550	37,991	13,682	24,309
Other operating expenses	1,156,110	1,366,894	642,411	724,483
Capital outlays	-	38,994	28,994	10,000
	<u>2,040,948</u>	<u>2,278,027</u>	<u>1,466,084</u>	<u>811,943</u>

Continued on next page.

**CITY OF SALISBURY, MARYLAND**  
**SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS -**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Department of Public Works (cont'd)</b>				
Roadways				
Salaries	344,409	339,691	321,017	18,674
Personnel benefits	147,528	152,247	143,138	9,109
Other operating expenses	239,467	264,194	233,214	30,980
Capital outlays	154,500	154,500	-	154,500
	<u>885,904</u>	<u>910,632</u>	<u>697,369</u>	<u>213,263</u>
Highway lighting				
Other operating expenses	843,075	843,075	829,126	13,949
	<u>843,075</u>	<u>843,075</u>	<u>829,126</u>	<u>13,949</u>
Sanitation				
Waste collection and disposal				
Salaries	360,639	358,869	323,228	35,641
Personnel benefits	172,162	173,932	157,997	15,935
Other operating expenses	745,200	713,966	706,485	7,481
Capital outlays	272,950	300,484	38,234	262,250
	<u>1,550,951</u>	<u>1,547,251</u>	<u>1,225,944</u>	<u>321,307</u>
Recycling				
Salaries	101,504	96,600	94,762	1,838
Personnel benefits	48,325	53,229	50,970	2,259
Other operating expenses	31,350	24,350	22,240	2,110
	<u>181,179</u>	<u>174,179</u>	<u>167,972</u>	<u>6,207</u>
Total Sanitation	<u>1,732,130</u>	<u>1,721,430</u>	<u>1,393,916</u>	<u>327,514</u>
Fleet maintenance				
Salaries	224,717	223,656	209,437	14,219
Personnel benefits	100,763	101,824	83,781	18,043
Other operating expenses	191,865	207,486	190,166	17,320
	<u>517,345</u>	<u>532,966</u>	<u>483,384</u>	<u>49,582</u>
Carpenter shop				
Salaries	72,884	73,020	73,020	-
Personnel benefits	34,949	35,335	33,613	1,722
Other operating expenses	27,993	27,470	24,076	3,394
	<u>135,826</u>	<u>135,825</u>	<u>130,709</u>	<u>5,116</u>
<b>Total Department of Public Works</b>	<u>6,155,228</u>	<u>6,421,955</u>	<u>5,000,588</u>	<u>1,421,367</u>
<b>Recreation and Culture</b>				
Municipal zoo				
Salaries	822,625	817,042	779,278	37,764
Personnel benefits	245,747	249,531	234,642	14,889
Professional services	12,700	18,400	17,207	1,193
Other operating expenses	419,469	433,117	425,724	7,393
Capital outlays	40,000	40,000	29,703	10,297
	<u>1,540,541</u>	<u>1,558,090</u>	<u>1,486,554</u>	<u>71,536</u>

Continued on next page.

**CITY OF SALISBURY, MARYLAND**  
**SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS -**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Recreation and Culture (cont'd)</b>				
Park maintenance				
Salaries	216,125	222,621	218,407	4,214
Personnel benefits	100,364	104,508	92,060	12,448
Other operating expenses	163,703	200,629	142,807	57,822
	<u>480,192</u>	<u>527,758</u>	<u>453,274</u>	<u>74,484</u>
<b>Total Recreation and Culture</b>	<u>2,020,733</u>	<u>2,085,848</u>	<u>1,939,828</u>	<u>146,020</u>
<b>Nondepartmental</b>				
Insurance				
Health care claims	375,900	376,452	284,513	91,939
Insurance	284,032	258,584	225,445	33,139
	<u>659,932</u>	<u>635,036</u>	<u>509,958</u>	<u>125,078</u>
Miscellaneous				
Personnel benefits	475,000	496,917	489,182	7,735
Other operating expenses	3,200	7,455	7,455	-
	<u>478,200</u>	<u>504,372</u>	<u>496,637</u>	<u>7,735</u>
<b>Total Nondepartmental</b>	<u>1,138,132</u>	<u>1,139,408</u>	<u>1,006,595</u>	<u>132,813</u>
<b>Debt Payments</b>				
Principal redemption	1,501,659	2,152,086	2,152,086	-
Interest	1,620,328	928,870	650,333	278,537
Issuance costs	-	50,000	23,927	26,073
<b>Total Debt Payments</b>	<u>3,121,987</u>	<u>3,130,956</u>	<u>2,826,346</u>	<u>304,610</u>
<b>TOTAL EXPENDITURES</b>	<u>37,293,578</u>	<u>38,541,640</u>	<u>34,900,072</u>	<u>3,641,568</u>
<b>Other Financing Uses</b>				
Transfer to other funds	588,166	954,913	981,480	(26,567)
<b>Total Other Financing Uses</b>	<u>588,166</u>	<u>954,913</u>	<u>981,480</u>	<u>(26,567)</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$37,881,744</u>	<u>\$39,496,553</u>	<u>\$35,881,552</u>	<u>\$ 3,615,001</u>

## **Nonmajor Governmental Funds**

**CITY OF SALISBURY, MARYLAND**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	Special Revenue Funds					
	Curb, Gutter, and Sidewalk Fund	Grant Fund	Reimbursement Fund	Community Development Project Fund	Total	
<b>ASSETS</b>						
Cash	\$ 28,274	-	\$ 119,765	\$ 100,167	\$ 248,206	
Investment pool	31,311	3,479	2,859	-	37,649	
Accounts receivable	20,060	173,708	111,965	-	305,733	
Due from other governmental units	-	1,147,874	-	-	1,147,874	
<b>TOTAL ASSETS</b>	<b>\$ 79,645</b>	<b>\$ 1,325,061</b>	<b>\$ 234,589</b>	<b>\$ 100,167</b>	<b>\$ 1,739,462</b>	
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Cash overdraft	-	\$ 158,415	-	-	\$ 158,415	
Accounts payable	343	736,267	284	265	737,159	
Due to other funds	-	75,962	-	-	75,962	
Unearned revenue - grants	-	98,586	-	-	98,586	
Compensated absences	-	1,599	-	-	1,599	
<b>Total Liabilities</b>	<b>343</b>	<b>1,070,829</b>	<b>284</b>	<b>265</b>	<b>1,071,721</b>	
<b>Fund Balances:</b>						
Committed	79,302	-	234,305	-	313,607	
Assigned	-	254,232	-	99,902	354,134	
<b>Total Fund Balances</b>	<b>79,302</b>	<b>254,232</b>	<b>234,305</b>	<b>99,902</b>	<b>667,741</b>	
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 79,645</b>	<b>\$ 1,325,061</b>	<b>\$ 234,589</b>	<b>\$ 100,167</b>	<b>\$ 1,739,462</b>	

**CITY OF SALISBURY, MARYLAND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016**

	Special Revenue Funds					Total
	Curb, Gutter, and Sidewalk Fund	Grant Fund*	Reimbursement Fund	Community Development Project Fund		
<b>REVENUES</b>						
Charges for services	\$ 2,549	-	\$ 79,998	\$ 39,900	\$ 122,447	
Other revenue	66	-	-	-	66	
Grant revenues	-	2,327,561	-	-	2,327,561	
<b>TOTAL REVENUES</b>	<u>2,615</u>	<u>2,327,561</u>	<u>79,998</u>	<u>39,900</u>	<u>2,450,074</u>	
<b>EXPENDITURES</b>						
General government	-	830,341	-	-	830,341	
Public safety	-	423,704	-	-	423,704	
Public works	10,012	14,817	12,496	-	37,325	
Capital outlays	-	1,047,953	-	184,998	1,232,951	
<b>TOTAL EXPENDITURES</b>	<u>10,012</u>	<u>2,316,815</u>	<u>12,496</u>	<u>184,998</u>	<u>2,524,321</u>	
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(7,397)</u>	<u>10,746</u>	<u>67,502</u>	<u>(145,098)</u>	<u>(74,247)</u>	
<b>OTHER FINANCING SOURCES</b>						
Operating transfers in (out)	-	163,764	(45,000)	245,000	363,764	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>163,764</u>	<u>(45,000)</u>	<u>245,000</u>	<u>363,764</u>	
<b>NET CHANGE IN FUND BALANCES</b>	<u>(7,397)</u>	<u>174,510</u>	<u>22,502</u>	<u>99,902</u>	<u>289,517</u>	
<b>FUND BALANCES, BEGINNING OF YEAR, RESTATED</b>	<u>86,699</u>	<u>79,722</u>	<u>211,803</u>	<u>-</u>	<u>378,224</u>	
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 79,302</u>	<u>\$ 254,232</u>	<u>\$ 234,305</u>	<u>\$ 99,902</u>	<u>\$ 667,741</u>	

\*Restated

**CITY OF SALISBURY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**GRANT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

<b>REVENUES</b>	
Federal	\$ 433,244
State	1,488,708
Other	405,609
<b>TOTAL REVENUES</b>	<u>2,327,561</u>
 <b>EXPENDITURES</b>	
General government	
Salaries	18,991
Personnel benefits	11,428
Operating expenses	799,922
Public safety	
Salaries	150,943
Personnel benefits	37,894
Operating expenses	161,237
Capital outlay	73,630
Public works	
Operating expenses	14,817
Capital outlay	1,047,953
<b>TOTAL EXPENDITURES</b>	<u>2,316,815</u>
 <b>OTHER FINANCING SOURCES</b>	
Operating transfers in	<u>163,764</u>
 <b>NET CHANGE IN FUND BALANCE</b>	 174,510
 <b>FUND BALANCE, BEGINNING OF YEAR, RESTATED</b>	 <u>79,722</u>
 <b>FUND BALANCE, END OF YEAR</b>	 <u><u>\$ 254,232</u></u>

## **Nonmajor Proprietary Funds**

**CITY OF SALISBURY, MARYLAND**  
**COMBINING STATEMENT OF NET POSITION - NONMAJOR PROPRIETARY FUNDS**  
**JUNE 30, 2016**

	Enterprise Funds			Total
	City Marina Fund	Parking Authority Fund	Stormwater Utility Fund	
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
Current assets:				
Cash and investment pool	\$ 26,709	\$ 84,224	\$ 150,609	\$ 261,542
Investment pool	194	200,578	-	200,772
Accounts receivable	1,835	96,065	-	97,900
Due from other governmental units	-	-	1,299	1,299
Total Current Assets	<u>28,738</u>	<u>380,867</u>	<u>151,908</u>	<u>561,513</u>
Noncurrent assets:				
Capital assets				
Land	1,315,000	467,790	-	1,782,790
Buildings, equipment, and improvements	1,755,970	4,391,402	731,771	6,879,143
Less accumulated depreciation	(1,448,272)	(2,600,983)	(352,087)	(4,401,342)
Total Noncurrent Assets	<u>1,622,698</u>	<u>2,258,209</u>	<u>379,684</u>	<u>4,260,591</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension contributions	-	12,484	4,619	17,103
Deferred pension	-	20,725	7,668	28,393
Total Deferred Outflows of Resources	<u>-</u>	<u>33,209</u>	<u>12,287</u>	<u>45,496</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 1,651,436</u>	<u>\$ 2,672,285</u>	<u>\$ 543,879</u>	<u>\$ 4,867,600</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>				
<b>LIABILITIES</b>				
Due in one year:				
Accounts payable	\$ 1,763	\$ 12,170	\$ 6,202	\$ 20,135
Accrued payroll	2,454	10,894	3,837	17,185
Accrued interest payable	-	1,209	-	1,209
Deposits	728	-	-	728
Due to general fund	47,238	153,668	-	200,906
Bonds, notes, and capital leases payable	-	88,251	31,697	119,948
Total Current Liabilities	<u>52,183</u>	<u>266,192</u>	<u>41,736</u>	<u>360,111</u>
Due in more than one year:				
Bonds, notes, and capital leases payable	-	403,970	150,645	554,615
Net pension liability	-	142,167	52,604	194,771
Total Noncurrent Liabilities	<u>-</u>	<u>546,137</u>	<u>203,249</u>	<u>749,386</u>
Total Liabilities	<u>52,183</u>	<u>812,329</u>	<u>244,985</u>	<u>1,109,497</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension	-	13,521	5,003	18,524
<b>NET POSITION (DEFICIT)</b>				
Net investment in capital assets	1,622,698	1,765,988	197,342	3,586,028
Unrestricted (deficit)	(23,445)	80,447	96,549	153,551
Total Net Position	<u>1,599,253</u>	<u>1,846,435</u>	<u>293,891</u>	<u>3,739,579</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u>\$ 1,651,436</u>	<u>\$ 2,672,285</u>	<u>\$ 543,879</u>	<u>\$ 4,867,600</u>

**CITY OF SALISBURY, MARYLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -**  
**NONMAJOR PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Enterprise Funds			Total
	City Marina Fund	Parking Authority Fund	Stormwater Utility Fund	
OPERATING REVENUES				
Charges for services	\$ 55,151	\$ 732,488	\$ 558,326	\$ 1,345,965
TOTAL OPERATING REVENUES	<u>55,151</u>	<u>732,488</u>	<u>558,326</u>	<u>1,345,965</u>
OPERATING EXPENSES				
Salaries	30,907	190,988	52,972	274,867
Personnel benefits	4,871	111,772	75,809	192,452
Professional and skilled services	-	127,663	11,347	139,010
Supplies	4,763	2,184	-	6,947
Other operating expenses	60,900	151,335	26,910	239,145
Equipment	9,685	27,099	-	36,784
TOTAL OPERATING EXPENSES	<u>111,126</u>	<u>611,041</u>	<u>167,038</u>	<u>889,205</u>
OPERATING (LOSS) INCOME BEFORE DEPRECIATION	(55,975)	121,447	391,288	456,760
Depreciation	<u>19,306</u>	<u>97,272</u>	<u>53,499</u>	<u>170,077</u>
NET OPERATING INCOME (LOSS)	<u>(75,281)</u>	<u>24,175</u>	<u>337,789</u>	<u>286,683</u>
NONOPERATING REVENUES (EXPENSES)				
Operating transfers in (out)	41,949	26,500	(231,543)	(163,094)
Capital contributions	-	-	200,045	200,045
Interest income	5	290	-	295
Interest expense	<u>-</u>	<u>(13,468)</u>	<u>(12,400)</u>	<u>(25,868)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>41,954</u>	<u>13,322</u>	<u>(43,898)</u>	<u>11,378</u>
CHANGE IN NET POSITION	(33,327)	37,497	293,891	298,061
NET POSITION, BEGINNING OF YEAR	<u>1,632,580</u>	<u>1,808,938</u>	<u>-</u>	<u>3,441,518</u>
NET POSITION, END OF YEAR	<u>\$ 1,599,253</u>	<u>\$ 1,846,435</u>	<u>\$ 293,891</u>	<u>\$ 3,739,579</u>

## **Enterprise Funds**

**CITY OF SALISBURY, MARYLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -**  
**ENTERPRISE FUND - WATER AND SEWER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Water Department	Sewer Department	Total
OPERATING REVENUES			
Charges for services	\$ 3,897,743	\$ 9,723,436	\$ 13,621,179
Penalties	19,968	52,583	72,551
Tapping charges and connection fees	13,385	348,373	361,758
Sundry income	208,987	7,025	216,012
Pretreatment monitoring fee	-	180,940	180,940
Impact fees	260,468	-	260,468
TOTAL OPERATING REVENUES	<u>4,400,551</u>	<u>10,312,357</u>	<u>14,712,908</u>
OPERATING EXPENSES			
Salaries	1,506,421	2,270,618	3,777,039
Personnel benefits	1,496,903	2,267,309	3,764,212
Professional and skilled services	111,877	387,124	499,001
Other operating expenses	1,378,327	2,662,715	4,041,042
Equipment	2,106	-	2,106
TOTAL OPERATING EXPENSES	<u>4,495,634</u>	<u>7,587,766</u>	<u>12,083,400</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(95,083)	2,724,591	2,629,508
Depreciation	<u>556,818</u>	<u>1,596,363</u>	<u>2,153,181</u>
NET OPERATING INCOME (LOSS)	<u>(651,901)</u>	<u>1,128,228</u>	<u>476,327</u>
NONOPERATING REVENUES (EXPENSES)			
Operating transfers in	-	8,774	8,774
Grants	-	9,555,411	9,555,411
Interest income	20,592	22,250	42,842
Interest expense	(125,032)	(584,454)	(709,486)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(104,440)</u>	<u>9,001,981</u>	<u>8,897,541</u>
CHANGE IN NET POSITION	<u>\$ (756,341)</u>	<u>\$ 10,130,209</u>	9,373,868
NET POSITION, BEGINNING OF YEAR, RESTATED			<u>45,492,695</u>
NET POSITION, END OF YEAR			<u>\$ 54,866,563</u>

**CITY OF SALISBURY, MARYLAND**  
**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL**  
**ENTERPRISE FUND - WATER DEPARTMENT**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Inspection fees	\$ 31,500	\$ 31,500	\$ 52,895	\$ 21,395
Water sales	3,850,000	3,850,000	3,844,848	(5,152)
Penalties	22,500	22,500	19,968	(2,532)
Tapping charges and connection fees	-	-	13,385	13,385
Interest earned	-	-	20,592	20,592
Water income - sundry	180,200	180,200	208,987	28,787
Impact fees	-	-	260,468	260,468
Current surplus available	710,704	710,704	-	(710,704)
<b>TOTAL REVENUES</b>	<b>4,794,904</b>	<b>4,794,904</b>	<b>4,421,143</b>	<b>(373,761)</b>
<b>EXPENSES</b>				
<b>Engineering</b>				
Salaries	326,662	325,056	313,791	11,265
Personnel benefits	134,527	136,133	297,767	(161,634)
Professional and skilled services	27,500	48,547	17,437	31,110
Other operating expenses	95,774	97,458	71,525	25,933
Equipment	-	30,000	-	30,000
<b>Total Engineering</b>	<b>584,463</b>	<b>637,194</b>	<b>700,520</b>	<b>(63,326)</b>
<b>Billing and collection</b>				
Salaries	91,577	91,280	90,527	753
Personnel benefits	31,919	31,452	78,881	(47,429)
Professional and skilled services	5,100	5,308	1,130	4,178
Other operating expenses	104,145	98,503	79,195	19,308
Equipment	-	4,650	2,106	2,544
<b>Total Billing and Collection</b>	<b>232,741</b>	<b>231,193</b>	<b>251,839</b>	<b>(20,646)</b>
<b>Water treatment</b>				
Salaries	520,496	517,475	500,454	17,021
Personnel benefits	241,994	245,416	525,003	(279,587)
Other operating expenses	850,078	1,320,370	924,530	395,840
Equipment	-	65,900	-	65,900
<b>Total Water Treatment</b>	<b>1,612,568</b>	<b>2,149,161</b>	<b>1,949,987</b>	<b>199,174</b>

Continued on next page.

**CITY OF SALISBURY, MARYLAND**  
**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL**  
**ENTERPRISE FUND - WATER DEPARTMENT**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Distribution and storage				
Salaries	535,886	532,060	498,378	33,682
Personnel benefits	210,239	212,556	502,118	(289,562)
Other operating expenses	248,122	264,117	169,083	95,034
Equipment	150,000	150,000	-	150,000
Total Distribution and Storage	<u>1,144,247</u>	<u>1,158,733</u>	<u>1,169,579</u>	<u>(10,846)</u>
Administration				
Salaries	119,047	108,459	103,271	5,188
Personnel benefits	42,859	43,448	93,134	(49,686)
Professional and skilled services	128,531	130,492	93,310	37,182
Other operating expenses	153,910	159,355	133,994	25,361
Equipment	-	10,000	-	10,000
Total Administration	<u>444,347</u>	<u>451,754</u>	<u>423,709</u>	<u>28,045</u>
Debt payments				
Principal redemption	292,877	292,877	-	292,877
Interest	225,331	225,331	125,032	100,299
Total Debt Payments	<u>518,208</u>	<u>518,208</u>	<u>125,032</u>	<u>393,176</u>
 TOTAL EXPENSES	 <u>4,536,574</u>	 <u>5,146,243</u>	 <u>4,620,666</u>	 <u>525,577</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND TRANSFERS	258,330	(351,339)	(199,523)	151,816
Operating transfers out	258,330	258,330	-	258,330
Depreciation	-	-	556,818	(556,818)
CHANGE IN NET POSITION	<u>\$ -</u>	<u>\$ (609,669)</u>	<u>\$ (756,341)</u>	<u>\$ (146,672)</u>

**CITY OF SALISBURY, MARYLAND**  
**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL**  
**ENTERPRISE FUND - SEWER DEPARTMENT**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Sewer charges	\$ 9,675,000	\$ 9,675,000	\$ 9,353,803	\$ (321,197)
Sewer charges - urban services	325,379	325,379	369,633	44,254
Penalties	60,000	60,000	52,583	(7,417)
Tapping charges and connection fees	-	-	348,373	348,373
Pretreatment monitoring fees	185,000	185,000	180,940	(4,060)
Interest earned	-	-	22,250	22,250
Sewer income - sundry	5,800	5,800	7,025	1,225
Grants	-	-	9,555,411	9,555,411
Operating transfers in	-	-	8,774	8,774
Proceeds from debt issuance	300,000	300,000	-	(300,000)
Current surplus available	891,161	891,161	-	(891,161)
<b>TOTAL REVENUES</b>	<b>11,442,340</b>	<b>11,442,340</b>	<b>19,898,792</b>	<b>8,456,452</b>
<b>EXPENSES</b>				
<b>Engineering</b>				
Salaries	349,001	347,232	334,588	12,644
Personnel benefits	134,505	136,274	296,735	(160,461)
Professional and skilled services	10,500	264,813	141,469	123,344
Other operating expenses	94,961	103,290	77,887	25,403
Equipment	-	39,964	-	39,964
Total Engineering	588,967	891,573	850,679	40,894
<b>Billing and collection</b>				
Salaries	153,530	151,933	151,347	586
Personnel benefits	53,326	52,799	154,139	(101,340)
Professional and skilled services	12,850	16,665	16,580	85
Other operating expenses	23,385	24,913	14,799	10,114
Total Billing and Collection	243,091	246,310	336,865	(90,555)
<b>Wastewater treatment</b>				
Salaries	1,276,857	1,270,887	1,163,819	107,068
Personnel benefits	555,173	561,144	1,206,574	(645,430)
Professional and skilled services	50,000	127,350	-	127,350
Other operating expenses	2,705,636	3,492,201	2,180,454	1,311,747
Equipment	-	42,730	-	42,730
Total Wastewater Treatment	4,587,666	5,494,312	4,550,847	943,465

Continued on next page.

**CITY OF SALISBURY, MARYLAND**  
**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL**  
**ENTERPRISE FUND - SEWER DEPARTMENT**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Maintenance and repair				
Salaries	467,833	465,538	413,391	52,147
Personnel benefits	190,674	192,709	408,586	(215,877)
Other operating expenses	299,849	340,759	197,290	143,469
Interest expense	67,371	67,371	2,758	64,613
Equipment	150,000	150,000	-	150,000
Total Maintenance and Repair	<u>1,175,727</u>	<u>1,216,377</u>	<u>1,022,025</u>	<u>194,352</u>
Pretreatment monitoring				
Salaries	112,264	111,731	84,720	27,011
Personnel benefits	57,053	57,587	91,700	(34,113)
Other operating expenses	34,430	34,485	15,386	19,099
Total Pretreatment Monitoring	<u>203,747</u>	<u>203,803</u>	<u>191,806</u>	<u>11,997</u>
Administration				
Salaries	141,917	131,146	122,753	8,393
Personnel benefits	53,760	54,531	109,575	(55,044)
Professional and skilled services	278,603	351,837	229,075	122,762
Other operating expenses	213,363	219,093	176,899	42,194
Equipment	-	10,000	-	10,000
Total Administration	<u>687,643</u>	<u>766,607</u>	<u>638,302</u>	<u>128,305</u>
Debt payments				
Principal redemption	3,347,390	3,347,390	-	3,347,390
Interest	608,109	608,109	581,696	26,413
Total Debt Payments	<u>3,955,499</u>	<u>3,955,499</u>	<u>581,696</u>	<u>3,373,803</u>
 TOTAL EXPENSES	 <u>11,442,340</u>	 <u>12,774,481</u>	 <u>8,172,220</u>	 <u>4,602,261</u>
 OPERATING INCOME (LOSS) BEFORE DEPRECIATION	 -	 (1,332,141)	 11,726,572	 10,394,431
Depreciation	<u>-</u>	<u>-</u>	<u>1,596,363</u>	<u>(1,596,363)</u>
CHANGE IN NET POSITION	<u>\$ -</u>	<u>\$ (1,332,141)</u>	<u>\$ 10,130,209</u>	<u>\$ 11,990,794</u>

**CITY OF SALISBURY, MARYLAND**  
**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL**  
**ENTERPRISE FUND - CITY MARINA**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Slip rentals	\$ 35,000	\$ 35,000	\$ 32,730	\$ (2,270)
Electric fees	6,000	6,000	4,994	(1,006)
Gas sales	26,000	26,000	17,318	(8,682)
Miscellaneous	200	200	109	(91)
<b>TOTAL OPERATING REVENUES</b>	<u>67,200</u>	<u>67,200</u>	<u>55,151</u>	<u>(12,049)</u>
<b>OPERATING EXPENSES</b>				
Salaries	30,420	35,490	30,907	4,583
Personnel benefits	5,187	5,752	4,871	881
Supplies	11,125	6,590	4,763	1,827
Other operating expenses	35,850	59,750	60,900	(1,150)
Equipment	25,000	36,252	9,685	26,567
<b>TOTAL OPERATING EXPENSES</b>	<u>107,582</u>	<u>143,834</u>	<u>111,126</u>	<u>32,708</u>
<b>OPERATING LOSS BEFORE DEPRECIATION</b>	(40,382)	(76,634)	(55,975)	20,659
Depreciation	-	-	19,306	(19,306)
<b>NET OPERATING LOSS</b>	(40,382)	(76,634)	(75,281)	1,353
<b>NONOPERATING REVENUES</b>				
Operating transfer in	15,382	15,382	41,949	26,567
Interest income	-	-	5	5
<b>TOTAL NONOPERATING REVENUES</b>	<u>15,382</u>	<u>15,382</u>	<u>41,954</u>	<u>26,572</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ (25,000)</u>	<u>\$ (61,252)</u>	<u>\$ (33,327)</u>	<u>\$ 27,925</u>

**CITY OF SALISBURY, MARYLAND**  
**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL**  
**ENTERPRISE FUND - PARKING AUTHORITY**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Parking permits, fines, state grants, meters, and Park 'n Shop	\$ 603,500	\$ 603,500	\$ 726,503	\$ 123,003
Rent and other	3,086	3,080	5,985	2,905
<b>TOTAL OPERATING REVENUES</b>	<u>606,586</u>	<u>606,580</u>	<u>732,488</u>	<u>125,908</u>
<b>OPERATING EXPENSES</b>				
Salaries	200,363	199,755	190,988	8,767
Personnel benefits	60,128	44,706	111,772	(67,066)
Professional and skilled services	136,736	161,055	127,663	33,392
Supplies	2,150	3,085	2,184	901
Other operating expenses	181,942	196,941	151,335	45,606
Equipment	62,500	80,291	27,099	53,192
<b>TOTAL OPERATING EXPENSES</b>	<u>643,819</u>	<u>685,833</u>	<u>611,041</u>	<u>74,792</u>
<b>OPERATING INCOME (LOSS) BEFORE DEPRECIATION</b>	(37,233)	(79,253)	121,447	200,700
Depreciation	120,000	110,000	97,272	12,728
<b>NET OPERATING INCOME (LOSS)</b>	(157,233)	(189,253)	24,175	187,972
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Operating transfers in	26,500	26,500	26,500	-
Interest income	250	250	290	40
Proceeds from extended term financing	180,000	180,000		(180,000)
Principal payment	(86,200)	(86,200)	-	86,200
Interest expense	(32,416)	(32,416)	(13,468)	18,948
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<u>88,134</u>	<u>88,134</u>	<u>13,322</u>	<u>(74,812)</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ (69,099)</u>	<u>\$ (101,119)</u>	<u>\$ 37,497</u>	<u>\$ 113,160</u>

**CITY OF SALISBURY, MARYLAND**  
**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL**  
**ENTERPRISE FUND - STORMWATER UTILITY**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 598,500	\$ 598,500	\$ 558,326	\$ (40,174)
<b>TOTAL OPERATING REVENUES</b>	<b>598,500</b>	<b>598,500</b>	<b>558,326</b>	<b>(40,174)</b>
OPERATING EXPENSES				
Salaries	59,698	60,448	52,972	7,476
Personnel benefits	28,955	33,890	75,809	(41,919)
Professional and skilled services	100,000	100,000	11,347	88,653
Other operating expenses	178,304	172,619	26,910	145,709
Equipment	260,400	260,400	-	260,400
<b>TOTAL OPERATING EXPENSES</b>	<b>627,357</b>	<b>627,357</b>	<b>167,038</b>	<b>460,319</b>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(28,857)	(28,857)	391,288	420,145
Depreciation	-	-	53,499	(53,499)
<b>NET OPERATING INCOME (LOSS)</b>	<b>(28,857)</b>	<b>(28,857)</b>	<b>337,789</b>	<b>366,646</b>
NONOPERATING REVENUES (EXPENSES)				
Operating transfers out	(231,543)	(231,543)	(231,543)	-
Proceeds from extended term financing	260,400	260,400	-	(260,400)
Capital contributions	-	-	200,045	200,045
Interest expense	-	-	(12,400)	(12,400)
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<b>28,857</b>	<b>28,857</b>	<b>(43,898)</b>	<b>(72,755)</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 293,891</b>	<b>\$ 293,891</b>

**STATISTICAL INFORMATION**

**CITY OF SALISBURY, MARYLAND**

**SCHEDULE OF DELINQUENT TAXES RECEIVABLE (UNAUDITED)  
JUNE 30, 2016**

Levy Year	Total	General Fund		
		Real Property	Personal Property	Corporations
2016	\$ 402,465	\$ 192,218	\$ 1,000	\$ 209,247
2015	180,070	25,621	363	154,086
2014	77,242	25,754	(347)	51,835
2013	108,978	30,094	865	78,019
2012 and prior	1,226,726	398,848	43,307	784,571
	1,995,481	672,535	45,188	1,277,758
Less allowance for uncollectibles	(883,766)	-	(44,205)	(839,561)
	<u>\$ 1,111,715</u>	<u>\$ 672,535</u>	<u>\$ 983</u>	<u>\$ 438,197</u>

NOTE: Included in the above are deferred taxes of \$412,736.

CITY OF SALISBURY, MARYLAND

STATEMENT OF BONDED INDEBTEDNESS (UNAUDITED)  
JUNE 30, 2016

Description of Bonds and Purpose of Issue	Interest		Bond Maturities	Date Issued	Authorized Total Issue	Outstanding June 30, 2016	Requirements to June 30, 2017		Payable At
	Rate (Percent)	Dates Payable					Principal	Interest	
General Obligation Bonds									
Water Quality Bond of 2003	0.40	F & A1	08/01/03-08/01/24	04/17/03	\$ 3,163,361	\$ 1,295,729	\$ 159,712	\$ 13,018	MD Dept. Environment
Water Quality Bond of 2005	0.40	F & A1	02/01/09-02/01/28	09/29/05	41,721,225	25,318,852	2,087,374	200,387	MD Water Quality Fin.
Public Improvement Bonds of 2007	4.03	A & O1	04/01/08-04/01/27	04/12/07	4,950,000	2,722,500	247,500	109,717	Capital One
Public Improvement Bonds of 2008	4.09	F & A1	02/01/09-02/01/28	01/22/08	3,605,000	2,265,000	190,000	92,639	Suntrust Equip. & Leasing Corp.
Public Improvement Bonds of 2009	3.78	M & N1	05/01/10-05/01/25	11/06/09	2,600,000	1,054,494	173,333	36,611	Hebron Savings Bank
Maryland Water Quality Bond (ARRA)	0	A & F1	08/01/11-02/01/30	12/04/09	2,056,250	1,330,145	145,021	-	MD Water Quality Fin.
Maryland Energy Administration	0	S & M1	09/01/11-03/01/13	12/04/09	258,740	114,996	28,749	-	MD Water Quality Fin.
Maryland Energy Administration	2.50	J & J1	01/01/11-07/01/16	08/23/10	142,800	36,096	23,914	754	MD Water Quality Fin.
Refinance Public Improvement Bond	3.35	A & O1	10/01/11-10/01/26	10/04/10	5,050,000	3,747,113	287,340	120,716	Bank of America
Public Improvements Refunding Bond Series 2011B	2.39	J & DA1	12/13/11-06/01/23	12/13/11	4,828,000	2,928,000	412,999	69,979	Suntrust Bank
2012 Public Improvement Bond	2.52	M & N1	05/03/12-06/30/27	05/03/12	7,693,000	5,913,000	473,000	149,008	Suntrust Bank
Series 2012A Maryland Water Quality Financing Administration Drinking Water Bond	0.90	A & F1	05/22/12-02/01/43	05/22/12	1,631,000	1,369,071	48,897	15,187	MD Water Quality Fin.
Series 2012B Maryland Water Quality Financing Administration Drinking Water Bond	-	A & F1	05/22/12-02/01/43	05/22/12	1,500,000	1,412,274	-	-	MD Water Quality Fin.
Public Improvement Bonds of 2013	3.01	J & J1	12/05/12-06/30/29	12/05/12	6,041,000	5,129,000	327,000	149,462	Suntrust Bank
Public Improvement Bonds of 2014	2.96	J & J1	07/01/14-07/01/28	12/23/13	3,178,000	2,833,000	181,000	81,156	Hebron Savings Bank
Series 2014A Maryland Water Quality Financing Administration Drinking Water Bond	1.00	On demand	02/01/16-02/01/29	03/20/14	66,375	51,117	4,485	799	MD Water Quality Fin.
Series 2014B Maryland Water Quality Financing Administration Drinking Water Bond	-	On demand	03/20/14-02/01/29	03/20/14	464,625	357,821	-	-	MD Water Quality Fin.
Public Improvement Bonds of 2015	2.85	A & O1	04/01/15-04/01/29	09/26/14	4,009,000	3,588,000	232,000	102,258	Suntrust Bank
Public Improvements Refunding Bond	2.53	A & O1	04/01/15-04/01/24	09/26/14	2,754,365	2,444,721	276,259	61,851	Suntrust Bank
Series 2015A Maryland Water Quality Financing Administration Drinking Water Bond	-	F1	08/01/15-02/01/37	06/30/15	34,545,000	13,997,173	-	-	MD Water Quality Fin.
Series 2015B Maryland Water Quality Financing Administration Drinking Water Bond	3.61	On demand	08/01/15-02/01/37	06/30/15	1,500,000	-	-	-	MD Water Quality Fin.
Public Improvement Bonds of 2016	2.18	J & D1	12/01/16-12/01/25	12/01/15	4,726,200	4,726,200	428,068	98,365	Bank of America
						\$ 82,634,302	\$ 5,726,671	\$ 1,301,907	

**CITY OF SALISBURY, MARYLAND**

**GENERAL FUND REVENUE BY SOURCE (UNAUDITED)  
FIVE YEARS ENDED JUNE 30, 2016**

Fiscal Year Ended June 30	Property Taxes		Local Income Taxes		State Shared Taxes		Licenses and Permits		Fines and Forfeitures		Revenues from Use of Money and Property		Revenue from Other Agencies		Service Charges and Other		Total		Surplus Appropriated	
2016	\$ 22,277,811	64.73%	\$ 1,882,874	5.47%	\$ 1,779,355	5.17%	\$ 1,008,833	2.93%	\$ 1,393,656	4.05%	\$ 30,403	0.09%	\$ 1,837,886	5.34%	\$ 4,207,275	12.22%	\$ 34,418,093	100.00%	\$ 1,577,020	
2015	21,830,718	63.43%	1,631,437	4.74%	1,606,230	4.67%	877,882	2.55%	861,953	2.50%	20,850	0.06%	1,979,429	5.75%	4,267,389	12.40%	33,075,888	96.10%	387,604	
2014	21,648,544	65.45%	1,554,622	4.70%	1,637,787	4.95%	1,043,834	3.16%	855,103	2.59%	32,167	0.10%	2,046,793	6.19%	3,367,048	10.18%	32,185,898	97.31%	825,564	
2013	20,164,623	62.65%	1,439,078	4.47%	1,094,247	3.40%	1,033,844	3.21%	811,316	2.52%	29,284	0.09%	1,911,414	5.94%	3,290,838	10.22%	29,774,644	92.51%	1,007,473	
2012	20,956,426	70.38%	1,280,775	4.30%	1,106,407	3.72%	846,415	2.84%	275,650	0.93%	26,868	0.09%	1,605,123	5.39%	3,681,914	12.37%	29,779,578	100.02%	160,087	

**CITY OF SALISBURY, MARYLAND**

**GENERAL FUND EXPENDITURES BY FUNCTION (UNAUDITED)  
FIVE YEARS ENDED JUNE 30, 2016**

Fiscal Year Ended June 30	General Government	Department of Public Works							Total	
		Police	Fire	Other Safety	Supervision & Engineering	Highways	Sanitation	Recreation		Miscellaneous
2016	\$2,972,789 8.52%	\$11,615,144 33.28%	\$7,975,874 22.85%	\$1,562,910 4.48%	\$1,466,084 4.20%	\$1,526,495 4.37%	\$2,008,009 5.75%	\$1,939,828 5.56%	\$3,832,939 10.98%	\$34,900,072 100.00%
2015	2,861,790 8.20%	11,318,972 32.43%	6,681,923 19.15%	1,422,459 4.08%	1,800,877 5.16%	1,469,201 4.21%	2,094,694 6.00%	1,766,395 5.06%	6,011,813 17.23%	35,428,124 101.51%
2014	2,633,985 7.43%	10,447,024 29.49%	5,878,921 16.59%	1,304,210 3.68%	2,020,376 5.70%	1,557,077 4.40%	2,494,192 7.04%	2,267,820 6.40%	3,761,796 10.62%	32,365,401 91.36%
2013	2,439,617 7.54%	9,902,257 30.60%	6,173,771 19.08%	941,182 2.91%	1,835,733 5.67%	1,563,482 4.83%	1,940,728 6.00%	1,584,513 4.90%	4,435,082 13.70%	30,816,365 95.21%
2012	2,460,975 7.99%	9,841,247 31.94%	6,601,761 21.42%	913,953 2.97%	1,050,069 3.41%	1,552,701 5.04%	2,133,439 6.92%	1,713,690 5.56%	8,365,908 27.15%	34,633,743 112.39%

**CITY OF SALISBURY, MARYLAND**

**WATER AND SEWER DEPARTMENT OPERATIONS (UNAUDITED)  
FIVE YEARS ENDED JUNE 30, 2016**

Fiscal Year Ended June 30	Revenue				Expenses						
	Water Charges	Other Water	Sewer Charges	Other Sewer	Total	Surplus Appropriated	Operations	Capital Outlay	Debt Service	Depreciation	Total
2016	\$ 3,897,743	\$ 523,400	\$ 9,723,436	\$10,175,356	\$24,319,935	\$ 2,170,256	\$12,081,294	\$ 2,106	\$ 709,486	\$ 2,153,181	\$14,946,067
2015	4,006,105	412,902	10,156,633	563,016	15,138,656	1,601,869	10,833,511	40,547	749,998	1,237,918	12,861,974
2014	4,005,568	460,748	10,245,075	1,385,555	16,096,946	1,246,307	9,758,723	48,391	818,788	1,278,563	11,904,465
2013	4,125,240	602,048	10,586,504	1,861,054	17,174,846	1,851,757	10,225,483	46,877	707,821	1,344,011	12,324,192
2012	4,177,374	271,215	10,513,959	240,570	15,203,118	1,366,020	10,780,997	72,357	631,367	1,343,542	12,828,263

In addition, debt service only includes interest expense (no principal payments).

CITY OF SALISBURY, MARYLAND

GENERAL AND SINKING FUND - PROPERTY AND OTHER TAX LEVIES AND COLLECTIONS (UNAUDITED)  
 FIVE YEARS ENDED JUNE 30, 2016

Fiscal Year Ended June 30	Assessable Basis	Total General Sinking Tax Levy	Percent of Levy Collected in Year of Levy		Delinquent Tax Collections	Total Tax Collections	Total Collections as a Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percent of Current Levy
			Current Tax Collections	Delinquent Tax Collections					
2016	\$ 2,069,149,309	\$ 23,089,919	\$ 21,557,334	93.36%	\$ 389,437	\$ 21,946,771	95.05%	\$ 1,582,745	6.85%
2015	2,016,397,463	22,304,785	20,627,632	92.48%	800,065	21,427,697	96.07%	1,575,057	7.06%
2014	2,046,442,133	21,685,798	20,949,666	96.61%	340,539	21,290,205	98.18%	1,907,296	8.80%
2013	2,228,304,647	23,207,089	19,411,466	83.64%	380,515	19,791,981	85.28%	2,045,252	8.81%
2012	2,254,938,618	21,721,757	20,246,098	93.21%	169,030	20,415,128	93.98%	2,179,002	10.03%

CITY OF SALISBURY, MARYLAND

GENERAL AND SINKING FUND - ASSESSED VALUES AND DEBT RATIOS (UNAUDITED)  
 FIVE YEARS ENDED JUNE 30, 2016

Fiscal Year Ended June 30	Real Property Full and Partial Year		Assessed Values			General Obligation Debt and Notes Payable	Ratio G. O. Debt to Assessed Values	Legal Debt Limit	Legal Debt Margin	Total G. O. Debt Service	Total Expenditures General Fund and Water & Sewer	Ratio G. O. Debt Service to Total Expenditures
	Personal Property	Corporations	Ordinary	Railroads and Utilities	Total							
2016	\$1,787,044,569	\$3,017,040	\$217,303,180	\$ 61,784,520	\$2,069,149,309	\$ 82,634,302	0.0399	\$ 49,846,128	\$ 27,882,679	\$ 7,029,377	\$ 49,846,139	0.141
2015	1,748,436,713	2,467,580	205,701,610	59,791,560	2,016,397,463	68,725,686	0.0341	48,366,772	29,036,814	6,207,124	12,861,974	0.483
2014	1,775,307,203	2,397,520	211,985,160	56,752,250	2,046,442,133	70,057,647	0.0342	98,125,781	28,068,134	6,225,744	11,904,465	0.523
2013	1,963,683,547	2,029,930	206,407,060	56,184,110	2,228,304,647	73,775,676	0.0331	105,009,452	31,233,776	6,869,278	12,324,192	0.557
2012	1,988,451,318	2,513,100	216,668,130	47,306,070	2,254,938,618	69,545,990	0.0308	106,186,783	36,640,793	6,627,172	12,828,263	0.517