



CITY OF SALISBURY, MARYLAND

AUDIT REPORT

JUNE 30, 2022

CITY OF SALISBURY
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CITY OF SALISBURY, MARYLAND

ORGANIZATION

SERVING AS OF JUNE 30, 2022

OFFICIALS - ELECTED

Mayor	Jacob R. Day
President of Council	John R. (Jack) Heath
Vice President of Council	Muir Boda
Council Members	Angela M. Blake April Jackson Michele Gregory

OFFICIALS - STAFF

City Administrator	Julia Glanz
Deputy City Administrator	Andrew Kitzrow
City Clerk	Kimberly Nichols
City Attorney	Cockey, Brennan, Maloney
Public Information Officer	Christopher Demone
Director of Finance	Keith Cordrey
Director of Procurement	Jennifer Miller
Director of Human Resources	Megan Caton
Director of Business Development	Laura Soper
Director of Infrastructure and Development	Richard Baldwin
Director of Water Works	Corinne Cameron
Director of Field Operations	Jana Potvin
Director of Information Services	Bill Garrett
Director of Housing and Community Development	Ronald Strickler
Chief of Police	Barbara Duncan
Chief of Fire Department	John Tull



INDEPENDENT AUDITOR'S REPORT

December 19, 2022

Members of City Council
City of Salisbury
Salisbury, Maryland

Report on the Audit of the Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Salisbury (the City), Salisbury, Maryland, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2022, and the respective changes in 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles general accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued or, when applicable, one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal-control related matters that we identified during the audit.

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 and the budgetary comparison schedule - general fund schedule of the City's proportionate share of the net pension liability - employee plan, schedule of City

Members of City Council
City of Salisbury

pension contributions - employee plan, schedule of the City's proportionate share of the net pension liability - LEOPS, schedule of City pension contributions - LEOPS, and schedule of the City's net OPEB liability and related ratios on pages 58 through 63 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.

Supplementary 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 19, 2022, 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 solely 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 the effectiveness of 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, 2022. 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, 2022 **was \$89,546,396**. Net position of our governmental activities increased **by \$4,799,550 (or 75.0%)** while net position of our business-type activities increased **by \$2,901,564 (or 3.8%)**.
- The General Fund reported revenues and other financing sources under expenditures and other financing uses resulting in a **\$451,364** decrease in fund balance, bringing its fund balance this year to **\$16,554,397**.

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 custodian* 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

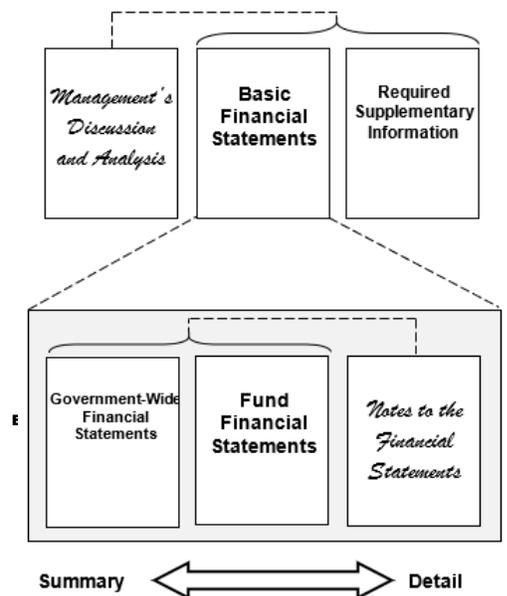


Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

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

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.

Type of Statements	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Custodial 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 custodian for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
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 Custodian'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

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 types 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.

- *Custodial 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 at June 30, 2022 was \$89,546,396.

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

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
CURRENT ASSETS:						
Cash and investments	\$ 15,819	\$ 15,428	\$ 7,168	\$ 6,987	\$ 22,987	\$ 22,415
Accounts and taxes receivable, net	2,968	3,394	3,017	2,951	5,985	6,345
Due from other governmental units	1,639	1,608	151	201	1,790	1,809
Internal balances	755	565	(755)	(565)	-	-
Inventories	17	772	2	386	19	1,158
Other	722	106	449	14	1,171	120
TOTAL CURRENT ASSETS	21,920	21,873	10,032	9,974	31,952	31,847
NONCURRENT ASSETS:						
Restricted cash	14,843	8,170	8,225	10,523	23,068	18,693
Capital assets at cost	103,890	101,062	191,731	189,307	295,621	290,369
Less accumulated depreciation	(40,902)	(37,928)	(58,702)	(53,704)	(99,604)	(91,632)
TOTAL NONCURRENT ASSETS	77,831	71,304	141,254	146,126	219,085	217,430
DEFERRED OUTFLOWS OF RESOURCES:						
Deferred outflow - pension	10,767	7,262	1,957	1,100	12,724	8,362
Deferred outflow - OPEB	3,245	3,727	811	932	4,056	4,659
TOTAL DEFERRED OUTFLOWS OF RESOURCES	14,012	10,989	2,768	2,032	16,780	13,021
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	113,763	104,166	154,054	158,132	267,817	262,298
CURRENT LIABILITIES:						
Accounts payable and accrued expenses	2,428	1,893	941	1,504	3,369	3,397
Bonds, notes, and leases payable	4,277	3,970	4,698	6,119	8,975	10,089
Other	1,477	1,505	185	1,500	1,662	3,005
TOTAL CURRENT LIABILITIES	8,182	7,368	5,824	9,123	14,006	16,491

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

(cont'd)	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
NONCURRENT LIABILITIES:						
Compensated absences	1,936	1,949	272	272	2,208	2,221
Net OPEB liability	13,471	22,457	3,368	5,614	16,839	28,071
Net pension liability	25,844	35,585	3,380	4,686	29,224	40,271
Bonds, notes, and capital leases payable	29,951	27,576	58,201	62,445	88,152	90,021
TOTAL NONCURRENT LIABILITIES	71,202	87,567	65,221	73,017	136,423	160,584
DEFERRED INFLOWS OF RESOURCES:						
Deferred inflows - pensions	13,634	2,287	2,270	405	15,904	2,692
Deferred inflows - OPEB	9,550	549	2,388	137	11,938	686
TOTAL DEFERRED INFLOWS OF RESOURCES	23,184	2,836	4,658	542	27,842	3,378
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	102,568	97,771	75,703	82,682	178,271	180,453
NET POSITION:						
Net investment in capital assets	28,760	31,588	70,129	67,040	98,889	98,628
Restricted	14,844	8,169	8,225	10,522	23,069	18,691
Unrestricted (Deficit)	(32,409)	(33,362)	(2)	(2,112)	(32,411)	(35,474)
TOTAL NET POSITION	\$ 11,195	\$ 6,395	\$ 78,352	\$ 75,450	\$ 89,547	\$ 81,845

Net position of the City's governmental activities increased 75% to \$11,194,868 due to increases in assets not offset by increases in liabilities. Net position of the City's business-type activities increased 3.8% to \$78,351,528 due to decreases in assets offset by decreases in liabilities of a greater amount.

The City's total revenues were \$72,325,949. A significant portion (44.1%) of the City's revenue comes from property and other taxes (See Figure A-3). A portion (40.5%) comes from charges for services, 8.0% is derived from operating grants, and 4.1% is derived from capital grants and contributions. The remaining 3.3% comes from miscellaneous, and investment earnings.

Figure A-3
CITY'S SOURCES OF REVENUES
Fiscal Year 2022

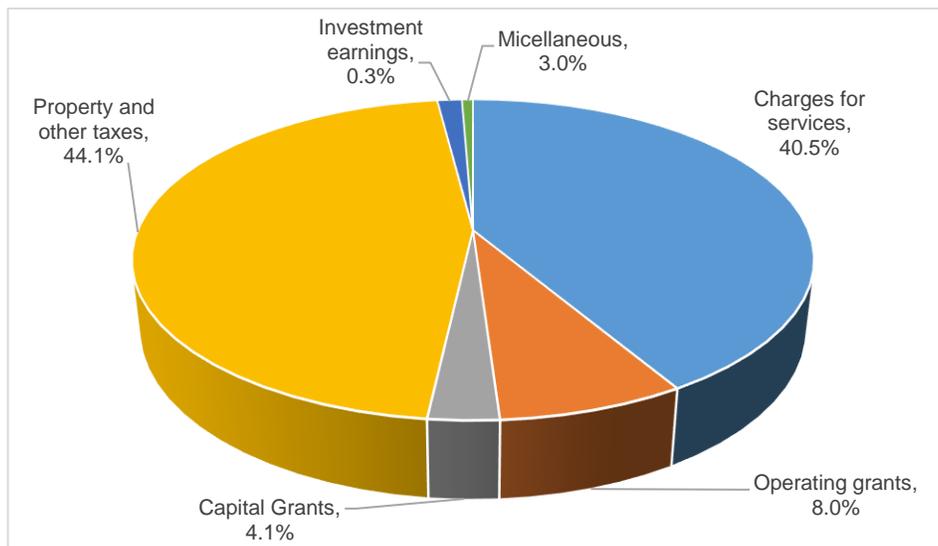


Table A-2
SOURCES OF REVENUES
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Totals		Percentage
	2022	2021	2022	2021	2022	2021	Change 2021-2022
Program revenues:							
Charges for services	\$ 9,919	\$ 8,181	\$ 19,360	\$ 17,453	\$ 29,279	\$ 25,634	14%
Operating grants	5,756	8,712	-	-	5,756	8,712	-34%
Capital grants	1,168	464	1,765	412	2,933	876	235%
General revenues:							
Property and other taxes	31,859	30,164	-	-	31,859	30,164	6%
Investment earnings	298	213	15	23	313	236	33%
Transfers	440	154	(440)	(154)	-	-	0%
Miscellaneous	754	517	1,432	74	2,186	591	270%
Total Revenues	\$ 50,194	\$ 48,405	\$ 22,132	\$ 17,808	\$ 72,326	\$ 66,213	9%

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		
	2022	2021	% Change	2022	2021	% Change
Governmental Activities:						
General government	\$ 5,174	\$ 5,728	-9.7%	\$ 2,057	\$ (686)	-400%
Public safety	27,552	30,378	-9.3%	18,936	22,996	-18%
Public works	6,905	6,827	1.1%	3,252	4,397	-26%
Recreation and culture	3,492	3,307	5.6%	2,035	2,175	-6%
Nondepartmental	1,027	1,039	-1.2%	1,027	1,039	-1%
Interest on long-term debt	1,244	1,018	22.2%	1,244	1,018	22%
Total Governmental Activities	45,394	48,297		28,551	30,939	
Business-type Activities:						
Water and sewer	17,693	18,850	-6.1%	(1,730)	2,375	-173%
Mitchell Landing	204	173	17.9%	71	4	1,675%
Other	1,334	1,475	-9.6%	(235)	255	-192%
Total Business-type Activities	19,231	20,498		(1,894)	2,634	
Total	\$ 64,625	\$ 68,795		\$ 26,657	\$ 33,573	

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

Governmental Activities		Business-type Activities		Totals	
2022	2021	2022	2021	2022	2021
\$ 4,799	\$ 108	\$ 2,902	\$ (2,690)	\$ 7,701	\$ (2,582)

Governmental Activities

Property and other tax revenues increased approximately \$1.7 million due to improvements in economic conditions. The cost of all *governmental* activities this year was \$45.3 million. However, the amount that the City's taxpayers paid for these activities through taxes was only \$31.9 million. Some of the cost was paid by those who directly benefited from the programs, \$9.9 million, or by grants and contributions, \$6.9 million. The total cost of governmental activities decreased \$3.0 million, which can be attributed largely to decreases in Public Safety and General Government.

Business-type Activities

Revenues of the City's business-type activities were \$22.1 million in FY 2022, an increase from \$17.8 million in FY 2021 (see Table A-2), while expenses were \$19.2 million in FY 2022 versus \$20.5 million in FY 2021. The overall revenue increase is primarily due to more revenue related to charges for services earned by the City in FY 2022. Overall costs decreased by \$1.3 million due largely to a decrease in operating cost in the Water and Sewer Fund.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As of the end of FY 2022, the City's governmental funds reported a combined fund balance of \$31.8 million, a \$7.4 million increase from the previous year. At year end, the General Fund had a fund balance of \$ 16.6 million, and the Capital Improvements Fund had a fund balance of \$14.0 million. The fund balance for other governmental funds reported an ending in fund balance of \$1.2 million. Revenue and other financing sources collections were greater than expenditures and other financing uses by \$7.4 million for the year for all governmental funds. General Fund expenditures exceeded revenue collections by \$.5 million.

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 \$54.7 million (including operating transfers), versus an original budget of \$46 million. The variance is largely due to a \$2.4 million carry forward of encumbrances from FY 2021 and additional debt payments included in a refinancing of City bonds. Actual expenditures were \$6.8 million below final budget amounts. All departments were under budget during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022, the City had invested \$196.0 million, net of depreciation, in a broad range of capital assets (See Table A-5).

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

	Governmental Activities		Business-type Activities		Totals		Total % Change
	2022	2021	2022	2021	2022	2021	
Land and art	\$ 8,823	\$ 8,675	\$ 2,199	\$ 2,198	\$ 11,022	\$ 10,873	1.4%
Construction-in-progress	6,872	7,924	3,259	9,634	10,131	17,558	-42.2%
Buildings and improvements	28,073	27,511	52,614	52,146	80,687	79,657	1.3%
Improvements, non-buildings	32,379	30,791	118,913	110,807	151,292	141,598	6.8%
Machinery and equipment	27,707	26,125	14,746	14,522	42,453	40,647	4.4%
Zoo animals	36	36	-	-	36	36	0.0%
Totals at historical cost	103,890	101,062	191,731	189,307	295,621	290,369	1.8%
Total accumulated depreciation	40,902	37,928	58,702	53,704	99,604	91,632	8.7%
Net Capital Assets	<u>\$ 62,988</u>	<u>\$ 63,134</u>	<u>\$ 133,029</u>	<u>\$ 135,603</u>	<u>\$ 196,017</u>	<u>\$ 198,737</u>	-1.4%

The City's governmental capital purchases for fiscal year 2022 included the purchase of eight police vehicles, three ambulances, a server for IT, three HCDD vehicles, Energov software for HCDD, and other equipment and vehicles for Field Operations. Additional land was also purchased for the Service Center. The business-type activities additions to capital assets included a fuel pump hose and reel for the marina, truck, and skid steer loader, a sweeper, a mini excavator, and a camera system to be used in the water and sewer division. Projects completed included Gordy Road, Main Street Master Plan, Fitzwater Pump Station, Park Plant Flow Meter, and Paleo Fluoride Room. Continuing projects include Bicycle Master Plan, Urban Greenway, Street Scaping, Service Center, and Paleo Well. 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 \$97.1 million in bonds, notes, and leases outstanding, a decrease of \$3 million over the previous year. During fiscal year 2022, the City issued \$11.86 million of Public Improvement Bonds to finance a number of public works projects, including the Service Center, Service Center Garage, ADA Ramp and Bathroom, GOB Air Handler Replacement, Market Street Shoreline, Riverwalk Repairs, Street Scaping, and an Aerial Ladder Truck. The City also drew down \$114,000 in revolving loan funds from federal loans administered by the Maryland Department of the Environment to finance the construction of Mount Hermon Road Sewer Extension.

The City is limited to a maximum general obligation bond limit of \$59 million. Debt in enterprise funds is not subject to the maximum bond limit. 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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	
Leases payable	\$ 2,239	\$ 2,661	\$ 565	\$ 440	\$ 2,804	\$ 3,101	-10%
Bonds payable	29,343	26,854	59,775	65,599	89,118	92,453	-4%
Mortgages and notes payable	-	-	1,382	1,382	1,382	1,382	0%
Bond premium	2,645	2,031	1,178	1,143	3,823	3,174	20%
Total Bonds and Notes Payable	\$ 34,227	\$ 31,546	\$ 62,900	\$ 68,564	\$97,127	\$100,110	-3%

ECONOMIC FACTORS

- The City collected \$ 603,851 in building permit revenues for FY 2022 vs. \$418,345 for FY 2021.
- The City received \$0.6 million more in real estate property tax revenue in FY 2022. The total of other tax revenues was \$0.8 million more in FY 2022.
- The City's has a three-year reassessment cycle. The adjusted assessed value of all real properties in the City increased by \$64.8 million over the prior year.
- The local (Wicomico County) unemployment rate as of July 2022 was 4.5%, down from 5.3% a year ago. The State of Maryland had a 4.2% rate, and the nation as a whole has a 3.5% unemployment rate for the same time period.

WATER SEWER FUND

The water and sewer fund adopted budget increased from \$18.1 million in FY 2021 to \$18.6 million in FY 2022.

The City has completed upgrading the Wastewater Treatment Plant (WWTP). The WWTP has been fully operational since September 25, 2019. The total construction cost is \$52 million and was funded with Biological Nutrient Removal and Enhanced Nutrient Removal (BNR/ENR) grants and a 0% interest State Revolving Fund loan.

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.salisbury.md.

CITY OF SALISBURY, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets:			
Cash and investment pool	\$ 15,819,432	\$ 7,167,559	\$ 22,986,991
Taxes receivable, net	1,031,510	-	1,031,510
Accounts receivable, net	1,936,359	3,017,507	4,953,866
Due from other governmental units	1,639,145	151,255	1,790,400
Internal balances	754,696	(754,696)	-
Other assets	17,055	1,828	18,883
Inventories	721,819	448,814	1,170,633
Total Current Assets	21,920,016	10,032,267	31,952,283
Noncurrent assets:			
Restricted cash and investments	14,843,652	8,225,016	23,068,668
Construction-in-progress	6,871,864	3,259,213	10,131,077
Land and art	8,822,878	2,198,503	11,021,381
Capital assets at cost	88,195,014	186,273,421	274,468,435
Less accumulated depreciation	(40,902,393)	(58,702,364)	(99,604,757)
Total Noncurrent Assets	77,831,015	141,253,789	219,084,804
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pension plan	10,767,270	1,957,137	12,724,407
Deferred outflows - OPEB plan	3,244,624	811,156	4,055,780
Total Deferred Outflows of Resources	14,011,894	2,768,293	16,780,187
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
	\$ 113,762,925	\$ 154,054,349	\$ 267,817,274
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Current liabilities:			
Accounts payable and accrued expenses	\$ 2,427,561	\$ 940,561	\$ 3,368,122
Unearned revenue	764,951	-	764,951
Due to other governmental units	10	-	10
Deposits and advance payments of taxes	163,020	11,840	174,860
Compensated absences	215,130	30,222	245,352
Accrued interest payable	334,838	142,945	477,783
Bonds, notes, and leases payable, net	4,276,768	4,698,314	8,975,082
Total Current Liabilities	8,182,278	5,823,882	14,006,160
Noncurrent liabilities:			
Compensated absences	1,936,173	272,013	2,208,186
Net OPEB liability	13,471,060	3,367,765	16,838,825
Net pension liability	25,843,961	3,379,946	29,223,907
Bonds, notes, and leases payable, net	29,950,437	58,201,632	88,152,069
Total Noncurrent Liabilities	71,201,631	65,221,356	136,422,987
Total Liabilities	79,383,909	71,045,238	150,429,147
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension plan	13,633,733	2,269,979	15,903,712
Deferred inflows - OPEB plan	9,550,415	2,387,604	11,938,019
Total Deferred Inflows of Resources	23,184,148	4,657,583	27,841,731
NET POSITION			
Net investment in capital assets	28,760,158	70,128,827	98,888,985
Restricted for:			
Capital improvements	14,387,713	8,225,016	22,612,729
Zoo	207,693	-	207,693
Lease escrow	248,246	-	248,246
Unrestricted (Deficit)	(32,408,942)	(2,315)	(32,411,257)
Total Net Position	11,194,868	78,351,528	89,546,396
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
	\$ 113,762,925	\$ 154,054,349	\$ 267,817,274

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

**CITY OF SALISBURY, MARYLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	Expenses	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
GOVERNMENTAL ACTIVITIES							
General government	\$ 5,173,700	\$ 2,159,871	\$ 922,917	\$ 34,342	\$ (2,056,570)	\$ -	\$ (2,056,570)
Public safety	27,552,225	4,180,664	4,406,911	28,275	(18,936,375)	-	(18,936,375)
Public works	6,905,164	2,498,491	149,280	1,005,000	(3,252,393)	-	(3,252,393)
Recreation and culture	3,491,889	1,080,324	276,667	100,000	(2,034,898)	-	(2,034,898)
Nondepartmental	1,027,197	-	-	-	(1,027,197)	-	(1,027,197)
Interest on long-term debt	1,243,957	-	-	-	(1,243,957)	-	(1,243,957)
Total Governmental Activities	45,394,132	9,919,350	5,755,775	1,167,617	(28,551,390)	-	(28,551,390)
BUSINESS-TYPE ACTIVITIES							
Water and sewer	17,693,003	17,658,284	-	1,764,671	-	1,729,952	1,729,952
Mitchell Landing	204,428	133,677	-	-	-	(70,751)	(70,751)
Other	1,333,272	1,568,362	-	-	-	235,090	235,090
Total Business-type Activities	19,230,703	19,360,323	-	1,764,671	-	1,894,291	1,894,291
TOTAL PRIMARY GOVERNMENT	\$ 64,624,835	\$ 29,279,673	\$ 5,755,775	\$ 2,932,288	(28,551,390)	1,894,291	(26,657,099)
GENERAL REVENUES AND TRANSFERS							
Taxes:							
					21,110,105	-	21,110,105
					7,879,589	-	7,879,589
					2,706,142	-	2,706,142
					163,621	-	163,621
					297,694	15,071	312,765
					-	19,928	19,928
					753,789	1,412,274	2,166,063
					440,000	(440,000)	-
					<u>33,350,940</u>	<u>1,007,273</u>	<u>34,358,213</u>
					4,799,550	2,901,564	7,701,114
					<u>6,395,318</u>	<u>75,449,964</u>	<u>81,845,282</u>
					<u>\$ 11,194,868</u>	<u>\$ 78,351,528</u>	<u>\$ 89,546,396</u>

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

CITY OF SALISBURY, MARYLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Capital Improvements Fund	Nonmajor Funds	Total
ASSETS				
Cash	\$ 5,974,251	\$ -	\$ 1,189,223	\$ 7,163,474
Investment pool	8,613,997	-	41,961	8,655,958
Taxes receivable	1,686,006	-	-	1,686,006
Less allowance for uncollectibles	(654,496)	-	-	(654,496)
Due from other governmental units	935,259	-	703,886	1,639,145
Due from other funds	821,770	-	-	821,770
Sundry accounts receivable	5,173,581	-	307,189	5,480,770
Less allowance for uncollectibles	(3,544,411)	-	-	(3,544,411)
Inventory	721,819	-	-	721,819
Other assets	17,055	-	-	17,055
Restricted cash	455,939	2,188,404	-	2,644,343
Restricted investment pool	-	12,199,309	-	12,199,309
TOTAL ASSETS	\$ 20,200,770	\$ 14,387,713	\$ 2,242,259	\$ 36,830,742
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$ 1,952,134	\$ 345,067	\$ 130,360	\$ 2,427,561
Due to other funds	-	-	67,074	67,074
Due to other governmental units	10	-	-	10
Unearned revenue	-	-	764,951	764,951
Deposits and advance payment of taxes	58,925	-	104,095	163,020
Compensated absences	215,130	-	-	215,130
Total Liabilities	2,226,199	345,067	1,066,480	3,637,746
Deferred Inflows of Resources				
Unavailable revenue	1,420,174	-	-	1,420,174
Total Deferred Inflows of Resources	1,420,174	-	-	1,420,174
Fund Balances:				
Nonspendable	738,874	-	-	738,874
Restricted	-	14,042,646	-	14,042,646
Committed	2,789,851	-	848,137	3,637,988
Assigned	825,940	-	327,642	1,153,582
Unassigned	12,199,732	-	-	12,199,732
Total Fund Balances	16,554,397	14,042,646	1,175,779	31,772,822
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 20,200,770	\$ 14,387,713	\$ 2,242,259	\$ 36,830,742

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, 2022**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 31,772,822

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. 62,987,363

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. 1,420,174

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 leases payable	\$ (34,227,205)	
Compensated absences	(1,936,173)	
Net OPEB liability	(13,471,060)	
Accrued interest on bonds	(334,838)	
Net pension liability	<u>(25,843,961)</u>	(75,813,237)

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

Deferred outflows - pension plan	10,767,270	
Deferred outflows - OPEB plan	3,244,624	
Deferred inflows - pension plan	(13,633,733)	
Deferred inflows - OPEB plan	<u>(9,550,415)</u>	<u>(9,172,254)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 11,194,868

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, 2022

	General Fund	Capital Improvements Fund	Nonmajor Funds	Total
REVENUES				
Taxes	\$31,965,432	\$ -	\$ -	\$31,965,432
Other revenue	4,923,810	13,943	374,566	5,312,319
Intergovernmental revenues	3,310,167	-	3,234,992	6,545,159
Charges for services	5,500,387	-	220,665	5,721,052
TOTAL REVENUES	<u>45,699,796</u>	<u>13,943</u>	<u>3,830,223</u>	<u>49,543,962</u>
EXPENDITURES				
Current:				
General government	4,373,715	-	608,050	4,981,765
Public safety	25,677,132	-	1,477,961	27,155,093
Public works	4,607,175	-	1,122,444	5,729,619
Recreation and culture	2,304,095	-	505,344	2,809,439
Nondepartmental	1,027,197	-	-	1,027,197
Capital outlays	2,226,932	1,273,297	261,832	3,762,061
Debt service:				
Principal	1,059,854	92,280	-	1,152,134
Interest	3,491,788	-	-	3,491,788
TOTAL EXPENDITURES	<u>44,767,888</u>	<u>1,365,577</u>	<u>3,975,631</u>	<u>50,109,096</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>931,908</u>	<u>(1,351,634)</u>	<u>(145,408)</u>	<u>(565,134)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	(2,647,177)	2,664,199	422,978	440,000
Proceeds from bond and lease issuance	5,095,793	6,219,052	-	11,314,845
Payment to refunding agent	(3,871,874)	-	-	(3,871,874)
Proceeds from sale of capital assets	39,986	-	17,419	57,405
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,383,272)</u>	<u>8,883,251</u>	<u>440,397</u>	<u>7,940,376</u>
NET CHANGE IN FUND BALANCES	(451,364)	7,531,617	294,989	7,375,242
FUND BALANCES, BEGINNING OF YEAR	<u>17,005,761</u>	<u>6,511,029</u>	<u>880,790</u>	<u>24,397,580</u>
FUND BALANCES, END OF YEAR	<u>\$16,554,397</u>	<u>\$14,042,646</u>	<u>\$1,175,779</u>	<u>\$31,772,822</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, 2022**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 7,375,242

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	\$ 3,465,921	
Loss on disposal	(253,566)	
Depreciation expense	<u>(3,358,933)</u>	(146,578)

Bond and 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 leases of this amount were issued. (8,965,000)

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 increased by this amount this year. (34,124)

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. 5,861,866

Governmental funds report bond premiums as other financing sources. However, these amounts are reported on the statement of net position as deferred charges and are amortized over the life of the debt. (614,206)

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:

Decrease in compensated absences	12,196	
Decrease in deferred outflows - OPEB plan	(482,392)	
Decrease in net OPEB liability	8,985,902	
Increase in deferred inflows - OPEB plan	(9,001,312)	
Increase in accrued interest payable	(91,822)	
Increase in deferred outflows - pension plan	3,505,076	
Decrease in net pension liability	9,741,396	
Increase in deferred inflows - pension	<u>(11,346,694)</u>	<u>1,322,350</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 4,799,550

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

CITY OF SALISBURY, MARYLAND
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2022

	Enterprise Funds			Total
	Water and Sewer Fund	Mitchell Landing Fund	Nonmajor Funds	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Current assets:				
Cash	\$ 3,583,393	\$ 54,211	\$ 295,429	\$ 3,933,033
Investment pool	3,181,312	-	53,214	3,234,526
Accounts receivable, net	2,844,718	2,489	170,300	3,017,507
Due from other governmental units	151,255	-	-	151,255
Other assets	-	1,828	-	1,828
Inventories	448,814	-	-	448,814
Total Current Assets	<u>10,209,492</u>	<u>58,528</u>	<u>518,943</u>	<u>10,786,963</u>
Noncurrent assets:				
Restricted cash	-	10,401	-	10,401
Restricted investment pool	7,068,709	192,293	953,613	8,214,615
Capital assets:				
Construction-in-progress	2,738,313	-	520,900	3,259,213
Land	301,703	114,010	1,782,790	2,198,503
Buildings, equipment, and improvements	177,383,335	1,454,318	7,435,768	186,273,421
Less accumulated depreciation	(52,295,158)	(1,055,164)	(5,352,042)	(58,702,364)
Total Noncurrent Assets	<u>135,196,902</u>	<u>715,858</u>	<u>5,341,029</u>	<u>141,253,789</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pension plan	1,858,806	-	98,331	1,957,137
Deferred outflows - OPEB plan	811,156	-	-	811,156
Total Deferred Outflows of Resources	<u>2,669,962</u>	<u>-</u>	<u>98,331</u>	<u>2,768,293</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 148,076,356</u>	<u>\$ 774,386</u>	<u>\$ 5,958,303</u>	<u>\$ 154,809,045</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES				
Due in one year:				
Accounts payable	\$ 660,161	\$ 11,978	\$ 89,065	\$ 761,204
Accrued payroll	154,238	12,895	12,224	179,357
Accrued interest payable	128,812	-	14,133	142,945
Due to other funds	-	-	754,696	754,696
Compensated absences	30,222	-	-	30,222
Bonds, notes, and leases payable	4,410,317	-	287,997	4,698,314
Deposits	-	10,914	926	11,840
Total Current Liabilities	<u>5,383,750</u>	<u>35,787</u>	<u>1,159,041</u>	<u>6,578,578</u>
Due in more than one year:				
Bonds, notes, and leases payable	55,340,742	1,381,807	1,479,083	58,201,632
Net OPEB liability	3,367,765	-	-	3,367,765
Provision for compensated absences	272,013	-	-	272,013
Net pension liability	3,210,130	-	169,816	3,379,946
Total Noncurrent Liabilities	<u>62,190,650</u>	<u>1,381,807</u>	<u>1,648,899</u>	<u>65,221,356</u>
Total Liabilities	<u>67,574,400</u>	<u>1,417,594</u>	<u>2,807,940</u>	<u>71,799,934</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pension plan	2,155,931	-	114,048	2,269,979
Deferred inflows - OPEB plan	2,387,604	-	-	2,387,604
Total Deferred Inflows of Resources	<u>4,543,535</u>	<u>-</u>	<u>114,048</u>	<u>4,657,583</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	68,377,134	(868,643)	2,620,336	70,128,827
Restricted	7,068,709	202,694	953,613	8,225,016
Unrestricted (deficit)	512,578	22,741	(537,634)	(2,315)
Total Net Position (Deficit)	<u>75,958,421</u>	<u>(643,208)</u>	<u>3,036,315</u>	<u>78,351,528</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 148,076,356</u>	<u>\$ 774,386</u>	<u>\$ 5,958,303</u>	<u>\$ 154,809,045</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, 2022

	Enterprise Funds			Total
	Water and Sewer Fund	Mitchell Landing Fund	Nonmajor Funds	
OPERATING REVENUES				
Charges for services	\$ 16,581,112	\$ 133,677	\$ 1,568,362	\$ 18,283,151
Penalties	105,164	-	-	105,164
Tapping charges and connection fees	262,442	-	-	262,442
Sundry income	251,459	-	-	251,459
Pretreatment monitoring fee	234,368	-	-	234,368
Impact fees	223,739	-	-	223,739
TOTAL OPERATING REVENUES	17,658,284	133,677	1,568,362	19,360,323
OPERATING EXPENSES				
Salaries	4,407,593	16,374	371,176	4,795,143
Personnel benefits	1,578,815	6,818	110,441	1,696,074
Professional and skilled services	759,569	25,423	183,908	968,900
Supplies	2,350,643	4,812	5,851	2,361,306
Other operating expenses	3,152,141	116,556	388,873	3,657,570
Equipment	32,687	-	-	32,687
TOTAL OPERATING EXPENSES	12,281,448	169,983	1,060,249	13,511,680
Operating income before depreciation	5,376,836	(36,306)	508,113	5,848,643
Depreciation	4,931,169	34,445	229,902	5,195,516
NET OPERATING INCOME (LOSS)	445,667	(70,751)	278,211	653,127
NONOPERATING REVENUES (EXPENSES)				
Operating transfers in (out)	-	-	(440,000)	(440,000)
Gain on sale of capital assets	(19,111)	-	39,039	19,928
Forgiveness of principal	1,412,274	-	-	1,412,274
Grants	1,764,671	-	-	1,764,671
Interest income	13,330	-	1,741	15,071
Interest expense	(480,386)	-	(43,121)	(523,507)
TOTAL NONOPERATING REVENUES (EXPENSES)	2,690,778	-	(442,341)	2,248,437
CHANGE IN NET POSITION (DEFICIT)	3,136,445	(70,751)	(164,130)	2,901,564
NET POSITION (DEFICIT), BEGINNING OF YEAR	72,821,976	(572,457)	3,200,445	75,449,964
NET POSITION (DEFICIT), END OF YEAR	\$ 75,958,421	\$ (643,208)	\$ 3,036,315	\$ 78,351,528

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, 2022

	Enterprise Funds			Total
	Water and Sewer Fund	Mitchell Landing Fund	Nonmajor Funds	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 17,635,424	\$ 131,188	\$ 1,576,184	\$ 19,342,796
Payments to suppliers	(6,861,828)	(136,641)	(450,505)	(7,448,974)
Payments to employees	(6,143,210)	(21,595)	(495,284)	(6,660,089)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	4,630,386	(27,048)	630,395	5,233,733
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Internal activity - payments to other funds	-	-	(440,000)	(440,000)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	-	-	(440,000)	(440,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from bonds, notes, and capital leases	3,009,000	-	370,274	3,379,274
Principal paid on bonds, notes, and capital leases	(7,220,270)	-	(238,163)	(7,458,433)
Interest paid on bonds, notes, and mortgages	(568,036)	-	(50,870)	(618,906)
Payments for capital acquisitions	(2,326,906)	-	(446,384)	(2,773,290)
Proceeds from sale of capital assets	66,000	-	39,039	105,039
Capital grants	439,966	-	-	439,966
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(6,600,246)	-	(326,104)	(6,926,350)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income	13,330	-	1,741	15,071
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	13,330	-	1,741	15,071
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,956,530)	(27,048)	(133,968)	(2,117,546)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	15,789,944	283,953	1,436,224	17,510,121
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 13,833,414	\$ 256,905	\$ 1,302,256	\$ 15,392,575
Cash	\$ 3,583,393	\$ 54,211	\$ 295,429	\$ 3,933,033
Investment pool	3,181,312	-	53,214	3,234,526
Restricted cash	-	10,401	-	10,401
Restricted investment pool	7,068,709	192,293	953,613	8,214,615
	\$ 13,833,414	\$ 256,905	\$ 1,302,256	\$ 15,392,575
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating loss	\$ 445,667	\$ (70,751)	\$ 278,211	\$ 653,127
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	4,931,169	34,445	229,902	5,195,516
(Increase) Decrease in:				
Accounts receivable	(54,750)	(2,489)	(9,554)	(66,793)
Due from other governmental units	31,890	-	17,376	49,266
Other assets	(62,495)	(1,828)	-	(64,323)
Inventories	15,046	-	-	15,046
Deferred outflows - pension	(814,239)	-	(43,073)	(857,312)
Deferred outflows - OPEB	120,598	-	-	120,598
Increase (Decrease) in:				
Accounts payable	(519,339)	11,978	(60,785)	(568,146)
Accrued payroll	1,460	1,597	1,292	4,349
Due to other funds	-	-	188,911	188,911
Compensated absences	16	-	-	16
Net OPEB liability	(2,246,475)	-	-	(2,246,475)
Net pension liability	(1,240,225)	-	(65,609)	(1,305,834)
Deferred inflows - pension	2,250,328	-	93,724	2,344,052
Deferred inflows - OPEB	1,771,735	-	-	1,771,735
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 4,630,386	\$ (27,048)	\$ 630,395	\$ 5,233,733

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

CITY OF SALISBURY, MARYLAND
STATEMENT OF CHANGES IN NET POSITION - CUSTODIAL FUNDS
JUNE 30, 2022

	<u>Health Care Trust</u>	<u>Custodial Funds</u>
ASSETS		
Cash	\$ -	\$ 448,077
Investment pool	-	71,398
Investments	2,075,312	-
Accounts receivable	-	216,460
	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 2,075,312</u></u>	<u><u>\$ 735,935</u></u>
 LIABILITIES		
Accounts payable	\$ -	\$ 320,238
Deposits	-	199,111
Due to other governmental units	-	216,460
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u> -</u>	<u> 735,809</u>
 NET POSITION		
Reserved for trust	2,075,312	-
Reserved for police	-	226,793
Reserved for bay restoration	-	509,142
	<u> </u>	<u> </u>
TOTAL NET POSITION	<u><u>\$ 2,075,312</u></u>	<u><u>\$ 735,935</u></u>

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

CITY OF SALISBURY, MARYLAND
STATEMENT OF CHANGES IN NET POSITION - CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Health Care Trust	Custodial Funds
ADDITIONS		
Investment earnings	\$ 81,097	\$ 126
Contributions - police	-	186,605
Contributions - bay restoration	-	1,209,453
Net appreciation (depreciation) in fair value of investments	<u>(310,692)</u>	<u>-</u>
TOTAL ADDITIONS	<u>(229,595)</u>	<u>1,396,184</u>
DEDUCTIONS		
Deductions - police	-	295,661
Deductions - bay restoration	-	1,230,242
Operating expenses	<u>4,361</u>	<u>-</u>
TOTAL DEDUCTIONS	<u>4,361</u>	<u>1,525,903</u>
CHANGE IN NET POSITION	(233,956)	(129,719)
NET POSITION, BEGINNING OF YEAR	<u>2,309,268</u>	<u>865,654</u>
NET POSITION, END OF YEAR	<u><u>\$ 2,075,312</u></u>	<u><u>\$ 735,935</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 accounting principles generally accepted in the United States of America (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

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

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

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.

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. Custodial 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 custodial.

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.

CITY OF SALISBURY, MARYLAND
NOTES TO FINANCIAL STATEMENTS

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

Proprietary Funds

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

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

Custodial fund reporting focuses on net position and changes in net position. The City's custodial funds include the 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.

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

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

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.

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 custodial 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.

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

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

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 (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.

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

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

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 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. Effective July 1, 2019, the City began billing and collecting real estate taxes; prior to that date the real estate taxes were billed and collected by Wicomico County, Maryland on behalf of 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, 2022, 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.

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

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

All capital assets are capitalized at cost (or estimated historical costs) and updated for additions and retirements during the year. Donated capital assets, received before June 15, 2015, are recorded at their fair market values as of the date received. Donated capital assets received after June 15, 2015 are recorded at acquisition value. 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, non-buildings	10 - 40 years
Machinery and equipment	5 - 15 years
Zoo animals	8 - 15 years

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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Maryland State Retirement and Pension System (MSRPS), and additions to/deductions from MSRPS's fiduciary net position have been determined on the same basis as they are reported by MSRPS.

CITY OF SALISBURY, MARYLAND
NOTES TO FINANCIAL STATEMENTS

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

Net Position (Deficit)

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.

The deficit in the Mitchell Landing Fund (major enterprise fund) as of June 30, 2022 was \$643,208. This deficit is due to depreciation which cannot be recaptured through user charges.

Fund Balance

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.

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.

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

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

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 Finance has provided otherwise in its commitment or assignment actions.

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.

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, 2022, the carrying amount of the City's cash deposits was \$14,199,328, and the bank balance was \$14,417,149. Of the bank balance, \$725,257 was covered by federal depository insurance, and \$13,691,892 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

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 3 CASH AND INVESTMENTS (cont'd)

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 Capital Advisors, LLC. 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.

Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, MLGIP acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit. These external investment pools are considered 2a7-like pools and are recorded at amortized cost. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price. As of June 30, 2022, MLGIP was rated AA by a nationally recognized statistical rating organization. As of June 30, 2022, the City had \$32,375,806 invested in MLGIP.

Restricted Cash

Restricted cash in the governmental funds represents funds held in escrow by a local financial institution relating to the 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 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% equities, and 40% 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, 2022 was \$2,075,312.

The City did not have any individual investments that exceeded 5% of the total investment amount.

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The City has the following recurring fair value measurements as of June 30, 2022:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Money markets	\$ 24,594	\$ 24,594	\$ -
Mutual funds	1,866,063	1,866,063	-
Exchange traded products	184,655	184,655	-
TOTAL	\$ 2,075,312	\$ 2,705,312	\$ -

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

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, 2022, appropriate due from/to other funds have been established. The composition of interfund balances as of June 30, 2022 is as follows:

Receivable By	Amount	Payable From	Amount
General Fund	\$ 754,696	Nonmajor Proprietary Funds	\$ 754,696
General Fund	<u>67,074</u>	Nonmajor Governmental Funds	<u>67,074</u>
	<u>\$ 821,770</u>		<u>\$ 821,770</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, 2022 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 2,647,177
Capital Improvements Fund	2,664,199	-
Nonmajor Governmental Funds	422,978	-
Nonmajor Proprietary Funds	<u>-</u>	<u>440,000</u>
TOTAL	<u>\$ 3,087,177</u>	<u>\$ 3,087,177</u>

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2022</u>
GOVERNMENTAL ACTIVITIES					
Capital assets not being depreciated:					
Land and art	\$ 8,675,093	\$ 167,982	\$ (20,197)	\$ -	\$ 8,822,878
Construction-in-progress	<u>7,903,973</u>	<u>978,155</u>	<u>(107,930)</u>	<u>(1,902,334)</u>	<u>6,871,864</u>
Total Capital Assets Not Being Depreciated	<u>16,579,066</u>	<u>1,146,137</u>	<u>(128,127)</u>	<u>(1,902,334)</u>	<u>15,694,742</u>

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2022</u>
(cont'd)					
Capital assets being depreciated:					
Land improvements	767,410	-	-	-	767,410
Buildings and improvements	26,764,214	156,128	-	385,515	27,305,857
Improvements, non-buildings	30,790,890	71,002	-	1,516,819	32,378,711
Machinery and equipment	26,124,790	2,092,654	(510,408)	-	27,707,036
Zoo animals	36,000	-	-	-	36,000
Total Capital Assets Being Depreciated	84,483,304	2,319,784	(510,408)	1,902,334	88,195,014
Accumulated depreciation	(37,928,429)	(3,358,933)	384,969	-	(40,902,393)
Total Capital Assets Being Depreciated, Net	46,554,875	(1,039,149)	(125,439)	1,902,334	47,292,621
Governmental Activities Capital Assets, Net	<u>\$ 63,133,941</u>	<u>\$ 106,988</u>	<u>\$ (253,566)</u>	<u>\$ -</u>	<u>\$ 62,987,363</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 208,562
Public safety	1,559,703
Public works	889,174
Recreation and culture	701,494
Total Depreciation Expense	\$ 3,358,933

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2022</u>
BUSINESS-TYPE ACTIVITIES					
<i>Water and Sewer Fund</i>					
Capital assets not being depreciated:					
Land	\$ 301,703	\$ -	\$ -	\$ -	\$ 301,703
Construction-in-progress	9,175,264	2,263,882	(400)	(8,700,433)	2,738,313
Total Capital Assets Not Being Depreciated	9,476,967	2,263,882	(400)	(8,700,433)	3,040,016

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2022</u>
(cont'd)					
Capital assets being depreciated:					
Land improvements	430,636	-	-	-	430,636
Buildings and improvements	44,579,101	-	-	468,657	45,047,758
Improvements, non-buildings	110,741,840	-	-	8,106,784	118,848,624
Machinery and equipment	13,077,805	63,424	(209,904)	124,992	13,056,317
Total Capital Assets Being Depreciated	168,829,382	63,424	(209,904)	8,700,433	177,383,335
Accumulated depreciation	(47,488,183)	(4,931,169)	124,194	-	(52,295,158)
Total Capital Assets Being Depreciated, Net	121,341,199	(4,867,745)	(85,710)	8,700,433	125,088,177
Water and Sewer Fund Capital Assets, Net	\$130,818,166	\$(2,603,863)	\$(85,710)	\$-	\$128,128,193
<i>Parking Authority Fund</i>					
Capital assets not being depreciated:					
Land	\$ 467,790	\$ -	\$ -	\$ -	\$ 467,790
Construction-in-progress	459,144	61,756	-	-	520,900
Total Capital Assets Not Being Depreciated	926,934	61,756	-	-	988,690
Capital assets being depreciated:					
Land improvements	156,704	-	-	-	156,704
Buildings and improvements	3,986,550	-	-	-	3,986,550
Improvements, non-buildings	64,800	-	-	-	64,800
Machinery and equipment	284,326	-	-	-	284,326
Total Capital Assets Being Depreciated	4,492,380	-	-	-	4,492,380
Accumulated depreciation	(3,068,708)	(111,870)	-	-	(3,180,578)
Total Capital Assets Being Depreciated, Net	1,423,672	(111,870)	-	-	1,311,802
Parking Authority Fund Capital Assets, Net	\$ 2,350,606	\$(50,114)	\$-	\$-	\$ 2,300,492

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2022</u>
(cont'd)					
<i>City Marina Fund</i>					
Capital assets not being depreciated:					
Land	\$ 1,315,000	\$ -	\$ -	\$ -	\$ 1,315,000
Total Capital Assets Not Being Depreciated	<u>1,315,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,315,000</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	22,582	-	-	150,803
Total Capital Assets Being Depreciated	1,755,970	22,582	-	-	1,778,552
Accumulated depreciation	<u>(1,544,806)</u>	<u>(22,264)</u>	<u>-</u>	<u>-</u>	<u>(1,567,070)</u>
Total Capital Assets Being Depreciated, Net	<u>211,164</u>	<u>318</u>	<u>-</u>	<u>-</u>	<u>211,482</u>
City Marina Fund Capital Assets, Net	<u>\$ 1,526,164</u>	<u>\$ 318</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,526,482</u>
<i>Stormwater Utility Fund</i>					
Capital assets not being depreciated:					
Construction-in-progress	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capital Assets Not Being Depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets being depreciated:					
Total Capital Assets Being Depreciated	942,253	362,046	(139,463)	-	1,164,836
Accumulated depreciation	<u>(581,679)</u>	<u>(95,768)</u>	<u>73,052</u>	<u>-</u>	<u>(604,395)</u>
Total Capital Assets Being Depreciated, Net	<u>360,574</u>	<u>266,278</u>	<u>(66,411)</u>	<u>-</u>	<u>560,441</u>
Stormwater Utility Fund Capital Assets, Net	<u>\$ 360,574</u>	<u>\$ 266,278</u>	<u>\$ (66,411)</u>	<u>\$ -</u>	<u>\$ 560,441</u>

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2022</u>
(cont'd)					
<i>Mitchell Landing Fund</i>					
Capital assets not being depreciated:					
Land	\$ 114,010	\$ -	\$ -	\$ -	\$ 114,010
Total Capital Assets Not Being Depreciated	<u>114,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,010</u>
Capital assets being depreciated:					
Land improvements	7,862	-	-	-	7,862
Buildings and improvements	1,357,051	-	-	-	1,357,051
Machinery and equipment	89,405	-	-	-	89,405
Total Capital Assets Being Depreciated	<u>1,454,318</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,454,318</u>
Accumulated depreciation	<u>(1,020,719)</u>	<u>(34,445)</u>	<u>-</u>	<u>-</u>	<u>(1,055,164)</u>
Total Capital Assets Being Depreciated, Net	<u>433,599</u>	<u>(34,445)</u>	<u>-</u>	<u>-</u>	<u>399,154</u>
Mitchell Landing Fund Capital Assets, Net	<u>\$ 547,609</u>	<u>\$ (34,445)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 513,164</u>

The majority of the construction-in-progress relates to the Bicycle Master Plan, City Park Master Plan, Service Center, Street Scaping, and Urban Greenway for the governmental activities. Business-type projects included Paleo Well, Sewer Infiltration Inflow Remediation, and East Main Street Sewer. 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 2% of the assessed valuation of all real property and 5% of the assessed valuation of all personal and corporate property subject

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (cont'd)

to taxation by the City. The legal debt limit permitted at June 30, 2022 totaled \$59,046,354. After considering general obligations, including mortgages and notes outstanding of \$29,343,445, the available additional debt margin was \$29,702,910.

Long-term liability activity for the year ended June 30, 2022, was as follows:

	July 1, 2021	Additions	Retirements	June 30, 2022	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$26,854,660	\$ 8,965,000	\$ (6,476,215)	\$ 29,343,445	\$3,204,534
Bond premium	2,030,965	848,050	(233,844)	2,645,171	233,844
Lease obligations	2,660,749	465,286	(887,446)	2,238,589	838,390
	31,546,374	10,278,336	(7,597,505)	34,227,205	4,276,768
Compensated absences	2,164,854	-	(13,551)	2,151,303	215,130
Net OPEB liability	22,456,962	-	(8,985,902)	13,471,060	-
Net pension liability	35,585,357	-	(9,741,396)	25,843,961	-
Governmental Activities Long-term Liabilities	<u>\$91,753,547</u>	<u>\$10,278,336</u>	<u>\$(26,338,354)</u>	<u>\$ 75,693,529</u>	<u>\$4,491,898</u>
Business-type Activities:					
General Obligation Bonds	\$65,599,121	\$ 3,009,000	\$ (8,832,903)	\$ 59,775,218	\$4,381,575
Bond premium	1,142,337	172,473	(136,790)	1,178,020	136,790
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	-
Lease obligations	440,336	370,274	(245,709)	564,901	179,949
	68,563,601	3,551,747	(9,215,402)	62,899,946	4,698,314
Compensated absences	302,219	16	-	302,235	30,222
Net OPEB liability	5,614,240	-	(2,246,475)	3,367,765	-
Net pension liability	4,685,780	-	(1,305,834)	3,379,946	-
Business-type Activities Long-term Liabilities	<u>\$79,165,840</u>	<u>\$ 3,551,763</u>	<u>\$(12,767,711)</u>	<u>\$ 69,949,892</u>	<u>\$4,728,536</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 the Maryland Department of the Environment (MDE) the amount of \$3,163,361 at an annual interest rate of 0.4% 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>	\$ -	\$ 327,822
<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% for wastewater treatment plant upgrades and expansion. The final amount advanced as of June 30, 2017 is \$41,721,225. 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.</p>	-	12,668,697
<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, 2022 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>	-	460,018

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, 2012, the City issued \$4,828,000 of Public Improvement Refunding Bonds at an interest rate of 2.75%. Interest is payable semi-annually beginning June 1, 2012. The bonds mature 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 non-major enterprise fund, and the general fund.</p>	221,176	165,824
<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 0.90% 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>	-	1,069,010
<p>In the year ended June 30, 2014, the City entered into a tax-exempt loan agreement with the Administration in the amount of \$66,375. The final amount advanced on the loan was \$59,119. The loan is due on demand, with interest accruing at the default rate (1.00%) from the date of demand. This obligation is accounted for in the general fund.</p>	27,087	-
<p>In the year ended June 30, 2014, the City entered into a loan agreement with the Administration in the amount of \$464,625. The final amount advanced as of June 30, 2018 is \$413,835. The loan is due on demand and bears no interest. The Administration shall forgive payment 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.</p>	413,835	-

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, 2015, the City obligated itself to pay the 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.</p>	-	35,109,303
<p>In the year ended June 30, 2016, the City issued \$4,726,200 of Public Improvements Bonds at an interest rate of 2.18%. Interest is payable semi-annually beginning June 1, 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.</p>	1,587,549	426,004
<p>In the year ended June 30, 2017, the City issued \$20,030,000 of Public Improvement Refunding Bonds at an interest rate of 2.00-5.00%. Interest is payable semi-annually beginning April 1, 2017. The bonds mature in varying amounts beginning April 1, 2017 and continuing through April 1, 2031. The bonds are accounted for in the general fund, the water and sewer enterprise fund, and in the non-major enterprise fund.</p>	4,902,063	5,492,937
<p>In the year ended June 30, 2018, the City issued \$5,724,853 of Public Improvement Bonds at an interest rate of 2.51%. Interest is payable semi-annually beginning June 1, 2018. The bonds mature in varying amounts beginning June 1, 2018 and continuing through June 1, 2032. The bonds are accounted for in the general fund and in the non-major enterprise fund.</p>	3,902,535	240,133

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, 2020, the City issued \$11,225,000 of Public Improvement Bonds at an interest rate of 2.125 to 5.00%. Interest is payable semi-annually beginning March 1, 2020. The bonds mature in varying amounts beginning March 1, 2020 and continuing through March 1, 2035. The bonds are accounted for in the general fund and in the non-major enterprise fund.</p>	9,324,200	810,800
<p>In the year ended June 30, 2022, the City issued \$8,965,000 of tax-exempt Public Improvement Bonds at the interest rate of 1.5 to 4.0%. Interest is payable semi-annually beginning March 1, 2022. The bonds mature in varying amounts beginning March 1, 2022 and continuing through September 1, 2036. The bonds are accounted for in the general fund. The refunding resulted in a gross cash flow savings of \$496,625 and an economic benefit or net present value savings of \$488,602.</p>	8,965,000	-
<p>In the year ended June 30, 2022, the City issued \$2,895,000 of Public Improvement Bonds at the interest rate of 2.0 to 3.0%. Interest is payable semi-annually beginning March 1, 2022. The bonds mature in varying amounts beginning March 1, 2022 and continuing through September 1, 2028. The bonds are accounted for in the water and sewer enterprise fund.</p>	-	2,895,000
<p>In the year ended June 30, 2022, the City entered a loan agreement with the Maryland Water Quality Financing Administration in the amount of \$90,000 at the interest rate of 0.4% for Mt. Hermon Road Sewer Extension. Interest is payable semi-annually beginning February 1, 2022, and principal is payable annually beginning February 1, 2023 until the principal amount of the bond has been paid. The loan is accounted for in the water and sewer enterprise fund.</p>	-	81,170

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, 2022, the City entered into a loan agreement with the Maryland Water Quality Financing Administration in the amount of \$30,000. The loan is due on demand with interest accruing at the default rate of 1.67% from the date of demand. The Administration shall forgive payment 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 August 28, 2030, then the loan shall be forgiven. The obligation is accounted for in the water and sewer enterprise fund.</p>	-	28,500
	<u>\$ 29,343,445</u>	<u>\$ 59,775,218</u>

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

Year Ending June 30,	Governmental Activities		
	Principal Maturities	Interest Maturities	Total Maturities
2023	\$ 3,204,534	\$ 931,297	\$ 4,135,831
2024	3,439,227	802,953	4,242,180
2025	2,992,258	679,333	3,671,591
2026	3,096,449	565,774	3,662,223
2027	2,732,617	452,518	3,185,135
2028-2032	9,175,360	1,111,240	10,286,600
2033-2037	4,703,000	173,826	4,876,826
	<u>\$ 29,343,445</u>	<u>\$ 4,716,941</u>	<u>\$ 34,060,386</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>
2023	\$ 4,381,575	\$ 498,039	\$ 4,879,614
2024	4,198,351	416,496	4,614,847
2025	3,931,730	333,347	4,265,077
2026	6,491,221	272,988	6,764,209
2027	6,344,504	212,262	6,556,766
2028-2032	18,400,761	285,520	18,686,281
2033-2037	15,740,157	41,937	15,782,093
2038-2042	286,919	20,773	307,692
	<u>\$ 59,775,218</u>	<u>\$ 2,081,362</u>	<u>\$ 61,856,580</u>

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% per annum and 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 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

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (cont'd)

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% per annum and 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.

Lease Obligations

The City has entered into leases for the acquisition of various machinery and equipment. 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 leases for the general fund is \$5,814,845 with accumulated depreciation of \$1,975,013; for the water and sewer fund, the original cost is \$534,709 with accumulated depreciation of \$299,551; for the parking fund, the original cost is \$140,000 with accumulated depreciation of \$30,446; and for the storm water fund, the original cost is \$809,943 with accumulated depreciation of \$261,845 at June 30, 2022.

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

Year Ending June 30,	Principal				Interest
	General	Water and Sewer	Stormwater Utility	Parking	
2023	\$ 796,085	\$ 29,534	\$ 103,865	\$ 34,289	\$ 54,567
2024	467,712	30,081	106,175	30,000	34,883
2025	416,789	-	108,540	30,738	22,670
2026	307,429	-	74,421	17,258	11,852
2027	218,161	-	-	-	4,901
2028	32,413	-	-	-	1,222
Total	<u>\$2,238,589</u>	<u>\$ 59,615</u>	<u>\$ 393,001</u>	<u>\$ 112,285</u>	<u>\$ 130,095</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 2022, the State Personnel and Pensions Article required active members to contribute to the Systems at a rate of 7% for LEOPS and 6% 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, 2022, 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, 2022 was \$4,341,517.

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

At June 30, 2022, the City reported a liability of \$29,223,907 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2020 to June 30, 2021. 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, 2021, the City's proportion for the Employee plan was 0.0530%, an increase of 0.0042% from the prior year, and the LEOPS plan was 0.1418%, an increase of 0.0128% from the prior year.

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 7 PENSION PLAN (cont'd)

For the year ended June 30, 2022, the City recognized pension expense of \$2,144,051. At June 30, 2022, 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	\$ 25,201	\$ -	\$ 67,084	\$ 382,544	\$ 92,585	\$ 382,544
Differences between actual required contributions	-	16,576	127,661	-	127,661	16,576
Contributions subsequent to the measurement date	1,171,926	-	3,169,591	-	4,341,517	-
Differences between actual and expected experience	-	4,920,380	-	10,176,922	-	15,420,058
Differences between actual and expected returns	<u>3,171,058</u>	<u>23,107</u>	<u>4,991,886</u>	<u>61,427</u>	<u>8,162,644</u>	<u>84,534</u>
Total	<u>\$ 4,368,185</u>	<u>\$ 4,960,063</u>	<u>\$ 8,356,222</u>	<u>\$10,620,893</u>	<u>\$12,724,407</u>	<u>\$15,903,712</u>

An amount of \$4,341,517 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, 2023. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to pensions, and will be recognized in pension expense as follows:

Year Ended June 30,

2023	\$ (1,862,900)
2024	(1,577,535)
2025	(1,632,180)
2026	(1,920,667)
2027	<u>(527,540)</u>
	<u><u>\$ (7,520,822)</u></u>

Actuarial Assumptions

The total pension liability as of June 30, 2022 for each of the defined benefit cost-sharing plans was determined by an actuarial valuation as of June 30, 2021.

- Actuarial cost method – Entry age normal, level percentage of pay
- Investment return – 6.80%
- Salary increases – 3.10%

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 7 PENSION PLAN (cont'd)

- Inflation – 2.60%
- Mortality rates were based on the RP-2014 Mortality Tables.

The actuarial assumptions used in the June 30, 2021 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.

Discount Rate

The discount used to measure the total pension liability was 6.80%. The discount rate was based on the expected rate of return on the pension plan investments of 6.80%. 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.

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 6.80%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.80%) or one percentage point higher (7.80%) than the current rate.

	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
City's proportionate share:			
Employee plan	\$ 13,541,074	\$ 7,950,652	\$ 3,313,433
LEOPS plan	36,231,334	21,273,255	8,865,627
	<u>\$ 49,772,408</u>	<u>\$ 29,223,907</u>	<u>\$ 12,179,060</u>

Pension Plan Fiduciary Net Position

Detailed information about the Systems' fiduciary net position is available in the Systems' Annual Comprehensive 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.

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 8 POST-RETIREMENT HEALTH CARE BENEFITS

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, Croff-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.

Benefits Provided

A PPO and an EPO plan are available for participants under age 65. Both plans include medical, prescription, dental, and vision. The prescription plan covers both retail and mail order prescription drugs. Once a retiree turns 65, a Medicare supplemental plan is available. The supplemental plan also includes vision, dental, and prescription.

Employees retiring through ordinary disability must have worked for the City for a specified number of years prior to retirement, plus fulfill the State Retirement Agency's criteria for an immediate service retirement.

On February 27, 2017, the City Council approved changes to the OPEB plan. For future retirees, the annual subsidy is capped at \$3,500 for a retiree, \$7,000 for retirees with spouse coverage, and \$9,500 for retiree with family coverage. Future hires are also required to have 20 years of service to be eligible for these benefits.

Employees Covered By Benefit Terms

As of February 1, 2022, a total of 493 employees were covered by the benefit terms as follows:

Active employees	376
Retirees in pay status (pre-Medicare)	40
Retirees in pay status (post-Medicare)	77

CITY OF SALISBURY, MARYLAND
NOTES TO FINANCIAL STATEMENTS

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

The City has not established an irrevocable trust. The plan is funded on a pay-as-you-go basis from the City's general fund.

Net OPEB Liability

Accounting principles generally accepted in the United States of America require that the reported results must pertain to liability information within certain defined timeframes. For this report, the following timeframes are used:

Valuation date	February 1, 2022
Measurement date	June 30, 2022
Measurement period	July 1, 2021 - June 30, 2022

Actuarial Assumptions

The net OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement. The medical trend assumption was developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The model was updated in 2016.

Inflation	2.5%
Rate of growth in real income/GDP per year	1.4%
Extra trend due to technology and other factors	1.0%
Expected health share of GDP in 2029	19.0%
Health share of GDP resistance point	20.0%
Year for limiting cost growth to GDP growth	2075

Mortality rates were based on the RP-2014 Total Dataset Mortality with Scale MP-2014 and RP-2014 Disabled Retiree Mortality with Scale MP-2014.

The following are the changes in assumptions for the plan; the discount rate changed to 3.69%, the medical trend rate was updated to the latest model released by the SOA and excludes the impact of the Cadillac Tax, and the mortality assumption was updated to the latest experience study on public sector employees and retirees released by the SOA.

Discount rate

The discount rate of 3.69% was used to measure the total OPEB liability as of June 30, 2022.

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

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

Sensitivity Analysis

The following presents the net OPEB liability, calculated using the valuation discount rate of 3.69%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease <u>2.69%</u>	Current Discount Rate <u>3.69%</u>	1% Increase <u>4.96%</u>
Total OPEB liability	\$ 21,101,301	\$ 18,914,137	\$ 17,025,130
Fiduciary net position	<u>2,075,312</u>	<u>2,078,312</u>	<u>2,075,312</u>
Net OPEB liability	<u>\$ 19,025,989</u>	<u>\$ 16,838,825</u>	<u>\$ 14,949,818</u>

The following presents the net OPEB liability, calculated using the valuation healthcare cost trend rate of 3.94%, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one percentage point lower each year or one percentage point higher each year than the current rate.

	1% Decrease <u>2.94%</u>	Current Trend Rate <u>3.94%</u>	1% Increase <u>4.94%</u>
Total OPEB liability	\$ 16,483,117	\$ 18,914,137	\$ 21,849,834
Fiduciary net position	<u>2,075,312</u>	<u>2,075,312</u>	<u>2,075,312</u>
Net OPEB liability	<u>\$ 14,407,805</u>	<u>\$ 16,838,825</u>	<u>\$ 19,774,522</u>

Changes in Total OPEB Liability

Total OPEB liability as of June 30, 2021	\$ 30,380,470
Service cost	1,634,584
Interest cost	575,597
Difference between expected and actual experience	(7,661,139)
Changes of assumptions	(5,554,286)
Benefit payments	<u>(461,089)</u>
Total OPEB liability as of June 30, 2022	<u>\$ 18,914,137</u>

CITY OF SALISBURY, MARYLAND
NOTES TO FINANCIAL STATEMENTS

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

The amount of OPEB expense recognized by the City was \$497,802 for the year ended June 30, 2022.

At June 30, 2022, the City reported deferred outflows of resources relating to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 882,428	\$ 7,011,776
Changes of assumptions	3,043,057	4,926,243
Difference between actual and expected expected earnings	130,295	-
Total	\$ 4,055,780	\$11,938,019

Deferred inflows of resources due to the change in assumptions will be recognized in pension expense as follows:

Year Ending June 30,	
2023	\$ (956,728)
2024	(963,620)
2025	(993,831)
2026	(909,327)
2027	(992,790)
Thereafter	(3,065,943)
	\$ (7,882,239)

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.

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 9 DEFERRED COMPENSATION PLAN (cont'd)

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. Members will receive a one-time stipend every time five years of benefit services have been completed. Stipends range from \$2,500 to \$5,000 based on service years completed. The transactions of the Service Award Trust have been reported as an expendable trust fund in the fiduciary fund types.

NOTE 11 COMMITMENTS AND CONTINGENT LIABILITIES

As of June 30, 2022, the City had infrastructure projects yet to be completed. The commitments and amounts completed are as follows:

	Project Amount	Completed as of 06/30/2022	Commitments
Governmental Activities:			
Water chiller and heating	\$ 300,000	\$ 267,440	\$ 32,560
Urban Greenway	1,625,000	910,387	714,613
Bicycle master plan	2,783,034	1,892,823	890,211
Building lighting	711,426	164,726	546,700
Service center	2,324,520	483,106	1,841,414
Street Scaping Div Circle	2,506,000	654,492	1,851,508
Community center	625,000	566,635	58,365
City park	786,851	320,531	466,320
Market Street Shoreline	330,000	238,871	91,129
Building management	186,237	153,640	29,597
Church Street	185,455	175,284	10,171
Bridge maintenance	262,000	113,567	148,433
Totals	<u>\$ 12,622,523</u>	<u>\$ 5,941,502</u>	<u>\$ 6,681,021</u>

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 11 COMMITMENTS AND CONTINGENT LIABILITIES (cont'd)

In addition, the City has incurred costs totaling \$930,362 for governmental activities project costs that were not under a formal contract as of June 30, 2022.

	<u>Project Amount</u>	<u>Completed as of 06/30/2022</u>	<u>Commitments</u>
Business-type Activities:			
Paleo Well	\$ 3,328,629	\$ 1,305,761	\$ 2,022,868
East Main Street Sewer	436,615	348,990	87,625
Pump Station Building	380,000	240,534	139,466
Sewer trunk line	150,000	130,133	19,867
WWTP main building	569,966	210,966	359,000
Sewer ext. Mt. Herman	220,000	79,516	140,484
Sewer infiltration inflow remediation	1,400,000	51,015	1,348,985
Park water treat elect gear replace	306,500	55,610	250,890
Park aerator building	81,600	70,380	11,220
Filter replacement project	306,000	69,353	236,647
Totals	<u>\$ 7,179,310</u>	<u>\$ 2,562,258</u>	<u>\$ 4,617,052</u>

In addition, the City has incurred costs totaling \$696,955 for business-type activities project costs that were not under a formal contract as of June 30, 2022.

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 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.

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 13 FUND BALANCES

As of June 30, 2022 fund balances are composed of the following:

	General Fund	Capital Improvements Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:				
Inventory	\$ 721,819	\$ -	\$ -	\$ 721,819
Prepaid expenditures	17,055	-	-	17,055
Restricted:				
Capital improvements	-	14,042,646	-	14,042,646
Committed:				
Health care	2,278,041	-	-	2,278,041
General impact	10,328	-	-	10,328
Curb, gutter, and sidewalk	-	-	111,157	111,157
Trash container sales and demolition	-	-	226,959	226,959
National Folk Festival	-	-	510,021	510,021
Zoo Commission	501,482	-	-	501,482
Assigned:				
Grants	-	-	272,278	272,278
Encumbrances	825,940	-	-	825,940
Community development	-	-	55,364	55,364
Unassigned	12,199,732	-	-	12,199,732
Total Fund Balances	<u>\$16,554,397</u>	<u>\$ 14,042,646</u>	<u>\$ 1,175,779</u>	<u>\$ 31,772,822</u>

NOTE 14 TAX ABATEMENT

Enterprise Zone Credit

The City offers Enterprise Zone credit for companies that are planning to relocate and already located within the Salisbury Enterprise Zone. A business is eligible if it makes a capital investment in its property (i.e., constructs or renovates a building, or expands an existing facility), or hires two or more new employees in the zone. The two basic benefits involve credits on property taxes and state income taxes. Commercial as well as industrial concerns are eligible.

This 10-year property tax credit is available to companies that locate, expand, or substantially improve business properties in the Enterprise Zone. The property tax credit is equal to 80% of the difference between the base year value of the property (the assessment in the year prior to new construction, expansion, or substantial improvement) and the assessed value

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 14 TAX ABATEMENT (cont'd)

of the property after the investment is made. The property tax credit is 80% for five years. During the last five years, the property tax credit declines 10% annually; the credit is 70%, 60%, 50%, 40%, and 30%, respectively.

There are two types of income tax credits that could be applied to state income taxes. If the employee is economically disadvantaged (as determined by the Maryland Jobs Service), the business may be entitled to a credit up to \$3,000 of the employee's wages in the first year of employment. The credit is \$2,000 in the second year and \$1,000 in the third. If the employee is not economically disadvantaged, the business may take a \$1,000 credit in the first year.

For the fiscal year ended June 30, 2022, the City abated property taxes totaling \$101,212 under this program.

NOTE 15 SUBSEQUENT EVENTS

The City has evaluated all subsequent events through December 19, 2022, 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, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS):				
Tax revenue	\$ 30,510,493	\$ 30,510,493	\$ 31,965,432	\$ 1,454,939
Other revenue	3,655,126	4,014,190	4,923,810	909,620
Charges for services	4,706,292	4,706,292	5,500,387	794,095
Intergovernmental revenues	4,057,598	4,171,909	3,310,167	(861,742)
AMOUNTS AVAILABLE FOR APPROPRIATIONS	<u>42,929,509</u>	<u>43,402,884</u>	<u>45,699,796</u>	<u>2,296,912</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
General government:				
City council	89,841	82,586	81,353	1,233
City clerk	171,391	178,647	177,011	1,636
Mayor's office	676,680	731,642	720,037	11,605
Development services	627,873	738,478	669,404	69,074
City attorney	360,000	360,000	342,481	17,519
Finance	828,998	850,915	774,748	76,167
Purchasing	299,472	307,752	293,424	14,328
Human resources	391,796	449,493	432,069	17,424
Information services	682,312	684,165	629,130	55,035
Planning and zoning	105,221	156,704	147,435	9,269
Municipal buildings	212,780	517,268	198,997	318,271
Poplar Hill	55,850	55,850	42,540	13,310
Public safety:				
Police and traffic control	16,297,012	16,590,573	15,699,176	891,397
Fire	8,891,673	10,271,533	10,169,146	102,387
Buildings, permits, and inspections	351,628	351,628	334,870	16,758
Neighborhood services and code compliance	1,295,420	1,429,127	1,351,483	77,644
Public works:				
Supervision and engineering	552,394	512,395	477,493	34,902
Roadways	831,844	810,644	693,429	117,215
Engineering	1,289,944	1,665,871	1,482,201	183,670
Waste collection and disposal	1,676,660	1,733,987	1,339,917	394,070
Recycling	144,796	144,796	138,370	6,426
Fleet maintenance	470,227	456,227	399,751	56,476
Carpenter shop	132,103	133,786	131,978	1,808
Recreation and culture:				
Municipal zoo	1,573,521	1,927,022	1,786,991	140,031
Park maintenance	828,395	800,438	675,615	124,823
Nondepartmental	1,064,620	1,067,950	1,027,197	40,753
Debt payments	5,299,563	8,884,735	4,551,642	4,333,093
TOTAL CHARGES TO APPROPRIATIONS	<u>45,202,014</u>	<u>51,894,212</u>	<u>44,767,888</u>	<u>7,126,324</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER EXPENDITURES)	<u>(2,272,505)</u>	<u>(8,491,328)</u>	<u>931,908</u>	<u>9,423,236</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	75,952	75,952	75,952	-
Operating transfers out	(786,664)	(2,818,363)	(2,723,129)	95,234
Proceeds from sale of capital assets	-	-	39,986	39,986
Proceeds from bond and lease issuance	534,000	4,120,387	5,095,793	975,406
Payment to refunding agent	-	-	(3,871,874)	(3,871,874)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(176,712)</u>	<u>1,377,976</u>	<u>(1,383,272)</u>	<u>(2,761,248)</u>
NET CHANGE IN FUND BALANCE	(2,449,217)	(7,113,352)	(451,364)	6,661,988
FUND BALANCE, BEGINNING OF YEAR	<u>17,005,761</u>	<u>17,005,761</u>	<u>17,005,761</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 14,556,544</u>	<u>\$ 9,892,409</u>	<u>\$ 16,554,397</u>	<u>\$ 6,661,988</u>

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

	MEASUREMENT DATE							
	JUNE 30, 2021	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2018	JUNE 30, 2017	JUNE 30, 2016	JUNE 30, 2015	JUNE 30, 2014
City's proportion of the net pension liability	0.05300%	0.04880%	0.04748%	0.04370%	0.04077%	0.04381%	0.04388%	0.03618%
City's proportion of the net pension liability - dollar value	\$ 7,950,652	\$ 11,022,365	\$ 9,792,715	\$ 9,169,651	\$ 8,817,962	\$ 10,337,660	\$ 9,118,977	\$ 6,421,441
City's covered employee payroll	\$ 10,830,485	\$ 10,274,521	\$ 9,928,830	\$ 9,612,053	\$ 9,038,825	\$ 9,025,976	\$ 8,921,251	\$ 8,210,528
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	73.41%	107.28%	98.63%	95.40%	97.56%	114.53%	102.22%	78.21%
Plan fiduciary net position as a percentage of the total pension liability	81.84%	70.72%	72.34%	71.18%	69.38%	65.79%	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 PENSION CONTRIBUTIONS - EMPLOYEE PLAN**

	<u>JUNE 30, 2022</u>	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2019</u>	<u>JUNE 30, 2018</u>	<u>JUNE 30, 2017</u>	<u>JUNE 30, 2016</u>	<u>JUNE 30, 2015</u>
Contractually required contribution	\$ 1,167,784	\$ 1,045,629	\$ 974,969	\$ 871,477	\$ 838,434	\$ 761,119	\$ 800,742	\$ 820,957
Contributions in relation to the contractually required contribution	<u>1,167,784</u>	<u>1,045,629</u>	<u>974,969</u>	<u>871,477</u>	<u>838,434</u>	<u>761,119</u>	<u>800,742</u>	<u>820,957</u>
Contribution excess	<u>\$ -</u>							
City's covered employee payroll	\$ 11,003,260	\$ 10,830,485	\$ 10,274,521	\$ 9,928,830	\$ 9,612,053	\$ 9,038,825	\$ 9,025,976	\$ 8,921,251
Contributions as a percentage of covered employee payroll	10.61%	9.65%	9.49%	8.78%	8.72%	8.42%	8.87%	9.20%

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							
	JUNE 30, 2021	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2018	JUNE 30, 2017	JUNE 30, 2016	JUNE 30, 2015	JUNE 30, 2014
City's proportion of the net pension liability	0.14180%	0.12900%	0.11901%	0.11618%	0.10909%	0.11458%	0.09806%	0.09566%
City's proportion of the net pension liability - dollar value	\$ 21,273,255	\$ 29,248,772	\$ 24,545,814	\$ 24,376,517	\$ 23,590,848	\$ 27,035,352	\$ 20,378,891	\$ 16,976,786
City's covered employee payroll	\$ 9,580,352	\$ 8,625,104	\$ 8,527,889	\$ 8,537,671	\$ 8,527,899	\$ 8,446,986	\$ 8,115,718	\$ 7,710,443
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	222.05%	339.11%	287.83%	285.52%	276.63%	320.06%	251.10%	220.18%
Plan fiduciary net position as a percentage of the total pension liability	81.84%	70.72%	72.34%	71.18%	69.38%	65.79%	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 PENSION CONTRIBUTIONS - LEOPS**

	<u>JUNE 30, 2022</u>	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2019</u>	<u>JUNE 30, 2018</u>	<u>JUNE 30, 2017</u>	<u>JUNE 30, 2016</u>	<u>JUNE 30, 2015</u>
Contractually required contribution	\$ 3,129,289	\$ 2,774,665	\$ 2,443,797	\$ 2,316,726	\$ 2,622,090	\$ 2,486,688	\$ 2,418,121	\$ 2,123,236
Contributions in relation to the contractually required contribution	<u>3,129,289</u>	<u>2,774,665</u>	<u>2,443,797</u>	<u>2,316,726</u>	<u>2,622,090</u>	<u>2,486,688</u>	<u>2,418,121</u>	<u>2,123,236</u>
Contribution excess	<u>\$ -</u>							
City's covered employee payroll	\$ 9,965,459	\$ 9,580,352	\$ 8,625,104	\$ 8,527,889	\$ 8,537,671	\$ 8,527,899	\$ 8,446,986	\$ 8,115,718
Contributions as a percentage of covered employee payroll	31.40%	28.96%	28.33%	27.17%	30.71%	29.16%	28.63%	26.16%

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 NET OPEB LIABILITY AND RELATED RATIOS

	MEASUREMENT DATE				
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
TOTAL OPEB LIABILITY					
Service cost	\$ 1,634,584	\$ 1,399,469	\$ 855,590	\$ 721,012	\$ 700,469
Interest on total OPEB liability	575,597	648,775	742,609	750,575	713,494
Effect of change in assumptions	(7,661,139)	(336,372)	404,933	1,998,381	(149,048)
Differences between expected and actual experience	(5,554,286)	2,239,684	1,278,128	(100,801)	188,093
Benefit payments	(461,089)	(439,785)	(386,249)	(359,991)	(648,885)
NET CHANGE IN TOTAL OPEB LIABILITY	(11,466,333)	3,511,771	2,895,011	3,009,176	804,123
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	30,380,470	26,868,699	23,973,688	20,964,512	20,160,389
TOTAL OPEB LIABILITY, END OF YEAR	<u>\$ 18,914,137</u>	<u>\$ 30,380,470</u>	<u>\$ 26,868,699</u>	<u>\$ 23,973,688</u>	<u>\$ 20,964,512</u>
<u>PLAN FIDUCIARY NET POSITION</u>					
Contributions - employer	\$ 461,089	\$ 439,785	\$ 386,249	\$ 359,991	\$ 648,885
Net investment income	(233,956)	545,938	(25,811)	84,829	152,787
Benefit payments	(461,089)	(439,785)	(386,249)	(359,991)	(648,885)
Administrative expenses	-	-	-	-	(53,272)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(233,956)	545,938	(25,811)	84,829	99,515
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	2,309,268	1,763,330	1,789,141	1,704,312	1,604,797
PLAN FIDUCIARY NET POSITION, END OF YEAR	<u>\$ 2,075,312</u>	<u>\$ 2,309,268</u>	<u>\$ 1,763,330</u>	<u>\$ 1,789,141</u>	<u>\$ 1,704,312</u>
CITY'S NET OPEB LIABILITY	<u>\$ 16,838,825</u>	<u>\$ 28,071,202</u>	<u>\$ 25,105,369</u>	<u>\$ 22,184,547</u>	<u>\$ 19,260,200</u>
Plan fiduciary net position as a percentage of total OPEB liability	10.97%	7.60%	6.56%	7.46%	8.13%
Expected average remaining service years of all participants	8	8	8	9	9

Notes to Schedule:

Benefit Changes None.

Changes of Assumptions Discount rate used was 3.62% for 2018, 3.13% for 2019, 2.45% for 2020, 1.92% for 2021, and 3.69% for 2022.
The medical trend was updated to the latest model released by the SOA and excludes the impact of the Cadillac Tax
The mortality assumption was updated to the latest experience study on public sector employees and retirees released by the SOA.

In accordance with GASB Statement No. 75, 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
OTHER SUPPLEMENTARY INFORMATION - GENERAL FUND
SCHEDULE OF REVENUE - BUDGETED AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Taxes:			
Real property	\$ 20,966,423	\$ 20,382,876	\$ (583,547)
Personal property	61,000	57,394	(3,606)
Ordinary business corporations and utilities	6,710,000	7,879,589	1,169,589
Payments in lieu of tax	508,070	506,070	(2,000)
Admissions and amusement	50,000	163,621	113,621
Local income tax	2,100,000	2,706,140	606,140
Total Taxes	<u>30,395,493</u>	<u>31,695,690</u>	<u>1,300,197</u>
Interest and penalties on delinquent taxes	115,000	269,742	154,742
Total Taxes, Interest, and Penalties	<u>30,510,493</u>	<u>31,965,432</u>	<u>1,454,939</u>
Other revenue:			
Amusement licenses	3,000	2,830	(170)
Billboard licenses	21,000	23,006	2,006
Building and inspection permits	350,000	608,201	258,201
Business licenses	138,300	168,215	29,915
Franchise fees	395,000	379,954	(15,046)
Landlord licenses	846,750	888,956	42,206
Parking fines and meter collections (adjustment)	1,335	-	(1,335)
Plumbing licenses and permits	45,000	69,370	24,370
Street-breaking permits	700	-	(700)
Towing companies	4,500	5,040	540
Other miscellaneous permits	85,317	78,156	(7,161)
Fire permits	170,599	307,252	136,653
Municipal infraction violations	95,500	97,069	1,569
Interest on investment of idle funds	12,500	45,423	32,923
Insurance proceeds	-	43,027	43,027
Donations	124,667	74,666	(50,001)
Zoo reimbursements	93,408	69,436	(23,972)
Zoo Commission	584,716	722,726	138,010
Sale of maps, codes, and documents	50	-	(50)
Bad debt collections	1,000	853	(147)
School zone camera fines	750,000	460,668	(289,332)
Healthcare rebate	-	324,669	324,669
Other miscellaneous receipts	290,848	554,293	263,445
Total Other Revenue	<u>4,014,190</u>	<u>4,923,810</u>	<u>909,620</u>

Continued on next page.

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION - GENERAL FUND
SCHEDULE OF REVENUE - BUDGETED AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Charges for services:			
Administrative fees	645,424	645,424	-
Ambulance call fees	1,820,837	2,435,344	614,507
Hazmat special operations	10,000	14,404	4,404
Advertising	100	45	(55)
Filing fees	100	-	(100)
Garbage disposal fees	2,065,391	2,234,924	169,533
Inspection fees	25,100	22,924	(2,176)
Plan review fees	43,200	49,180	5,980
Police alarm systems	25,200	33,596	8,396
Weed removal	69,500	63,518	(5,982)
Fire permits and plan review	1,440	-	(1,440)
Zoning appeal fees	-	1,028	1,028
Total Charges for Services	<u>4,706,292</u>	<u>5,500,387</u>	<u>794,095</u>
Intergovernmental:			
State of Maryland:			
Police protection	559,405	521,577	(37,828)
Enterprise zone	77,000	101,212	24,212
Highway user	1,317,857	1,475,689	157,832
MDOT Reimbursements	158,311	158,381	70
Wicomico County:			
Financial corporations	18,300	18,301	1
Fire department	758,326	754,438	(3,888)
Room tax	230,000	280,569	50,569
American recovery program	1,052,710	-	(1,052,710)
Total Intergovernmental	<u>4,171,909</u>	<u>3,310,167</u>	<u>(861,742)</u>
Total Revenues	<u>43,402,884</u>	<u>45,699,796</u>	<u>2,296,912</u>
Other Financing Sources:			
Transfers in	75,952	75,952	-
Proceeds from bond issuance	4,120,387	5,095,793	975,406
Proceeds from sale of capital assets	-	39,986	39,986
Total Other Financing Sources	<u>4,196,339</u>	<u>5,211,731</u>	<u>1,015,392</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 47,599,223</u>	<u>\$ 50,911,527</u>	<u>\$ 3,312,304</u>

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION - GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General Government				
City council:				
Salaries	\$ 63,000	\$ 63,000	\$ 63,000	\$ -
Personnel benefits	10,582	10,348	10,169	179
Other operating expenses	15,509	8,842	7,789	1,053
Community promotion	750	396	395	1
	<u>89,841</u>	<u>82,586</u>	<u>81,353</u>	<u>1,233</u>
City clerk:				
Salaries	114,742	119,467	119,467	-
Personnel benefits	41,758	45,938	45,458	480
Other operating expenses	14,891	13,242	12,086	1,156
	<u>171,391</u>	<u>178,647</u>	<u>177,011</u>	<u>1,636</u>
Mayor's office:				
Salaries	454,588	469,041	467,998	1,043
Personnel benefits	146,829	151,476	146,959	4,517
Professional services	500	-	-	-
Other operating expenses	71,003	85,516	81,204	4,312
Community promotion	-	20,000	20,000	-
Capital outlay	3,760	5,609	3,876	1,733
	<u>676,680</u>	<u>731,642</u>	<u>720,037</u>	<u>11,605</u>
Developmental services:				
Salaries	112,120	120,210	112,068	8,142
Personnel benefits	29,190	40,283	37,873	2,410
Professional services	77,000	83,600	82,634	966
Other operating expenses	205,820	224,462	203,314	21,148
Community promotion	200,330	255,240	221,324	33,916
Capital outlay	3,413	14,683	12,191	2,492
	<u>627,873</u>	<u>738,478</u>	<u>669,404</u>	<u>69,074</u>
City attorney:				
Professional services	360,000	360,000	342,481	17,519
	<u>360,000</u>	<u>360,000</u>	<u>342,481</u>	<u>17,519</u>
Internal services - finance:				
Salaries	480,799	483,799	478,880	4,919
Personnel benefits	198,869	198,869	166,105	32,764
Professional services	53,000	64,650	60,297	4,353
Other operating expenses	94,770	83,997	62,369	21,628
Capital outlay	1,560	19,600	7,097	12,503
	<u>828,998</u>	<u>850,915</u>	<u>774,748</u>	<u>76,167</u>
Internal services - procurement:				
Salaries	193,762	193,762	192,748	1,014
Personnel benefits	54,405	57,705	56,923	782
Professional services	17,000	21,780	16,890	4,890
Other operating expenses	29,985	29,319	22,518	6,801
Capital outlay	4,320	5,186	4,345	841
	<u>299,472</u>	<u>307,752</u>	<u>293,424</u>	<u>14,328</u>

Continued on next page.

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION - GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Information technology:				
Salaries	361,347	361,347	356,717	4,630
Personnel benefits	145,088	145,088	126,720	18,368
Professional services	12,000	7,545	7,544	1
Other operating expenses	101,567	103,545	80,995	22,550
Capital outlay	62,310	66,640	57,154	9,486
	<u>682,312</u>	<u>684,165</u>	<u>629,130</u>	<u>55,035</u>
Internal services - human resources:				
Salaries	163,347	221,829	219,884	1,945
Personnel benefits	160,428	157,052	148,264	8,788
Professional services	29,000	28,283	24,983	3,300
Other operating expenses	39,021	42,329	38,938	3,391
	<u>391,796</u>	<u>449,493</u>	<u>432,069</u>	<u>17,424</u>
Planning and zoning:				
Salaries	75,356	75,356	71,473	3,883
Personnel benefits	19,865	19,865	14,706	5,159
Professional services	7,000	58,483	58,483	-
Other operating expenses	3,000	3,000	2,773	227
	<u>105,221</u>	<u>156,704</u>	<u>147,435</u>	<u>9,269</u>
Municipal buildings:				
Other operating expenses	212,780	465,568	148,747	316,821
Capital outlay	-	51,700	50,250	1,450
	<u>212,780</u>	<u>517,268</u>	<u>198,997</u>	<u>318,271</u>
Poplar Hill mansion:				
Salaries	26,500	26,500	26,500	-
Personnel benefits	5,374	5,374	3,073	2,301
Other operating expenses	23,976	23,976	12,967	11,009
	<u>55,850</u>	<u>55,850</u>	<u>42,540</u>	<u>13,310</u>
Total General Government	<u>4,502,214</u>	<u>5,113,500</u>	<u>4,508,629</u>	<u>604,871</u>
Public Safety				
Police services:				
Salaries	7,442,906	7,279,136	7,185,336	93,800
Personnel benefits	4,502,310	4,280,585	4,004,355	276,230
Professional services	77,519	105,159	54,729	50,430
Other operating expenses	1,157,333	1,602,408	1,519,596	82,812
Community promotions	2,000	2,100	1,497	603
Capital outlays	254,000	500,355	415,823	84,532
	<u>13,436,068</u>	<u>13,769,743</u>	<u>13,181,336</u>	<u>588,407</u>
Police communications:				
Salaries	618,214	575,890	549,474	26,416
Personnel benefits	215,121	207,121	186,774	20,347
Professional services	6,000	3,700	218	3,482
Other operating expenses	139,506	147,056	132,701	14,355
	<u>978,841</u>	<u>933,767</u>	<u>869,167</u>	<u>64,600</u>

Continued on next page.

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION - GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Animal control:				
Salaries	73,120	73,120	70,418	2,702
Personnel benefits	28,666	32,266	31,744	522
Other operating expenses	5,100	4,850	1,243	3,607
Professional services	115,265	122,012	118,971	3,041
	<u>222,151</u>	<u>232,248</u>	<u>222,376</u>	<u>9,872</u>
Total Police Department	<u>14,637,060</u>	<u>14,935,758</u>	<u>14,272,879</u>	<u>662,879</u>
Traffic control:				
Salaries	318,771	283,771	247,144	36,627
Personnel benefits	133,475	133,475	88,029	45,446
Professional services	650	650	451	199
Other operating expenses	1,207,056	1,234,117	1,090,252	143,865
Capital outlays	-	2,802	421	2,381
	<u>1,659,952</u>	<u>1,654,815</u>	<u>1,426,297</u>	<u>228,518</u>
Fire department:				
Firefighting:				
Salaries	4,518,015	4,598,049	4,580,151	17,898
Personnel benefits	2,891,464	2,788,583	2,802,419	(13,836)
Professional services	151,940	158,328	155,394	2,934
Other operating expenses	909,201	1,079,519	993,447	86,072
Capital outlays	19,320	1,249,320	1,248,685	635
	<u>8,489,940</u>	<u>9,873,799</u>	<u>9,780,096</u>	<u>93,703</u>
Volunteer firemen:				
Salaries	41,979	41,979	41,973	6
Personnel benefits	277,149	275,947	275,817	130
Professional services	37,600	37,444	28,896	8,548
Other operating expenses	8,272	5,631	5,631	-
Community promotions	36,733	36,733	36,733	-
	<u>401,733</u>	<u>397,734</u>	<u>389,050</u>	<u>8,684</u>
Total Fire Department	<u>8,891,673</u>	<u>10,271,533</u>	<u>10,169,146</u>	<u>102,387</u>
Buildings, permits, and inspections:				
Salaries	243,849	249,275	244,067	5,208
Personnel benefits	80,079	80,590	77,101	3,489
Professional services	9,050	9,050	1,428	7,622
Other operating expenses	18,650	12,713	12,274	439
	<u>351,628</u>	<u>351,628</u>	<u>334,870</u>	<u>16,758</u>
Housing and community development:				
Salaries	670,568	691,938	652,797	39,141
Personnel benefits	292,444	267,730	251,570	16,160
Professional services	400	400	390	10
Other operating expenses	193,908	177,373	161,799	15,574
Community promotions	90,900	75,900	72,312	3,588
Capital outlays	47,200	215,786	212,615	3,171
	<u>1,295,420</u>	<u>1,429,127</u>	<u>1,351,483</u>	<u>77,644</u>
Total Public Safety	<u>26,835,733</u>	<u>28,642,861</u>	<u>27,554,675</u>	<u>1,088,186</u>

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**CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION - GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Department of Public Works				
Resource management:				
Salaries	328,534	283,373	276,463	6,910
Personnel benefits	122,562	124,702	102,829	21,873
Professional services	500	500	65	435
Other operating expenses	62,678	64,832	60,322	4,510
Capital outlays	38,120	38,988	37,814	1,174
	<u>552,394</u>	<u>512,395</u>	<u>477,493</u>	<u>34,902</u>
Engineering:				
Salaries	403,248	403,248	383,789	19,459
Personnel benefits	171,118	171,118	152,018	19,100
Professional services	13,228	175,660	65,843	109,817
Other operating expenses	702,350	902,979	867,685	35,294
Capital outlays	-	12,866	12,866	-
	<u>1,289,944</u>	<u>1,665,871</u>	<u>1,482,201</u>	<u>183,670</u>
Roadways:				
Salaries	435,239	400,739	338,511	62,228
Personnel benefits	203,821	203,821	154,604	49,217
Professional services	1,000	1,387	1,387	-
Other operating expenses	191,784	204,697	198,927	5,770
	<u>831,844</u>	<u>810,644</u>	<u>693,429</u>	<u>117,215</u>
Sanitation:				
Waste collection and disposal:				
Salaries	427,558	374,865	350,477	24,388
Personnel benefits	196,718	196,718	159,540	37,178
Professional services	1,000	1,000	840	160
Other operating expenses	771,384	837,404	829,060	8,344
Capital outlays	280,000	324,000	-	324,000
	<u>1,676,660</u>	<u>1,733,987</u>	<u>1,339,917</u>	<u>394,070</u>
Recycling:				
Salaries	77,253	79,253	77,461	1,792
Personnel benefits	40,779	40,879	37,989	2,890
Professional services	250	250	250	-
Other operating expenses	26,514	24,414	22,670	1,744
	<u>144,796</u>	<u>144,796</u>	<u>138,370</u>	<u>6,426</u>
Total Sanitation	<u>1,821,456</u>	<u>1,878,783</u>	<u>1,478,287</u>	<u>400,496</u>
Fleet maintenance:				
Salaries	218,591	208,491	178,938	29,553
Personnel benefits	100,477	99,757	80,620	19,137
Professional services	600	600	593	7
Other operating expenses	145,879	141,979	134,316	7,663
Capital outlays	4,680	5,400	5,284	116
	<u>470,227</u>	<u>456,227</u>	<u>399,751</u>	<u>56,476</u>
Carpenter shop:				
Salaries	80,954	80,677	80,069	608
Personnel benefits	26,741	30,970	30,732	238
Professional services	200	140	140	-
Other operating expenses	24,208	21,999	21,037	962
	<u>132,103</u>	<u>133,786</u>	<u>131,978</u>	<u>1,808</u>
Total Department of Public Works	<u>5,097,968</u>	<u>5,457,706</u>	<u>4,663,139</u>	<u>794,567</u>

Continued on next page.

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION - GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Recreation and Culture				
Municipal zoo:				
Salaries	743,931	951,368	694,681	256,687
Personnel benefits	275,577	261,311	233,093	28,218
Professional services	80,775	80,650	52,644	28,006
Other operating expenses	418,398	552,793	726,635	(173,842)
Community promotions	8,600	9,000	9,000	-
Capital outlays	46,240	71,900	70,938	962
	<u>1,573,521</u>	<u>1,927,022</u>	<u>1,786,991</u>	<u>140,031</u>
Park maintenance:				
Salaries	335,225	312,851	281,780	31,071
Personnel benefits	146,069	146,574	122,406	24,168
Professional services	560	1,060	1,054	6
Other operating expenses	215,541	243,953	182,802	61,151
Capital outlays	131,000	96,000	87,573	8,427
	<u>828,395</u>	<u>800,438</u>	<u>675,615</u>	<u>124,823</u>
Total Recreation and Culture	<u>2,401,916</u>	<u>2,727,460</u>	<u>2,462,606</u>	<u>264,854</u>
Nondepartmental				
Insurance:				
Personnel benefits	517,620	502,620	465,205	37,415
Other operating expenses	300,000	315,000	316,705	(1,705)
	<u>817,620</u>	<u>817,620</u>	<u>781,910</u>	<u>35,710</u>
Miscellaneous:				
Personnel benefits	247,000	250,330	245,287	5,043
	<u>247,000</u>	<u>250,330</u>	<u>245,287</u>	<u>5,043</u>
Total Nondepartmental	<u>1,064,620</u>	<u>1,067,950</u>	<u>1,027,197</u>	<u>40,753</u>
Debt Payments				
Principal redemption	2,943,138	6,476,216	3,491,788	2,984,428
Interest	2,356,425	2,355,202	1,006,537	1,348,665
Issuance	-	53,317	53,317	-
Total Debt Payments	<u>5,299,563</u>	<u>8,884,735</u>	<u>4,551,642</u>	<u>4,333,093</u>
TOTAL EXPENDITURES	<u>45,202,014</u>	<u>51,894,212</u>	<u>44,767,888</u>	<u>7,126,324</u>
Other Financing Uses				
Transfer to other funds	786,664	2,818,363	2,723,129	95,234
Payment to refunding agent	-	-	3,871,874	(3,871,874)
Total Other Financing Uses	<u>786,664</u>	<u>2,818,363</u>	<u>6,595,003</u>	<u>(3,776,640)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 45,988,678</u>	<u>\$ 54,712,575</u>	<u>\$ 51,362,891</u>	<u>\$ 3,349,684</u>

Nonmajor Governmental Funds

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION - NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

	Special Revenue Funds					
	Curb, Gutter, and Sidewalk Fund	Grant Fund	Reimbursement Fund	Community Development Fund	National Folk Festival	Total
ASSETS						
Cash	\$ 56,187	\$ 504,259	\$ 137,622	\$ 55,364	\$ 435,791	\$ 1,189,223
Investment pool	33,143	5,671	3,147	-	-	41,961
Accounts receivable	21,827	123,509	86,809	-	75,044	307,189
Due from other governmental units	-	703,886	-	-	-	703,886
TOTAL ASSETS	\$ 111,157	\$ 1,337,325	\$ 227,578	\$ 55,364	\$ 510,835	\$ 2,242,259
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ 128,927	\$ 619	\$ -	\$ 814	\$ 130,360
Due to other funds	-	67,074	-	-	-	67,074
Unearned revenue - grants	-	764,951	-	-	-	764,951
Deposits and advance payment of taxes	-	104,095	-	-	-	104,095
Total Liabilities	-	1,065,047	619	-	814	1,066,480
Fund Balances:						
Committed	111,157	-	226,959	-	510,021	848,137
Assigned	-	272,278	-	55,364	-	327,642
Total Fund Balances	111,157	272,278	226,959	55,364	510,021	1,175,779
TOTAL LIABILITIES AND FUND BALANCES	\$ 111,157	\$ 1,337,325	\$ 227,578	\$ 55,364	\$ 510,835	\$ 2,242,259

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION - NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds					Total
	Curb, Gutter, and Sidewalk Fund	Grant Fund	Reimbursement Fund	Community Development Fund	National Folk Festival	
REVENUES						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 220,665	\$ 220,665
Other revenue	5,521	19,231	29,443	-	320,371	374,566
Grant revenues	-	3,234,992	-	-	-	3,234,992
TOTAL REVENUES	5,521	3,254,223	29,443	-	541,036	3,830,223
EXPENDITURES						
General government	-	593,544	14,506	-	-	608,050
Public safety	-	1,477,961	-	-	-	1,477,961
Public works	-	1,106,441	16,003	-	-	1,122,444
Recreation and culture	-	-	-	-	505,344	505,344
Capital outlays	-	261,164	799	(131)	-	261,832
TOTAL EXPENDITURES	-	3,439,110	31,308	(131)	505,344	3,975,631
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,521	(184,887)	(1,865)	131	35,692	(145,408)
OTHER FINANCING SOURCES						
Operating transfers in (out)	-	172,430	(75,952)	-	326,500	422,978
Proceeds from sale of capital assets	-	-	-	17,419	-	17,419
TOTAL OTHER FINANCING SOURCES	-	172,430	(75,952)	17,419	326,500	440,397
NET CHANGE IN FUND BALANCES	5,521	(12,457)	(77,817)	17,550	362,192	294,989
FUND BALANCES, BEGINNING OF YEAR	105,636	284,735	304,776	37,814	147,829	880,790
FUND BALANCES, END OF YEAR	\$ 111,157	\$ 272,278	\$ 226,959	\$ 55,364	\$ 510,021	\$ 1,175,779

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION - NONMAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2022

REVENUES	
Federal	\$ 1,415,665
State	1,775,872
Others	62,686
TOTAL REVENUES	<u>3,254,223</u>
 EXPENDITURES	
General government:	
Salaries	176,763
Personnel benefits	23,230
Operating expenses	393,551
Public safety:	
Salaries	588,100
Personnel benefits	580,312
Operating expenses	309,549
Public works:	
Operating expenses	1,106,441
Capital outlay	261,164
TOTAL EXPENDITURES	<u>3,439,110</u>
 OTHER FINANCING SOURCES	
Transfer in	<u>172,430</u>
 NET CHANGE IN FUND BALANCE	 (12,457)
 FUND BALANCE, BEGINNING OF YEAR	 <u>284,735</u>
 FUND BALANCE, END OF YEAR	 <u><u>\$ 272,278</u></u>

Nonmajor Proprietary Funds

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION - NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022

	Enterprise Funds			Total
	City Marina Fund	Parking Authority Fund	Stormwater Utility Fund	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current assets:				
Cash and investment pool	\$ 100	\$ -	\$ 295,329	\$ 295,429
Investment pool	197	53,017	-	53,214
Accounts receivable	25,174	519,737	56,097	601,008
Less: allowance for uncollectible	-	(430,708)	-	(430,708)
Total Current Assets	<u>25,471</u>	<u>142,046</u>	<u>351,426</u>	<u>518,943</u>
Noncurrent assets:				
Restricted investment pool	-	945,381	8,232	953,613
Capital assets:				
Land	1,315,000	467,790	-	1,782,790
Construction-in-progress	-	520,900	-	520,900
Buildings, equipment, and improvements	1,778,552	4,492,380	1,164,836	7,435,768
Less: accumulated depreciation	(1,567,069)	(3,180,578)	(604,395)	(5,352,042)
Total Noncurrent Assets	<u>1,526,483</u>	<u>3,245,873</u>	<u>568,673</u>	<u>5,341,029</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pension plan	-	71,774	26,557	98,331
Total Deferred Outflows of Resources	<u>-</u>	<u>71,774</u>	<u>26,557</u>	<u>98,331</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,551,954</u>	<u>\$ 3,459,693</u>	<u>\$ 946,656</u>	<u>\$ 5,958,303</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES				
Due in one year:				
Accounts payable	\$ 7,889	\$ 21,151	\$ 60,025	\$ 89,065
Accrued payroll	1,332	7,078	3,814	12,224
Accrued interest payable	-	14,133	-	14,133
Deposits	926	-	-	926
Due to other funds	196,444	558,252	-	754,696
Bonds, notes, and leases payable	-	175,671	112,326	287,997
Total Current Liabilities	<u>206,591</u>	<u>776,285</u>	<u>176,165</u>	<u>1,159,041</u>
Due in more than one year:				
Bonds, notes, and leases payable	-	1,198,570	280,513	1,479,083
Net pension liability	-	123,952	45,864	169,816
Total Noncurrent Liabilities	<u>-</u>	<u>1,322,522</u>	<u>326,377</u>	<u>1,648,899</u>
Total Liabilities	<u>206,591</u>	<u>2,098,807</u>	<u>502,542</u>	<u>2,807,940</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pension	-	83,246	30,802	114,048
NET POSITION (DEFICIT)				
Net investment in capital assets	1,526,483	926,251	167,602	2,620,336
Restricted	-	945,381	8,232	953,613
Unrestricted (Deficit)	(181,120)	(593,992)	237,478	(537,634)
Total Net Position	<u>1,345,363</u>	<u>1,277,640</u>	<u>413,312</u>	<u>3,036,315</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 1,551,954</u>	<u>\$ 3,459,693</u>	<u>\$ 946,656</u>	<u>\$ 5,958,303</u>

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION - NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	Enterprise Funds			Total
	City Marina Fund	Parking Authority Fund	Stormwater Utility Fund	
OPERATING REVENUES				
Charges for services	\$ 79,663	\$ 675,504	\$ 813,195	\$ 1,568,362
TOTAL OPERATING REVENUES	<u>79,663</u>	<u>675,504</u>	<u>813,195</u>	<u>1,568,362</u>
OPERATING EXPENSES				
Salaries	36,667	227,348	107,161	371,176
Personnel benefits	4,500	67,627	38,314	110,441
Professional and skilled services	4,055	92,428	87,425	183,908
Supplies	1,456	4,240	155	5,851
Other operating expenses	42,657	211,301	134,915	388,873
TOTAL OPERATING EXPENSES	<u>89,335</u>	<u>602,944</u>	<u>367,970</u>	<u>1,060,249</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(9,672)	72,560	445,225	508,113
Depreciation	<u>22,264</u>	<u>111,870</u>	<u>95,768</u>	<u>229,902</u>
NET OPERATING INCOME (LOSS)	<u>(31,936)</u>	<u>(39,310)</u>	<u>349,457</u>	<u>278,211</u>
NONOPERATING REVENUES (EXPENSES)				
Transfers in (out)	-	-	(440,000)	(440,000)
Interest income	3	1,738	-	1,741
Interest expense	-	(38,464)	(4,657)	(43,121)
Gain on sale of capital assets	<u>-</u>	<u>-</u>	<u>39,039</u>	<u>39,039</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>3</u>	<u>(36,726)</u>	<u>(405,618)</u>	<u>(442,341)</u>
CHANGE IN NET POSITION	(31,933)	(76,036)	(56,161)	(164,130)
NET POSITION, BEGINNING OF YEAR	<u>1,377,296</u>	<u>1,353,676</u>	<u>469,473</u>	<u>3,200,445</u>
NET POSITION, END OF YEAR	<u>\$ 1,345,363</u>	<u>\$ 1,277,640</u>	<u>\$ 413,312</u>	<u>\$ 3,036,315</u>

Enterprise Funds

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION - ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
WATER AND SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Water Department	Sewer Department	Total
OPERATING REVENUES			
Charges for services	\$ 4,726,861	\$ 11,854,251	\$ 16,581,112
Penalties	28,765	76,399	105,164
Tapping charges and connection fees	-	262,442	262,442
Sundry income	244,613	6,846	251,459
Pretreatment monitoring fee	-	234,368	234,368
Impact fees	223,739	-	223,739
TOTAL OPERATING REVENUES	<u>5,223,978</u>	<u>12,434,306</u>	<u>17,658,284</u>
OPERATING EXPENSES			
Salaries	1,775,332	2,632,261	4,407,593
Personnel benefits	660,858	917,957	1,578,815
Professional and skilled services	298,985	460,584	759,569
Other operating expenses	1,622,914	3,879,870	5,502,784
Equipment	20,465	12,222	32,687
TOTAL OPERATING EXPENSES	<u>4,378,554</u>	<u>7,902,894</u>	<u>12,281,448</u>
OPERATING INCOME BEFORE DEPRECIATION	845,424	4,531,412	5,376,836
Depreciation	<u>753,841</u>	<u>4,177,328</u>	<u>4,931,169</u>
NET OPERATING INCOME (LOSS)	<u>91,583</u>	<u>354,084</u>	<u>445,667</u>
NONOPERATING REVENUES (EXPENSES)			
Grants and loan forgiveness	2,736,979	439,966	3,176,945
Interest income	6,664	6,666	13,330
Loss on sale of capital assets	(19,111)	-	(19,111)
Interest expense	(44,521)	(435,865)	(480,386)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>2,680,011</u>	<u>10,767</u>	<u>2,690,778</u>
CHANGE IN NET POSITION	<u>\$ 2,771,594</u>	<u>\$ 364,851</u>	3,136,445
NET POSITION, BEGINNING OF YEAR			<u>72,821,976</u>
NET POSITION, END OF YEAR			<u>\$ 75,958,421</u>

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION - ENTERPRISE FUNDS
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL -
WATER DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Inspection fees	\$ 30,000	\$ 30,000	\$ 37,080	\$ 7,080
Water sales	4,556,200	4,556,200	4,689,781	133,581
Penalties	22,500	22,500	28,765	6,265
Interest earned	-	-	6,664	6,664
Water income - sundry	204,500	204,500	244,613	40,113
Impact fees	-	-	223,739	223,739
Grants	200,000	200,000	2,736,979	2,536,979
Loss on sale of capital assets	-	-	(19,111)	(19,111)
TOTAL REVENUES	5,013,200	5,013,200	7,948,510	2,935,310
EXPENSES				
Engineering:				
Salaries	422,948	418,122	401,503	16,619
Personnel benefits	187,311	192,136	154,083	38,053
Professional and skilled services	32,926	67,522	43,412	24,110
Other operating expenses	132,420	134,582	111,883	22,699
Capital outlay	13,350	56,395	10,026	46,369
Total Engineering	788,955	868,757	720,907	147,850
Billing and collection:				
Salaries	142,847	142,400	142,020	380
Personnel benefits	55,266	55,713	51,119	4,594
Professional and skilled services	43,000	43,000	20,075	22,925
Other operating expenses	185,270	177,781	93,967	83,814
Capital outlay	-	13,763	10,439	3,324
Total Billing and Collection	426,383	432,657	317,620	115,037
Water treatment:				
Salaries	741,299	722,581	649,612	72,969
Personnel benefits	289,922	289,922	239,155	50,767
Professional and skilled services	-	-	400	(400)
Other operating expenses	1,161,437	1,370,706	1,035,989	334,717
Total Water Treatment	2,192,658	2,383,209	1,925,156	458,053

Continued on next page.

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION - ENTERPRISE FUNDS
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL -
WATER DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Distribution and storage:				
Salaries	572,055	538,519	491,303	47,216
Personnel benefits	236,114	236,114	183,713	52,401
Professional and skilled services	3,000	3,000	1,139	1,861
Other operating expenses	233,553	475,992	188,754	287,238
Total Distribution and Storage	<u>1,044,722</u>	<u>1,253,625</u>	<u>864,909</u>	<u>388,716</u>
Administration:				
Salaries	103,198	100,298	90,894	9,404
Personnel benefits	44,909	44,909	32,788	12,121
Professional and skilled services	239,009	239,009	233,959	5,050
Other operating expenses	191,103	200,813	192,321	8,492
Total Administration	<u>578,219</u>	<u>585,029</u>	<u>549,962</u>	<u>35,067</u>
Debt payments:				
Principal redemption	338,823	329,555	-	329,555
Interest	111,812	121,286	44,521	76,765
Total Debt Payments	<u>450,635</u>	<u>450,841</u>	<u>44,521</u>	<u>406,320</u>
TOTAL EXPENSES	<u>5,481,572</u>	<u>5,974,118</u>	<u>4,423,075</u>	<u>1,551,043</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(468,372)	(960,918)	3,525,435	4,486,353
Depreciation	-	-	(753,841)	(753,841)
CHANGE IN NET POSITION	<u>\$ (468,372)</u>	<u>\$ (960,918)</u>	<u>\$ 2,771,594</u>	<u>\$ 3,732,512</u>

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION - ENTERPRISE FUNDS
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL -
SEWER DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES				
Sewer charges	\$ 11,265,100	\$ 11,265,100	\$ 11,527,916	\$ 262,816
Sewer charges - urban services	389,000	389,000	326,335	(62,665)
Penalties	50,000	50,000	76,399	26,399
Tapping charges and connection fees	-	-	262,442	262,442
Pretreatment monitoring fees	190,000	190,000	234,368	44,368
Interest earned	-	-	6,666	6,666
Sewer income - sundry	2,050	2,050	6,846	4,796
Grants	-	439,966	439,966	-
TOTAL REVENUES	11,896,150	12,336,116	12,880,938	544,822
EXPENSES				
Engineering:				
Salaries	422,948	422,948	402,489	20,459
Personnel benefits	173,293	173,293	135,247	38,046
Professional and skilled services	25,517	42,200	22,861	19,339
Other operating expenses	108,315	110,315	87,963	22,352
Capital outlay	13,350	56,595	12,222	44,373
Total Engineering	<u>743,423</u>	<u>805,351</u>	<u>660,782</u>	<u>144,569</u>
Billing and collection:				
Salaries	219,961	219,171	218,495	676
Personnel benefits	84,390	85,200	77,933	7,267
Professional and skilled services	36,000	36,000	24,501	11,499
Other operating expenses	173,538	173,518	53,711	119,807
Capital outlay	-	12,475	-	12,475
Total Billing and Collection	<u>513,889</u>	<u>526,364</u>	<u>374,640</u>	<u>151,724</u>
Wastewater treatment:				
Salaries	1,507,485	1,487,496	1,372,488	115,008
Personnel benefits	625,605	625,605	477,997	147,608
Professional and skilled services	30,000	45,200	-	45,200
Other operating expenses	3,152,325	3,536,687	3,259,693	276,994
Equipment	-	88,275	-	88,275
Total Wastewater Treatment	<u>5,315,415</u>	<u>5,783,263</u>	<u>5,110,178</u>	<u>673,085</u>

Continued on next page.

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION - ENTERPRISE FUNDS
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL -
SEWER DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Maintenance and repair:				
Salaries	538,228	532,228	424,813	107,415
Personnel benefits	216,831	216,831	157,344	59,487
Professional and skilled services	3,000	3,000	1,088	1,912
Other operating expenses	283,238	282,198	176,490	105,708
Capital outlay	45,000	53,565	-	53,565
Total Maintenance and Repair	<u>1,086,297</u>	<u>1,087,822</u>	<u>759,735</u>	<u>328,087</u>
Pretreatment monitoring:				
Salaries	132,455	132,455	121,966	10,489
Personnel benefits	44,239	44,239	34,209	10,030
Other operating expenses	33,126	33,126	27,442	5,684
Total Pretreatment Monitoring	<u>209,820</u>	<u>209,820</u>	<u>183,617</u>	<u>26,203</u>
Administration:				
Salaries	105,707	102,707	92,010	10,697
Personnel benefits	47,946	47,946	35,227	12,719
Professional and skilled services	422,010	439,509	412,134	27,375
Other operating expenses	276,456	278,956	274,571	4,385
Total Administration	<u>852,119</u>	<u>869,118</u>	<u>813,942</u>	<u>55,176</u>
Debt payments:				
Principal redemption	3,926,062	3,887,639	-	3,887,639
Interest	523,654	561,871	435,865	126,006
Total Debt Payments	<u>4,449,716</u>	<u>4,449,510</u>	<u>435,865</u>	<u>4,013,645</u>
TOTAL EXPENSES	<u>13,170,679</u>	<u>13,731,248</u>	<u>8,338,759</u>	<u>5,392,489</u>
OPERATING INCOME (LOSS) BEFORE TRANSFERS AND DEPRECIATION	(1,274,529)	(1,395,132)	4,542,179	5,937,311
TRANSFERS				
Transfer out	-	(544,901)	-	544,901
Depreciation	-	-	(4,177,328)	(4,177,328)
CHANGE IN NET POSITION	<u>\$ (1,274,529)</u>	<u>\$ (1,940,033)</u>	<u>\$ 364,851</u>	<u>\$ 2,304,884</u>

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION - ENTERPRISE FUNDS
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL -
CITY MARINA
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 54,000	\$ 54,000	\$ 79,663	\$ 25,663
TOTAL OPERATING REVENUES	<u>54,000</u>	<u>54,000</u>	<u>79,663</u>	<u>25,663</u>
OPERATING EXPENSES				
Salaries	37,127	37,127	36,667	460
Personnel benefits	5,189	4,709	4,500	209
Professional and skilled services	4,655	4,055	4,055	-
Supplies	4,675	1,646	1,456	190
Other operating expenses	35,205	45,314	42,657	2,657
TOTAL OPERATING EXPENSES	<u>86,851</u>	<u>92,851</u>	<u>89,335</u>	<u>3,516</u>
OPERATING LOSS BEFORE DEPRECIATION	(32,851)	(38,851)	(9,672)	29,179
Depreciation	<u>-</u>	<u>-</u>	<u>22,264</u>	<u>(22,264)</u>
NET OPERATING LOSS	(32,851)	(38,851)	(31,936)	6,915
NONOPERATING REVENUES				
Interest income	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
TOTAL NONOPERATING REVENUES	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
CHANGE IN NET POSITION	<u>\$ (32,851)</u>	<u>\$ (38,851)</u>	<u>\$ (31,933)</u>	<u>\$ 6,918</u>

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION - ENTERPRISE FUNDS
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL -
PARKING AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Parking permits, fines, state grants, meters, and Park 'n Shop	\$ 782,810	\$ 782,810	\$ 675,504	\$ (107,306)
TOTAL OPERATING REVENUES	<u>782,810</u>	<u>782,810</u>	<u>675,504</u>	<u>(107,306)</u>
OPERATING EXPENSES				
Salaries	222,880	230,280	227,348	2,932
Personnel benefits	84,204	80,316	67,627	12,689
Professional and skilled services	115,961	100,797	92,428	8,369
Supplies	5,150	5,650	4,240	1,410
Other operating expenses	206,377	223,847	211,301	12,546
TOTAL OPERATING EXPENSES	<u>634,572</u>	<u>640,890</u>	<u>602,944</u>	<u>37,946</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	148,238	141,920	72,560	(69,360)
Depreciation	<u>-</u>	<u>-</u>	<u>111,870</u>	<u>(111,870)</u>
NET OPERATING LOSS	148,238	141,920	(39,310)	(181,230)
NONOPERATING REVENUES (EXPENSES)				
Interest income	-	-	1,738	1,738
Interest expense	<u>(211,271)</u>	<u>(211,271)</u>	<u>(38,464)</u>	<u>172,807</u>
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>(211,271)</u>	<u>(211,271)</u>	<u>(36,726)</u>	<u>174,545</u>
CHANGE IN NET POSITION	<u>\$ (63,033)</u>	<u>\$ (69,351)</u>	<u>\$ (76,036)</u>	<u>\$ (6,685)</u>

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION - ENTERPRISE FUNDS
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL -
STORMWATER UTILITY
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 790,939	\$ 790,939	\$ 813,195	\$ 22,256
TOTAL OPERATING REVENUES	<u>790,939</u>	<u>790,939</u>	<u>813,195</u>	<u>22,256</u>
OPERATING EXPENSES				
Salaries	100,445	109,045	107,161	1,884
Personnel benefits	54,069	43,789	38,314	5,475
Professional and skilled services	227,350	306,373	87,425	218,948
Supplies	200	200	155	45
Other operating expenses	148,965	150,645	134,915	15,730
Equipment	375,000	375,000	-	375,000
TOTAL OPERATING EXPENSES	<u>906,029</u>	<u>985,052</u>	<u>367,970</u>	<u>617,082</u>
OPERATING INCOME BEFORE DEPRECIATION	(115,090)	(194,113)	445,225	639,338
Depreciation	-	-	95,768	(95,768)
NET OPERATING INCOME	<u>(115,090)</u>	<u>(194,113)</u>	<u>349,457</u>	<u>543,570</u>
NONOPERATING REVENUES (EXPENSES)				
Operating transfer out	(440,000)	(440,000)	(440,000)	-
Proceeds from extended term financing	375,000	375,000	-	(375,000)
Interest expense	(147,078)	(147,078)	(4,657)	142,421
Gain on sale of capital assets	-	-	39,039	39,039
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>(212,078)</u>	<u>(212,078)</u>	<u>(405,618)</u>	<u>(193,540)</u>
CHANGE IN NET POSITION	<u>\$ (327,168)</u>	<u>\$ (406,191)</u>	<u>\$ (56,161)</u>	<u>\$ 350,030</u>

STATISTICAL INFORMATION

CITY OF SALISBURY, MARYLAND

**SCHEDULE OF DELINQUENT TAXES RECEIVABLE (UNAUDITED)
JUNE 30, 2022**

Levy Year	Total	General Fund		
		Real Property	Personal Property	Corporations
2022	\$ 497,743	\$ 62,639	\$ 3,129	\$ 431,975
2021	138,386	(5,625)	3,293	140,718
2020	151,911	12,983	6,255	132,673
2019	110,333	17,760	5,663	86,910
2018 and prior	<u>787,633</u>	<u>226,687</u>	<u>3,045</u>	<u>557,901</u>
	1,686,006	314,444	21,385	1,350,177
Less allowance for uncollectibles	<u>(654,496)</u>	<u>-</u>	<u>(15,378)</u>	<u>(639,118)</u>
	<u>\$ 1,031,510</u>	<u>\$ 314,444</u>	<u>\$ 6,007</u>	<u>\$ 711,059</u>

NOTE: Included in the above are unearned taxes of \$487,616.

CITY OF SALISBURY, MARYLAND

**STATEMENT OF BONDED INDEBTEDNESS (UNAUDITED)
JUNE 30, 2022**

Description of Bonds and Purpose of Issue	Interest		Bond Maturities	Date Issued	Authorized Total Issue	Outstanding June 30, 2022	Requirements to June 30, 2022		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	\$ 327,822	\$ 162,932	\$ 9,798	MD Dept. Environment
Water Quality Bond of 2005	0.40	F & A1	02/01/09-02/01/28	09/29/05	42,009,341	12,668,697	2,129,457	158,304	MD Water Quality Fin.
Maryland Water Quality Bond (ARRA)	0	A & F1	08/01/11-02/01/30	12/04/09	2,056,400	460,018	145,021	-	MD Water Quality Fin.
Maryland Energy Administration	0	S & M1	09/01/11-03/01/13	12/04/09	258,740	-	-	-	MD Water Quality Fin.
Refinance Public Improvement Bond	3.35	A & O1	10/01/11-10/01/26	10/04/10	5,050,000	-	-	68,389	Bank of America
Public Improvements Refunding Bond, Series 2011B	2.75	J & DA1	12/13/11-06/01/23	12/13/11	4,828,000	387,000	375,000	20,955	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	1,069,011	51,137	12,947	MD Water Quality Fin.
Series 2012B Maryland Water Quality Financing Administration Drinking Water Bond	0	A & F1	05/22/12-02/01/43	05/22/12	1,500,000	-	-	-	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	-	381,000	93,305	Suntrust Bank
Public Improvement Bonds of 2014	2.96	J & J1	07/01/14-07/01/28	12/23/13	3,178,000	-	210,000	52,248	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	27,087	4,714	474	MD Water Quality Fin.
Series 2014B Maryland Water Quality Financing Administration Drinking Water Bond	0	On demand	03/20/14-02/01/29	03/20/14	464,625	413,835	-	-	MD Water Quality Fin.
Series 2015A Maryland Water Quality Financing Administration Drinking Water Bond	0	F & A1	08/01/15-02/01/37	06/30/15	34,545,000	35,109,303	150,000	-	MD Water Quality Fin.
Series 2015B Maryland Water Quality Financing Administration Drinking Water Bond	0	F & A1	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	12/01/15-06/01/26	12/01/15	4,726,200	2,013,553	476,828	49,093	Bank of America
2017 Public Improvements Refunding Bond	2.00 - 5.00	A & O1	04/01/17-04/01/31	07/28/16	20,030,000	10,395,000	2,005,000	486,063	Bank of America
2018 Public Improvements Bond	2.51	J1	06/01/18-06/01/32	12/23/17	5,724,853	4,142,667	360,550	113,031	BB&T Bank
2019 Public Improvements Bond	2.125-5.00	M & S1	03/01/20-06/01/35	10/08/19	11,225,000	10,135,000	560,000	398,750	Sun Trust Bank
2020A Maryland Water Quality	0.40	A & F1	02/01/22-02/01/41	8/28/2020	90,000	81,170	4,331	184	
2020B Maryland Water Quality	1.67	A & F1	08/01/21-02/01/41	8/28/2020	24,000	28,500	-	-	
2022 Public Improvements Bond	1.50-4.00	M & S1	03/01/22-09/01/36	9/1/2021	8,965,000	8,965,000	-	136,950	
2022 Public Improvements Bond	2.00-3.00	M & S1	03/01/22-09/01/28	9/1/2021	2,895,000	2,895,000	-	36,900	
						<u>\$ 89,118,663</u>	<u>\$ 7,015,970</u>	<u>\$ 1,637,391</u>	

CITY OF SALISBURY, MARYLAND
GENERAL FUND REVENUE BY SOURCE (UNAUDITED)
FIVE YEARS ENDED JUNE 30, 2022

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
2022	\$ 29,095,670 63.61%	\$ 2,706,142 5.92%	\$ 2,120,475 4.64%	\$ 2,151,025 4.70%	\$ 557,737 1.22%	\$ 45,424 0.10%	\$ 2,525,429 5.52%	\$ 6,537,880 14.29%	\$ 45,739,782 100.00%	\$ 2,381,606
2021	\$ 27,989,043 61.47%	\$ 2,334,601 5.13%	\$ 1,902,515 4.18%	\$ 1,417,879 3.11%	\$ 707,364 1.55%	\$ 22,155 0.05%	\$ 5,538,545 12.16%	\$ 5,617,402 12.34%	\$ 45,529,504 100.00%	\$ 2,475,078
2020	\$ 27,076,972 65.08%	\$ 2,260,354 5.43%	\$ 1,939,940 4.66%	\$ 1,280,959 3.08%	\$ 883,319 2.12%	\$ 187,700 0.45%	\$ 2,185,588 5.25%	\$ 5,791,617 13.92%	\$ 41,606,449 100.00%	\$ 2,290,713
2019	25,672,621 63.51%	2,148,438 5.31%	2,312,137 5.72%	1,580,614 3.91%	1,115,784 2.76%	237,781 0.59%	2,328,583 5.76%	5,029,056 12.44%	40,425,014 100.00%	1,876,770
2018	24,682,281 65.42%	1,813,673 4.81%	1,871,351 4.96%	1,251,117 3.32%	1,388,717 3.68%	131,227 0.35%	2,394,418 6.35%	4,196,852 11.12%	37,729,636 100.00%	1,782,844

CITY OF SALISBURY, MARYLAND

**GENERAL FUND EXPENDITURES BY FUNCTION (UNAUDITED)
FIVE YEARS ENDED JUNE 30, 2022**

Fiscal Year Ended June 30	General Government	Police	Fire	Other Safety	Department of Public Works				Miscellaneous and Transfers	Total
					Supervision and Engineering	Highways	Sanitation and Other	Recreation		
2022	\$ 4,508,629 8.78%	\$14,272,879 27.79%	\$10,169,146 19.80%	\$ 3,112,650 6.06%	\$ 1,959,694 3.82%	\$ 693,429 1.35%	\$ 2,010,016 3.91%	\$ 2,462,606 4.79%	\$12,173,843 23.70%	\$51,362,892 100.00%
2021	\$ 4,192,461 9.80%	\$13,532,744 31.63%	\$ 8,462,946 19.78%	\$ 3,038,807 7.10%	\$ 1,481,233 3.46%	\$ 811,422 1.90%	\$ 2,009,949 4.70%	\$ 2,161,996 5.05%	\$ 7,091,436 16.59%	\$42,782,994 100.00%
2020	\$ 4,131,101 9.83%	\$12,969,356 30.87%	\$ 8,919,013 21.23%	\$ 3,014,795 7.18%	\$ 1,898,710 4.52%	\$ 1,059,568 2.52%	\$ 2,118,072 5.04%	\$ 2,089,274 4.97%	\$ 5,811,650 13.82%	\$42,011,539 100.00%
2019	4,020,202 10.30%	12,251,783 31.38%	7,879,515 20.18%	2,820,365 7.22%	2,188,921 5.61%	689,625 1.77%	1,962,362 5.03%	1,893,357 4.85%	5,337,112 13.68%	39,043,242 100.00%
2018	3,701,899 9.34%	12,081,923 30.48%	8,833,792 22.28%	3,041,561 7.67%	1,934,841 4.88%	714,943 1.80%	1,926,571 4.86%	2,056,707 5.19%	5,348,152 13.48%	39,640,389 100.00%

CITY OF SALISBURY, MARYLAND
WATER AND SEWER DEPARTMENT OPERATIONS (UNAUDITED)
FIVE YEARS ENDED JUNE 30, 2022

Fiscal Year Ended June 30	Revenue					Surplus Appropriated	Expenses				
	Water Charges	Other Water	Sewer Charges	Other Sewer	Total		Operations	Capital Outlay	Debt Service	Depreciation	Total
2022	\$ 4,726,861	\$ 3,221,649	\$11,854,251	\$ 1,026,687	\$20,829,448	\$ 1,841,543	\$12,248,761	\$ 32,687	\$ 480,386	\$ 4,931,169	\$17,693,003
2021	4,357,511	355,117	10,900,457	940,802	16,553,887	1,742,899	12,066,569	1,483,018	520,520	4,780,253	18,850,360
2020	4,438,863	580,962	11,234,415	1,086,955	17,341,195	1,985,331	12,029,808	60,784	579,638	4,634,879	17,305,109
2019	4,571,346	803,363	11,420,297	1,134,078	17,929,084	2,062,272	11,763,182	30,690	649,763	4,587,216	17,030,851
2018	4,210,517	624,836	10,699,986	7,190,189	22,725,528	2,028,669	10,842,124	7,132	714,303	2,441,560	14,005,119

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

CITY OF SALISBURY, MARYLAND

**GENERAL AND SINKING FUND - PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)
FIVE YEARS ENDED JUNE 30, 2022**

<u>Fiscal Year Ended June 30</u>	<u>Assessable Basis</u>	<u>Total General Sinking Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected in Year of Levy</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Collections as a Percent of Current Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes as a Percent of Current Levy</u>
2022	\$ 2,488,125,619	\$ 29,179,307	\$ 27,902,785	95.63%	\$ 686,814	\$ 28,589,600	97.98%	\$ 1,502,522	5.15%
2021	2,409,081,247	28,189,060	26,655,135	94.56%	850,141	27,505,276	97.57%	2,200,751	7.81%
2020	2,312,626,586	27,244,457	26,054,111	95.63%	554,987	26,609,098	97.67%	2,358,336	8.66%
2019	2,228,360,951	26,402,199	24,744,210	93.72%	484,372	25,228,582	95.55%	1,972,716	7.47%
2018	2,151,596,042	25,652,521	23,715,956	92.45%	542,031	24,257,987	94.56%	1,919,494	7.48%

CITY OF SALISBURY, MARYLAND

GENERAL AND SINKING FUND - ASSESSED VALUES AND DEBT RATIOS (UNAUDITED)
FIVE YEARS ENDED JUNE 30, 2022

Fiscal Year Ended June 30	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 and Sewer	Ratio G. O. Debt Service to Total Expenditures
	Real Property		Corporations									
	Full and Partial Year	Personal Property	Ordinary	Railroads and Utilities	Total							
2022	\$ 2,178,664,239	\$1,972,620	\$ 226,609,070	\$ 80,879,690	\$ 2,488,125,619	\$ 89,118,663	0.0358	\$ 59,046,354	\$ 24,819,149	\$ 9,015,445	\$ 69,055,898	0.131
2021	2,113,819,337	2,561,790	214,723,980	77,976,140	2,409,081,247	92,453,779	0.0384	57,039,482	25,493,107	10,229,365	61,076,841	0.167
2020	2,009,236,346	3,247,210	229,679,260	70,463,770	2,312,626,586	99,605,678	0.0431	55,354,239	25,617,835	8,904,182	59,316,648	0.150
2019	1,930,891,071	3,058,170	226,509,050	67,902,660	2,228,360,951	94,970,713	0.0426	53,491,315	31,732,709	7,997,337	56,074,093	0.143
2018	1,852,099,222	3,105,050	234,255,790	62,135,980	2,151,596,042	99,578,997	0.0463	52,016,825	27,995,578	7,974,157	53,618,944	0.149