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**CITY OF SALISBURY, MARYLAND**

**AUDIT REPORT**

**JUNE 30, 2023**

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CITY OF SALISBURY

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**CITY OF SALISBURY, MARYLAND**

**ORGANIZATION**

**SERVING AS OF JUNE 30, 2023**

**OFFICIALS - ELECTED**

Mayor  
President of Council  
Vice President of Council  
Council Members

John R. (Jack) Heath  
Muir Boda  
April Jackson  
Angela M. Blake  
Megan Outten  
Michele Gregory

**OFFICIALS - STAFF**

City Administrator  
Deputy City Administrator  
City Clerk  
City Attorney  
Public Information Officer  
Director of Finance  
Director of Procurement  
Director of Human Resources  
Director of Business Development  
Director of Infrastructure and Development  
Director of Water Works  
Director of Field Operations  
Director of Information Services  
Director of Housing and Community Development  
Chief of Police  
Chief of Fire Department

Julia Glanz  
Andrew Kitzrow  
Kimberly Nichols  
Cockey, Brennan, Maloney  
Christopher Demone  
Keith Cordrey  
Jennifer Miller  
Megan Caton  
Laura Soper  
Richard Baldwin  
Corinne Cameron  
Jana Potvin  
Bill Garrett  
Ronald Strickler  
Barbara Duncan  
John Tull



## INDEPENDENT AUDITOR'S REPORT

December 15, 2023

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 the City of Salisbury ("the City"), Salisbury, Maryland, as of and for the year ended June 30, 2023, 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, 2023, 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 6 through 13 and the budgetary comparison schedule - general fund, schedule of the City's proportionate share of the net pension liability - employee plan, schedule of City 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 57 through 62 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*

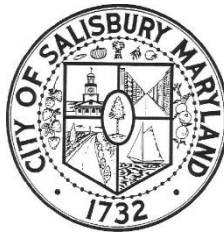
In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over



Members of City Council  
City of Salisbury

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*  
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, 2023. 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, 2023 was **\$ 94,617,538**. Net position of our governmental activities increased by **\$5,868,661 (or 52.4%)** while net position of our business-type activities decreased by **\$797,519 (or 1.0%)**.
- The General Fund reported revenues other financing sources over expenditures and other financing uses resulting in a **\$4,444,153** increase in fund balance, bringing its fund balance this year to **\$20,998,550**.

**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**

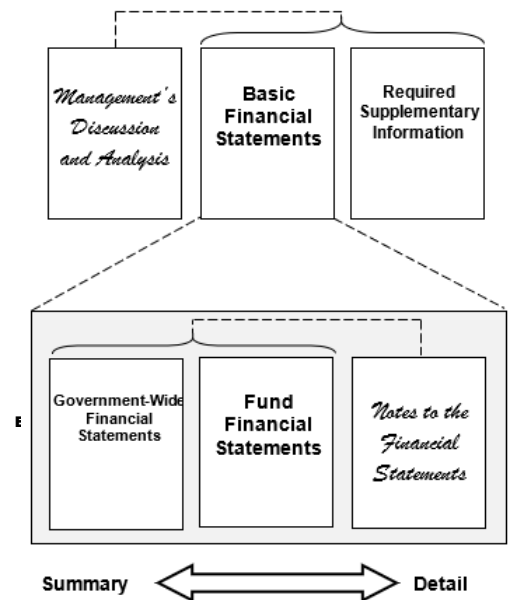


Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 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.

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

Type of Statements	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	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"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses, and changes in fund net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; the 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, 2023 was \$94,617,538.

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

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
<b>CURRENT ASSETS:</b>						
Cash and investments	\$ 21,095	\$ 15,819	\$ 6,483	\$ 7,168	\$ 22,578	\$ 22,987
Accounts and taxes receivable, net	2,541	2,968	3,201	3,017	5,742	5,985
Due from other governmental units	1,337	1,639	171	151	1,508	1,790
Internal balances	727	755	(727)	(755)	-	-
Inventories	14	17	22	2	36	19
Other	816	722	435	449	1,251	1,171
<b>TOTAL CURRENT ASSETS</b>	<b>26,530</b>	<b>21,920</b>	<b>9,585</b>	<b>10,032</b>	<b>36,115</b>	<b>31,952</b>
<b>NONCURRENT ASSETS:</b>						
Restricted cash	12,437	14,843	5,941	8,225	18,378	23,068
Capital assets at cost	108,091	103,890	194,862	191,731	302,953	295,621
Less accumulated depreciation	(44,315)	(40,902)	(63,962)	(58,702)	(108,277)	(99,604)
<b>TOTAL NONCURRENT ASSETS</b>	<b>76,213</b>	<b>77,831</b>	<b>136,841</b>	<b>141,254</b>	<b>213,054</b>	<b>219,085</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>						
Deferred outflow - pension	15,935	10,767	2,594	1,957	18,529	12,724
Deferred outflow - OPEB	2,615	3,245	654	811	3,269	4,056
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>18,550</b>	<b>14,012</b>	<b>3,248</b>	<b>2,768</b>	<b>21,798</b>	<b>16,780</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>121,293</b>	<b>113,763</b>	<b>149,674</b>	<b>154,054</b>	<b>270,967</b>	<b>267,817</b>

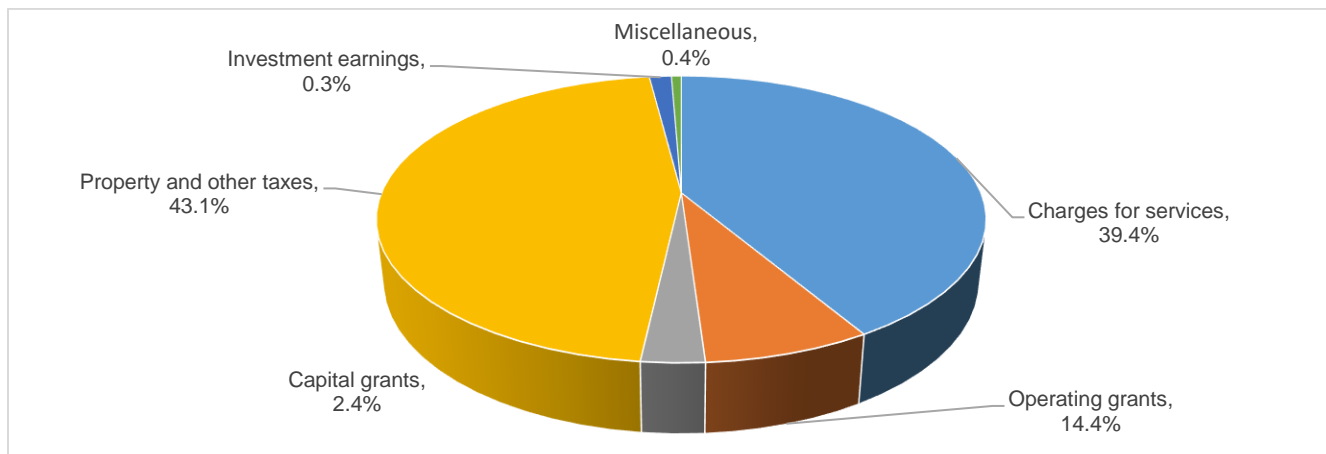
**Table A-1**  
**CITY'S NET POSITION**  
(in thousands of dollars)

(cont'd)	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
<b>CURRENT LIABILITIES:</b>						
Accounts payable and accrued expenses	2,254	2,428	827	941	3,081	3,369
Bonds, notes, and leases payable	4,252	4,277	4,501	4,698	8,753	8,975
Other	2,317	1,477	873	185	3,190	1,662
<b>TOTAL CURRENT LIABILITIES</b>	<b>8,823</b>	<b>8,182</b>	<b>6,201</b>	<b>5,824</b>	<b>15,024</b>	<b>14,006</b>
<b>NONCURRENT LIABILITIES:</b>						
Compensated absences	2,123	1,936	406	272	2,530	2,208
Net OPEB liability	13,650	13,471	3,412	3,368	17,062	16,839
Net pension liability	33,694	25,844	4,368	3,380	38,061	29,224
Bonds, notes, and capital leases payable	26,217	29,951	53,720	58,201	79,937	88,152
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>75,684</b>	<b>71,202</b>	<b>61,906</b>	<b>65,221</b>	<b>137,590</b>	<b>136,423</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Deferred inflows - pensions	11,055	13,634	1,846	2,270	12,901	15,904
Deferred inflows - OPEB	8,668	9,550	2,167	2,388	10,835	11,938
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>19,723</b>	<b>23,184</b>	<b>4,013</b>	<b>4,658</b>	<b>23,736</b>	<b>27,842</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>104,230</b>	<b>102,568</b>	<b>72,120</b>	<b>75,703</b>	<b>176,350</b>	<b>178,271</b>
<b>NET POSITION:</b>						
Net investment in capital assets	33,306	28,760	72,680	70,129	105,986	98,889
Restricted	12,225	14,844	5,941	8,225	18,166	23,069
Unrestricted (Deficit)	(28,468)	(32,409)	(1,067)	(2)	(29,535)	(32,411)
<b>TOTAL NET POSITION</b>	<b>\$ 17,063</b>	<b>\$ 11,195</b>	<b>\$ 77,554</b>	<b>\$ 78,352</b>	<b>\$ 94,617</b>	<b>\$ 89,547</b>

Net position of the City's governmental activities increased by 52.4% to \$17,063,529 due to increases in assets not offset by increases in liabilities. Net position of the City's business-type activities decreased by 1.0% to \$77,554,009 due to decreases in assets offset by decreases in liabilities of a lesser amount.

The City's total revenues were \$76,169,351. A significant portion (43.1%) of the City's revenue comes from property and other taxes (See Figure A-3). A portion (39.4%) comes from charges for services, 14.4% is derived from operating grants, and 2.4% is derived from capital grants and contributions. The remaining .7% comes from miscellaneous and investment earnings. The total cost of all programs and services was \$71,098,209.

**Figure A-3, City's Sources of Revenues**



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

	Governmental Activities		Business-type Activities		Totals		Percentage
	2023	2022	2023	2022	2023	2022	Change 2022-2023
Program revenues:							
Charges for services	\$ 9,586	\$ 9,919	\$ 20,413	\$ 19,360	\$ 29,999	\$ 29,279	2%
Operating grants	10,961	5,756	-	-	10,961	5,756	90%
Capital grants	669	1,168	1,141	1,765	1,810	2,933	-38%
General revenues:							
Property and other taxes	32,812	31,859	-	-	32,812	31,859	3%
Investment earnings	946	298	368	15	1,314	313	320%
Transfers	300	440	(300)	(440)	-	-	0%
Miscellaneous	534	754	(1,261)	1,432	(727)	2,186	-133%
<b>Total Revenues</b>	<b>\$ 55,808</b>	<b>\$ 50,194</b>	<b>\$ 20,361</b>	<b>\$ 22,132</b>	<b>\$ 76,169</b>	<b>\$ 72,326</b>	<b>5%</b>

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		
	2023	2022	% Change	2023	2022	% Change
Governmental Activities:						
General government	\$ 5,949	\$ 5,174	15.0%	\$ (1,344)	\$ 2,057	-165%
Public safety	31,841	27,552	16.3%	21,774	18,936	16%
Public works	6,385	6,905	-7.5%	3,395	3,252	4%
Recreation and culture	3,806	3,492	9.0%	2,939	2,035	44%
Nondepartmental	1,031	1,027	0.4%	1,031	1,027	0%
Interest on long-term debt	927	1,244	-25.5%	927	1,244	-25%
<b>Total Governmental Activities</b>	<b>49,939</b>	<b>45,394</b>		<b>28,722</b>	<b>28,551</b>	
Business-type Activities:						
Water and sewer	19,721	17,693	4.6%	116	(1,730)	-107%
Mitchell Landing	158	204	-8.7%	54	71	-24%
Other	1,280	1,334	-13.2%	(565)	(235)	140%
<b>Total Business-type Activities</b>	<b>21,159</b>	<b>19,231</b>		<b>(395)</b>	<b>(1,894)</b>	
<b>Total</b>	<b>\$ 71,098</b>	<b>\$ 64,625</b>		<b>\$ 28,328</b>	<b>\$ 26,657</b>	

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

Governmental Activities		Business-type Activities		Totals	
2023	2022	2023	2022	2023	2022
\$ 5,869	\$ 4,799	\$ (798)	\$ 2,902	\$ 5,071	\$ 7,701

**Governmental Activities**

Property and other tax revenues increased by approximately \$.95 million due to improvements in economic conditions. The cost of all *governmental* activities this year was \$49.9 million. However, the amount that the City's taxpayers paid for these activities through taxes was only \$32.8 million. Some of the cost was paid by those who directly benefited from the programs, \$9.6 million, or by grants and contributions, \$11.6 million. The total cost of governmental activities increased by \$4.5 million, which can be attributed largely to increases in Public Safety and General Government.

**Business-type Activities**

Revenues of the City's business-type activities were \$20.4 million in FY 2023, a decrease from \$22.1 million in FY 2022 (see Table A-2), while expenses were \$21.2 million in FY 2023 versus \$19.2 million in FY 2022. The overall revenue increase is primarily due to more revenue related to charges for services earned by the City in FY 2023. Overall costs increased by \$6.5 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 2023, the City's governmental funds reported a combined fund balance of \$33.7 million, a \$1.9 million increase from the previous year. At year end, the General Fund had a fund balance of \$21.0 million, and the Capital Improvements Fund had a fund balance of \$11.6 million. The fund balance for other governmental funds reported an ending in fund balance of \$1.1 million. Revenue and other financing sources collections were greater than expenditures and other financing uses by \$1.9 million for the year for all governmental funds. General Fund Revenue and other financing sources collections were greater than expenditures and other financing uses by \$4.4 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 \$53.8 million (including operating transfers), versus an original budget of \$50.2 million. The variance is largely due to a \$.8 million carry forward of encumbrances from FY 2022, an ordinance for \$.9 million in vehicles, and \$1.8 million by other ordinances passed during the year. Actual expenditures including operating transfers were \$5.6 million below final budget amounts. All departments were under budget during the year.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2023, the City had invested \$194.7 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
	2023	2022	2023	2022	2023	2022	
Land and art	\$ 8,738	\$ 8,823	\$ 878	\$ 2,199	\$ 9,616	\$ 11,022	-12.8%
Construction-in-progress	7,763	6,872	7,674	3,259	15,437	10,131	52.4%
Buildings and improvements	29,127	28,073	52,614	52,614	81,741	80,687	1.3%
Improvements, non-buildings	32,704	32,379	118,879	118,913	151,583	151,292	0.2%
Machinery and equipment	29,723	27,707	14,817	14,746	44,540	42,453	4.9%
Zoo animals	36	36	-	-	36	36	0.0%
Totals at historical cost	108,091	103,890	194,862	191,731	302,953	295,621	2.5%
Total accumulated depreciation	44,315	40,902	63,962	58,702	108,277	99,604	8.7%
Net Capital Assets	<u>\$ 63,776</u>	<u>\$ 62,988</u>	<u>\$ 130,900</u>	<u>\$ 133,029</u>	<u>\$ 194,676</u>	<u>\$ 196,017</u>	-0.7%

The City's governmental capital purchases for fiscal year 2023 included the purchase of ten police vehicles, an aerial ladder fire truck, and other equipment and vehicles for Field Operations. Additional land was also purchased for the Alpine Rail Trail. The business-type activities additions to capital assets included a three-quarter ton truck and an enterprise permitting and licensing software to be used in the water and sewer division. Projects completed included Church Street, Zoo Admin, ADA Ramp, Market Street Shoreline, Tiny Homes, Tank and Reservoir Mixing, and Fitzwater Lift Station. 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 \$88.7 million in bonds, notes, and leases outstanding, a decrease of \$8.4 million over the previous year. No new bonds were issued by the City during fiscal year 2023. The City drew down \$6,000 in revolving loan funds from federal loans administered by the Maryland Department of the Environment to finance the construction of the 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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	
Leases payable	\$ 1,919	\$ 2,239	\$ 397	\$ 565	\$ 2,316	\$ 2,804	-17%
Bonds payable	26,139	29,343	55,400	59,775	81,539	89,118	-9%
Mortgages and notes payable	-	-	1,382	1,382	1,382	1,382	0%
Bond premium	2,411	2,645	1,041	1,178	3,452	3,823	-10%
Total Bonds, Mortgages, and Notes Payable, net	<u>\$ 30,469</u>	<u>\$ 34,227</u>	<u>\$ 58,220</u>	<u>\$ 62,900</u>	<u>\$ 88,689</u>	<u>\$ 97,127</u>	-9%

**ECONOMIC FACTORS**

- The City collected \$132,987 in building permit revenues for FY 2023 vs. \$603,851 for FY 2022.
- The City received \$1.3 million more in real estate property tax revenue in FY 2023. The total of other tax revenues was \$0.1 million more in FY 2023.
- The City's has a three-year reassessment cycle. The adjusted assessed value of all real properties in the City increased by \$131 million over the prior year.
- The local (Wicomico County) unemployment rate as of July 2023 was 1.9%, down from 4.5% a year ago. For July 2023, the State of Maryland and the U.S. had an unemployment rate of 1.7% and 3.5%, respectively.

**WATER SEWER FUND**

The water and sewer fund adopted budget increased from \$18.6 million in FY 2022 to \$19.9 million in FY 2023.

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](http://www.salisbury.md).

**CITY OF SALISBURY, MARYLAND**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Current assets:			
Cash and investment pool	\$ 21,094,795	\$ 6,483,450	\$ 27,578,245
Taxes receivable, net	975,727	-	975,727
Accounts receivable, net	1,565,467	3,201,068	4,766,535
Due from other governmental units	1,336,919	170,733	1,507,652
Internal balances	726,883	(726,883)	-
Other assets	14,405	21,607	36,012
Inventories	816,481	434,890	1,251,371
Total Current Assets	26,530,677	9,584,865	36,115,542
Noncurrent assets:			
Restricted cash and investments	12,436,574	5,941,199	18,377,773
Construction-in-progress	7,763,063	7,673,882	15,436,945
Land and art	8,737,870	878,503	9,616,373
Capital assets at cost	91,589,685	186,309,975	277,899,660
Less accumulated depreciation	(44,315,088)	(63,962,112)	(108,277,200)
Total Noncurrent Assets	76,212,104	136,841,447	213,053,551
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - pension plan	15,935,483	2,593,554	18,529,037
Deferred outflows - OPEB plan	2,615,171	653,793	3,268,964
Total Deferred Outflows of Resources	18,550,654	3,247,347	21,798,001
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 121,293,435</b>	<b>\$ 149,673,659</b>	<b>\$ 270,967,094</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 2,254,129	\$ 826,840	\$ 3,080,969
Unearned revenue	1,509,845	-	1,509,845
Deposits and advance payments of taxes	268,162	707,554	975,716
Compensated absences	235,926	45,165	281,091
Accrued interest payable	302,790	120,279	423,069
Bonds, notes, and leases payable, net	4,252,303	4,501,062	8,753,365
Total Current Liabilities	8,823,155	6,200,900	15,024,055
Noncurrent liabilities:			
Compensated absences	2,123,333	406,483	2,529,816
Net OPEB liability	13,649,648	3,412,412	17,062,060
Net pension liability	33,693,620	4,367,663	38,061,283
Bonds, notes, and leases payable, net	26,217,346	53,719,026	79,936,372
Total Noncurrent Liabilities	75,683,947	61,905,584	137,589,531
Total Liabilities	84,507,102	68,106,484	152,613,586
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - pension plan	11,055,121	1,846,245	12,901,366
Deferred inflows - OPEB plan	8,667,683	2,166,921	10,834,604
Total Deferred Inflows of Resources	19,722,804	4,013,166	23,735,970
<b>NET POSITION</b>			
Net investment in capital assets	33,305,881	72,680,160	105,986,041
Restricted for:			
Capital improvements	11,769,403	5,941,199	17,710,602
Zoo	214,873	-	214,873
Lease escrow	241,066	-	241,066
Unrestricted (Deficit)	(28,467,694)	(1,067,350)	(29,535,044)
Total Net Position	17,063,529	77,554,009	94,617,538
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 121,293,435</b>	<b>\$ 149,673,659</b>	<b>\$ 270,967,094</b>

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

**CITY OF SALISBURY, MARYLAND  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

	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
<b>GOVERNMENTAL ACTIVITIES</b>							
General government	\$ 5,949,365	\$ 1,863,521	\$ 5,011,499	\$ 417,922	\$ 1,343,577	\$ -	\$ 1,343,577
Public safety	31,840,505	4,335,218	5,725,187	6,106	(21,773,994)	-	(21,773,994)
Public works	6,384,940	2,585,292	158,915	245,379	(3,395,354)	-	(3,395,354)
Recreation and culture	3,805,752	801,441	65,487	-	(2,938,824)	-	(2,938,824)
Nondepartmental	1,031,064	-	-	-	(1,031,064)	-	(1,031,064)
Interest on long-term debt	927,714	-	-	-	(927,714)	-	(927,714)
Total Governmental Activities	<u>49,939,340</u>	<u>9,585,472</u>	<u>10,961,088</u>	<u>669,407</u>	<u>(28,723,373)</u>	<u>-</u>	<u>(28,723,373)</u>
<b>BUSINESS-TYPE ACTIVITIES</b>							
Water and sewer	19,721,247	18,464,618	-	1,140,868	-	(115,761)	(115,761)
Mitchell Landing	158,058	103,923	-	-	-	(54,135)	(54,135)
Other	1,279,564	1,844,886	-	-	-	565,322	565,322
Total Business-type Activities	<u>21,158,869</u>	<u>20,413,427</u>	<u>-</u>	<u>1,140,868</u>	<u>-</u>	<u>395,426</u>	<u>395,426</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 71,098,209</u>	<u>\$ 29,998,899</u>	<u>\$ 10,961,088</u>	<u>\$ 1,810,275</u>	<u>(28,723,373)</u>	<u>395,426</u>	<u>(28,327,947)</u>
<b>GENERAL REVENUES AND TRANSFERS</b>							
Taxes:							
					21,993,742	-	21,993,742
					7,636,995	-	7,636,995
					2,951,263	-	2,951,263
					229,973	-	229,973
					946,722	368,106	1,314,828
					(31,418)	(1,261,051)	(1,292,469)
					564,757	-	564,757
					300,000	(300,000)	-
					<u>34,592,034</u>	<u>(1,192,945)</u>	<u>33,399,089</u>
					5,868,661	(797,519)	5,071,142
					<u>11,194,868</u>	<u>78,351,528</u>	<u>89,546,396</u>
					<u>\$ 17,063,529</u>	<u>\$ 77,554,009</u>	<u>\$ 94,617,538</u>

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

**CITY OF SALISBURY, MARYLAND**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

	General Fund	Capital Improvements Fund	Nonmajor Funds	Total
<b>ASSETS</b>				
Cash	\$ 10,872,812	\$ -	\$ 1,272,657	\$ 12,145,469
Investment pool	8,907,364	-	41,962	8,949,326
Taxes receivable	1,740,453	-	-	1,740,453
Less allowance for uncollectibles	(764,726)	-	-	(764,726)
Due from other governmental units	648,466	-	688,453	1,336,919
Due from other funds	726,883	-	-	726,883
Sundry accounts receivable	6,258,635	-	244,484	6,503,119
Less allowance for uncollectibles	(4,937,652)	-	-	(4,937,652)
Inventory	816,481	-	-	816,481
Other assets	14,405	-	-	14,405
Restricted cash	667,171	1,298,615	-	1,965,786
Restricted investment pool	-	10,470,788	-	10,470,788
<b>TOTAL ASSETS</b>	<b>\$ 24,950,292</b>	<b>\$ 11,769,403</b>	<b>\$ 2,247,556</b>	<b>\$ 38,967,251</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 1,889,878	\$ 199,232	\$ 165,019	\$ 2,254,129
Unearned revenue	-	-	764,114	764,114
Deposits and advance payment of taxes	53,973	-	214,189	268,162
Compensated absences	235,926	-	-	235,926
<b>Total Liabilities</b>	<b>2,179,777</b>	<b>199,232</b>	<b>1,143,322</b>	<b>3,522,331</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	1,771,965	-	-	1,771,965
<b>Total Deferred Inflows of Resources</b>	<b>1,771,965</b>	<b>-</b>	<b>-</b>	<b>1,771,965</b>
<b>Fund Balances:</b>				
Nonspendable	830,886	-	-	830,886
Restricted	-	11,570,171	-	11,570,171
Committed	2,873,557	-	784,827	3,658,384
Assigned	2,467,247	-	319,407	2,786,654
Unassigned	14,826,860	-	-	14,826,860
<b>Total Fund Balances</b>	<b>20,998,550</b>	<b>11,570,171</b>	<b>1,104,234</b>	<b>33,672,955</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 24,950,292</b>	<b>\$ 11,769,403</b>	<b>\$ 2,247,556</b>	<b>\$ 38,967,251</b>

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

**CITY OF SALISBURY, MARYLAND  
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS  
TO STATEMENT OF NET POSITION  
JUNE 30, 2023**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 33,672,955

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. 63,775,530

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. 1,026,234

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	\$ (30,469,649)	
Compensated absences	(2,123,333)	
Net OPEB liability	(13,649,648)	
Accrued interest on bonds	(302,790)	
Net pension liability	<u>(33,693,620)</u>	(80,239,040)

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	15,935,483	
Deferred outflows - OPEB plan	2,615,171	
Deferred inflows - pension plan	(11,055,121)	
Deferred inflows - OPEB plan	<u>(8,667,683)</u>	<u>(1,172,150)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 17,063,529

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, 2023**

	General Fund	Capital Improvements Fund	Nonmajor Funds	Total
<b>REVENUES</b>				
Taxes	\$33,285,011	\$ -	\$ -	\$33,285,011
Other revenue	4,458,858	534,564	522,195	5,515,617
Intergovernmental revenues	8,735,582	-	2,576,270	11,311,852
Charges for services	5,604,607	-	186,482	5,791,089
<b>TOTAL REVENUES</b>	<u>52,084,058</u>	<u>534,564</u>	<u>3,284,947</u>	<u>55,903,569</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,633,133	-	1,058,059	5,691,192
Public safety	28,295,674	-	1,369,118	29,664,792
Public works	4,846,521	-	117,659	4,964,180
Recreation and culture	2,338,748	-	793,032	3,131,780
Nondepartmental	1,031,066	-	-	1,031,066
Capital outlays	857,165	3,766,159	577,169	5,200,493
Debt service:				
Principal	959,762	-	-	959,762
Interest	4,134,439	-	-	4,134,439
<b>TOTAL EXPENDITURES</b>	<u>47,096,508</u>	<u>3,766,159</u>	<u>3,915,037</u>	<u>54,777,704</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>4,987,550</u>	<u>(3,231,595)</u>	<u>(630,090)</u>	<u>1,125,865</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in (out)	(1,014,628)	759,120	555,508	300,000
Proceeds from bond and lease issuance	406,674	-	-	406,674
Proceeds from sale of capital assets	64,557	-	3,037	67,594
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(543,397)</u>	<u>759,120</u>	<u>558,545</u>	<u>774,268</u>
<b>NET CHANGE IN FUND BALANCES</b>	4,444,153	(2,472,475)	(71,545)	1,900,133
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>16,554,397</u>	<u>14,042,646</u>	<u>1,175,779</u>	<u>31,772,822</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$20,998,550</u>	<u>\$11,570,171</u>	<u>\$ 1,104,234</u>	<u>\$33,672,955</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, 2023**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 1,900,133

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	\$ 4,445,260	
Loss on disposal	(206,692)	
Depreciation expense	<u>(3,450,401)</u>	788,167

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. (610,727)

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. 73,748

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. 4,134,439

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. (233,844)

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	(187,160)	
Decrease in deferred outflows - OPEB plan	(629,453)	
Decrease in net OPEB liability	(178,588)	
Increase in deferred inflows - OPEB plan	882,732	
Increase in accrued interest payable	32,048	
Increase in deferred outflows - pension plan	5,168,213	
Decrease in net pension liability	(7,849,659)	
Increase in deferred inflows - pension	<u>2,578,612</u>	<u>(183,255)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 5,868,661

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

**CITY OF SALISBURY, MARYLAND**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2023**

	Enterprise Funds			Total
	Water and Sewer Fund	Mitchell Landing Fund	Nonmajor Funds	
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>ASSETS</b>				
Current assets:				
Cash	\$ 3,838,441	\$ 243,215	\$ 452,900	\$ 4,534,556
Investment pool	1,893,943	-	54,951	1,948,894
Accounts receivable, net	2,971,245	8,277	221,546	3,201,068
Due from other governmental units	170,733	-	-	170,733
Other assets	21,607	-	-	21,607
Inventories	434,890	-	-	434,890
Total Current Assets	<u>9,330,859</u>	<u>251,492</u>	<u>729,397</u>	<u>10,311,748</u>
Noncurrent assets:				
Restricted cash	445,730	-	-	445,730
Restricted investment pool	4,522,392	-	973,077	5,495,469
Capital assets:				
Construction-in-progress	7,149,357	-	524,525	7,673,882
Land	301,703	114,010	462,790	878,503
Buildings, equipment, and improvements	177,484,689	1,454,318	7,370,968	186,309,975
Less accumulated depreciation	<u>(57,332,157)</u>	<u>(1,089,609)</u>	<u>(5,540,346)</u>	<u>(63,962,112)</u>
Total Noncurrent Assets	<u>132,571,714</u>	<u>478,719</u>	<u>3,791,014</u>	<u>136,841,447</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows - pension plan	2,463,247	-	130,307	2,593,554
Deferred outflows - OPEB plan	653,793	-	-	653,793
Total Deferred Outflows of Resources	<u>3,117,040</u>	<u>-</u>	<u>130,307</u>	<u>3,247,347</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>\$ 145,019,613</u></b>	<b><u>\$ 730,211</u></b>	<b><u>\$ 4,650,718</u></b>	<b><u>\$ 150,400,542</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>				
<b>LIABILITIES</b>				
Due in one year:				
Accounts payable	\$ 562,498	\$ 21,938	\$ 26,635	\$ 611,071
Accrued payroll	193,874	12,895	9,000	215,769
Accrued interest payable	107,088	-	13,191	120,279
Due to other funds	-	-	726,883	726,883
Compensated absences	45,165	-	-	45,165
Bonds, notes, and leases payable	4,276,028	-	225,368	4,501,396
Deposits	695,714	10,914	926	707,554
Total Current Liabilities	<u>5,880,367</u>	<u>45,747</u>	<u>1,002,003</u>	<u>6,928,117</u>
Due in more than one year:				
Bonds, notes, and leases payable	51,072,833	1,381,807	1,264,052	53,718,692
Net OPEB liability	3,412,412	-	-	3,412,412
Provision for compensated absences	406,483	-	-	406,483
Net pension liability	4,148,221	-	219,442	4,367,663
Total Noncurrent Liabilities	<u>59,039,949</u>	<u>1,381,807</u>	<u>1,483,494</u>	<u>61,905,250</u>
Total Liabilities	<u>64,920,316</u>	<u>1,427,554</u>	<u>2,485,497</u>	<u>68,833,367</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows - pension plan	1,753,487	-	92,758	1,846,245
Deferred inflows - OPEB plan	2,166,921	-	-	2,166,921
Total Deferred Inflows of Resources	<u>3,920,408</u>	<u>-</u>	<u>92,758</u>	<u>4,013,166</u>
<b>NET POSITION (DEFICIT)</b>				
Net investment in capital assets	72,254,731	(903,088)	1,328,517	72,680,160
Restricted	4,968,122	-	973,077	5,941,199
Unrestricted (deficit)	<u>(1,043,964)</u>	<u>205,745</u>	<u>(229,131)</u>	<u>(1,067,350)</u>
Total Net Position (Deficit)	<u>76,178,889</u>	<u>(697,343)</u>	<u>2,072,463</u>	<u>77,554,009</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b><u>\$ 145,019,613</u></b>	<b><u>\$ 730,211</u></b>	<b><u>\$ 4,650,718</u></b>	<b><u>\$ 150,400,542</u></b>

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, 2023**

	Enterprise Funds			Total
	Water and Sewer Fund	Mitchell Landing Fund	Nonmajor Funds	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 18,046,860	\$ 103,923	\$ 1,844,886	\$ 19,995,669
Penalties	122,654	-	-	122,654
Tapping charges and connection fees	38,153	-	-	38,153
Sundry income	60,792	-	-	60,792
Pretreatment monitoring fee	53,136	-	-	53,136
Impact fees	143,023	-	-	143,023
<b>TOTAL OPERATING REVENUES</b>	<u>18,464,618</u>	<u>103,923</u>	<u>1,844,886</u>	<u>20,413,427</u>
<b>OPERATING EXPENSES</b>				
Salaries	4,815,269	24,598	288,072	5,127,939
Personnel benefits	1,814,855	14,200	94,713	1,923,768
Professional and skilled services	733,516	12,890	237,410	983,816
Supplies	2,350,643	1,616	16,525	2,368,784
Other operating expenses	4,480,395	70,309	343,008	4,893,712
Equipment	130,375	-	22,770	153,145
<b>TOTAL OPERATING EXPENSES</b>	<u>14,325,053</u>	<u>123,613</u>	<u>1,002,498</u>	<u>15,451,164</u>
Operating income (loss) before depreciation	4,139,565	(19,690)	842,388	4,962,263
Depreciation	5,091,325	34,445	236,094	5,361,864
<b>NET OPERATING INCOME (LOSS)</b>	<u>(951,760)</u>	<u>(54,135)</u>	<u>606,294</u>	<u>(399,601)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Operating transfers in (out)	-	-	(300,000)	(300,000)
Gain (loss) on sale of capital assets	3,731	-	(1,264,782)	(1,261,051)
Grants	1,140,868	-	-	1,140,868
Interest income	332,498	-	35,608	368,106
Interest expense	(304,869)	-	(40,972)	(345,841)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>1,172,228</u>	<u>-</u>	<u>(1,570,146)</u>	<u>(397,918)</u>
<b>CHANGE IN NET POSITION (DEFICIT)</b>	220,468	(54,135)	(963,852)	(797,519)
<b>NET POSITION (DEFICIT), BEGINNING OF YEAR</b>	<u>75,958,421</u>	<u>(643,208)</u>	<u>3,036,315</u>	<u>78,351,528</u>
<b>NET POSITION (DEFICIT), END OF YEAR</b>	<u>\$ 76,178,889</u>	<u>\$ (697,343)</u>	<u>\$ 2,072,463</u>	<u>\$ 77,554,009</u>

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

**CITY OF SALISBURY, MARYLAND**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Enterprise Funds			Total
	Water and Sewer Fund	Mitchell Landing Fund	Nonmajor Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers	\$ 19,014,328	\$ 98,135	\$ 1,793,641	\$ 20,906,104
Payments to suppliers	(7,800,276)	(73,027)	(709,957)	(8,583,260)
Payments to employees	(6,528,542)	(38,798)	(389,649)	(6,956,989)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>4,685,510</b>	<b>(13,690)</b>	<b>694,035</b>	<b>5,365,855</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Internal activity - payments to other funds	-	-	(300,000)	(300,000)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>(300,000)</b>	<b>(300,000)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from bonds, notes, and capital leases	10,500	-	-	10,500
Principal paid on bonds, notes, and capital leases	(4,279,359)	-	(270,760)	(4,550,119)
Interest paid on bonds, notes, and mortgages	(459,934)	-	(52,439)	(512,373)
Payments for capital acquisitions	(4,562,991)	-	-	(4,562,991)
Proceeds from sale of capital assets	-	-	72,228	72,228
Capital grants	1,140,868	-	-	1,140,868
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(8,150,916)</b>	<b>-</b>	<b>(250,971)</b>	<b>(8,401,887)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest income	332,498	-	35,608	368,106
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>332,498</b>	<b>-</b>	<b>35,608</b>	<b>368,106</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,132,908)</b>	<b>(13,690)</b>	<b>178,672</b>	<b>(2,967,926)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>13,833,414</b>	<b>256,905</b>	<b>1,302,256</b>	<b>15,392,575</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 10,700,506</b>	<b>\$ 243,215</b>	<b>\$ 1,480,928</b>	<b>\$ 12,424,649</b>
Cash	\$ 3,838,441	\$ 243,215	\$ 452,900	\$ 4,534,556
Investment pool	1,893,943	-	54,951	1,948,894
Restricted cash	445,730	-	-	445,730
Restricted investment pool	4,522,392	-	973,077	5,495,469
	<b>\$ 10,700,506</b>	<b>\$ 243,215</b>	<b>\$ 1,480,928</b>	<b>\$ 12,424,649</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (951,760)	\$ (54,135)	\$ 606,294	\$ (399,601)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	5,091,325	34,445	236,094	5,361,864
(Increase) Decrease in:				
Accounts receivable	(126,527)	(5,788)	(51,247)	(183,562)
Due from other governmental units	(19,478)	-	-	(19,478)
Other assets	13,924	1,828	-	15,752
Inventories	(21,607)	-	-	(21,607)
Deferred outflows - pension	(604,441)	-	(31,976)	(636,417)
Deferred outflows - OPEB	157,363	-	-	157,363
Increase (Decrease) in:				
Accounts payable	(97,663)	9,960	(62,430)	(150,133)
Accrued payroll	39,636	-	(3,223)	36,413
Deposits	695,714	-	-	695,714
Due to other funds	-	-	(27,813)	(27,813)
Compensated absences	149,413	-	-	149,413
Net OPEB liability	44,647	-	-	44,647
Net pension liability	938,091	-	49,626	987,717
Deferred inflows - pension	(634,117)	-	(21,290)	(655,407)
Deferred inflows - OPEB	10,990	-	-	10,990
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 4,685,510</b>	<b>\$ (13,690)</b>	<b>\$ 694,035</b>	<b>\$ 5,365,855</b>

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, 2023**

	<u>Health Care Trust</u>	<u>Custodial Funds</u>
<b>ASSETS</b>		
Cash	\$ -	\$ 469,749
Investment pool	-	75,032
Investments	2,247,844	-
Accounts receivable	-	209,231
<b>TOTAL ASSETS</b>	<u><u>\$ 2,247,844</u></u>	<u><u>\$ 754,012</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 51,321
Due to other governmental units	-	209,231
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>260,552</u>
<b>NET POSITION</b>		
Reserved for trust	2,247,844	-
Reserved for police	-	30,460
Reserved for bay restoration	-	470,229
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 2,247,844</u></u>	<u><u>\$ 761,241</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, 2023**

	Health Care Trust	Custodial Funds
<b>ADDITIONS</b>		
Investment earnings	\$ 74,552	\$ 3,633
Contributions - police	-	88,179
Contributions - bay restoration	-	1,239,456
Net appreciation (depreciation) in fair value of investments	102,162	-
<b>TOTAL ADDITIONS</b>	176,714	1,331,268
 <b>DEDUCTIONS</b>		
Deductions - police	-	70,184
Deductions - bay restoration	-	1,235,778
Operating expenses	4,182	-
<b>TOTAL DEDUCTIONS</b>	4,182	1,305,962
 <b>CHANGE IN NET POSITION</b>	172,532	25,306
 <b>NET POSITION, BEGINNING OF YEAR</b>	2,075,312	735,935
 <b>NET POSITION, END OF YEAR</b>	\$ 2,247,844	\$ 761,241

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 level of valuation available is used for all investments.

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

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

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

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

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

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 on 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, 2023, all property taxes were deemed collectible, and there was no allowance.

Inventories

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

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical costs) and updated for additions and retirements during the year. Donated capital assets, 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

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

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

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.

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,

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

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

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, 2023 was \$697,343. 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.

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.

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

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

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, 2023, the carrying amount of the City's cash deposits was \$19,561,290, and the bank balance was \$19,947,872. Of the bank balance, \$728,157 was covered by federal depository insurance, and \$19,219,715 was exposed to custodial credit risk because, in accordance with Maryland State law, it was uninsured, and the collateral held by the depository's agent was not in the City's name.

Investment Pool

The City is a participant of the MLGIP, which provides all local government units of the State a safe investment vehicle for short-term investment of funds. The State Legislature created MLGIP with the passage of Article 95 22G of the Annotated Code of Maryland. The MLGIP, under the administrative control of the State Treasurer, has been managed by PNC 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

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 3 CASH AND INVESTMENTS (cont'd)

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, 2023, MLGIP was rated AA by a nationally recognized statistical rating organization. As of June 30, 2023, the City had \$26,939,509 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, 2023 was \$2,247,844.

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, 2023:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Money markets	\$ 26,769	\$ 26,769	\$ -
Mutual funds	2,017,870	2,017,870	-
Exchange traded products	203,205	203,205	-
<b>TOTAL</b>	<b>\$ 2,247,844</b>	<b>\$ 2,247,844</b>	<b>\$ -</b>

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, 2023, appropriate due from/to other funds have been established. The composition of interfund balances as of June 30, 2023 is as follows:

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 4 INTERFUND RECEIVABLES AND PAYABLES (cont'd)

Receivable By	Amount	Payable From	Amount
General Fund	\$ 726,883	Nonmajor Proprietary Funds	\$ 726,883

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, 2023 are as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 1,014,628
Capital Improvements Fund	759,120	-
Nonmajor Governmental Funds	555,508	-
Nonmajor Proprietary Funds	-	300,000
<b>TOTAL</b>	<b>\$ 1,314,628</b>	<b>\$ 1,314,628</b>

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	July 1, 2022	Additions	Deletions	Transfers	June 30, 2023
<b>GOVERNMENTAL ACTIVITIES</b>					
Capital assets not being depreciated:					
Land and art	\$ 8,822,878	\$ 14,003	\$ (99,011)	\$ -	\$ 8,737,870
Construction-in-progress	6,871,864	2,377,142	(107,681)	(1,378,262)	7,763,063
Total Capital Assets Not Being Depreciated	<u>15,694,742</u>	<u>2,391,145</u>	<u>(206,692)</u>	<u>(1,378,262)</u>	<u>16,500,933</u>
Capital assets being depreciated:					
Land improvements	767,410	-	-	-	767,410
Buildings and improvements	27,305,857	-	-	1,053,462	28,359,319
Improvements, non-buildings	32,378,711	-	-	324,800	32,703,511
Machinery and equipment	27,707,036	2,054,115	(37,706)	-	29,723,445
Zoo animals	36,000	-	-	-	36,000
Total Capital Assets Being Depreciated	<u>88,195,014</u>	<u>2,054,115</u>	<u>(37,706)</u>	<u>1,378,262</u>	<u>91,589,685</u>
Accumulated depreciation	<u>(40,902,393)</u>	<u>(3,450,401)</u>	<u>37,706</u>	<u>-</u>	<u>(44,315,088)</u>
Total Capital Assets Being Depreciated, Net	<u>47,292,621</u>	<u>(1,396,286)</u>	<u>-</u>	<u>1,378,262</u>	<u>47,274,597</u>
Governmental Activities Capital Assets, Net	<u>\$ 62,987,363</u>	<u>\$ 994,859</u>	<u>\$ (206,692)</u>	<u>\$ -</u>	<u>\$ 63,775,530</u>

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

Depreciation was charged to governmental functions as follows:

General government	\$ 257,660
Public safety	1,584,743
Public works	905,549
Recreation and culture	<u>702,449</u>
Total Depreciation Expense	<u>\$ 3,450,401</u>

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2023</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
<i>Water and Sewer Fund</i>					
Capital assets not being depreciated:					
Land	\$ 301,703	\$ -	\$ -	\$ -	\$ 301,703
Construction-in-progress	<u>2,738,313</u>	<u>4,579,634</u>	<u>(79,516)</u>	<u>(89,074)</u>	<u>7,149,357</u>
Total Capital Assets Not Being Depreciated	<u>3,040,016</u>	<u>4,579,634</u>	<u>(79,516)</u>	<u>(89,074)</u>	<u>7,451,060</u>
Capital assets being depreciated:					
Land improvements	430,636	-	-	-	430,636
Buildings and improvements	45,047,758	-	-	-	45,047,758
Improvements, non-buildings	118,848,624	-	-	30,299	118,878,923
Machinery and equipment	<u>13,056,317</u>	<u>67,539</u>	<u>(55,259)</u>	<u>58,775</u>	<u>13,127,372</u>
Total Capital Assets Being Depreciated	177,383,335	67,539	(55,259)	89,074	177,484,689
Accumulated depreciation	<u>(52,295,158)</u>	<u>(5,091,325)</u>	<u>54,326</u>	<u>-</u>	<u>(57,332,157)</u>
Total Capital Assets Being Depreciated, Net	<u>125,088,177</u>	<u>(5,023,786)</u>	<u>(933)</u>	<u>89,074</u>	<u>120,152,532</u>
Water and Sewer Fund Capital Assets, Net	<u>\$128,128,193</u>	<u>\$ (444,152)</u>	<u>\$ (80,449)</u>	<u>\$ -</u>	<u>\$127,603,592</u>
<i>Parking Authority Fund</i>					
Capital assets not being depreciated:					
Land	\$ 467,790	\$ -	\$ (5,000)	\$ -	\$ 462,790
Construction-in-progress	<u>520,900</u>	<u>3,625</u>	<u>-</u>	<u>-</u>	<u>524,525</u>
Total Capital Assets Not Being Depreciated	<u>988,690</u>	<u>3,625</u>	<u>-</u>	<u>-</u>	<u>987,315</u>



CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

	July 1, 2022	Additions	Deletions	Transfers	June 30, 2023
(cont'd)					
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	-	(64,800)	-	4,427,580
Accumulated depreciation	(3,180,578)	(106,351)	47,790	-	(3,239,139)
Total Capital Assets Being Depreciated, Net	1,311,802	(106,351)	(17,010)	-	1,188,441
 Parking Authority Fund					
Capital Assets, Net	<u>\$ 2,300,492</u>	<u>\$ (102,726)</u>	<u>\$ (22,010)</u>	<u>\$ -</u>	<u>\$ 2,175,756</u>
 <i>City Marina Fund</i>					
Capital assets not being depreciated:					
Land	\$ 1,315,000	\$ -	\$(1,315,000)	\$ -	\$ -
Total Capital Assets Not Being Depreciated	1,315,000	-	(1,315,000)	-	-
 Capital assets being depreciated:					
Land improvements	1,418,255	-	-	-	1,418,255
Buildings and improvements	209,494	-	-	-	209,494
Other fixed assets	150,803	-	-	-	150,803
Total Capital Assets Being Depreciated	1,778,552	-	-	-	1,778,552
Accumulated depreciation	(1,567,070)	(21,472)	-	-	(1,588,542)
Total Capital Assets Being Depreciated, Net	211,482	(21,472)	-	-	190,010
 City Marina Fund					
Capital Assets, Net	<u>\$ 1,526,482</u>	<u>\$ (21,472)</u>	<u>\$(1,315,000)</u>	<u>\$ -</u>	<u>\$ 190,010</u>

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2023</u>
<i>Stormwater Utility Fund</i>					
Capital assets being depreciated:					
Machinery and equipment	\$ 1,164,836	\$ -	\$ -	\$ -	\$ 1,164,836
Total Capital Assets Being Depreciated	1,164,836	-	-	-	1,164,836
Accumulated depreciation	(604,395)	(108,270)	-	-	(712,665)
Total Capital Assets Being Depreciated, Net	560,441	(108,270)	-	-	452,171
Stormwater Utility Fund Capital Assets, Net	<u>\$ 560,441</u>	<u>\$ (108,270)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 452,171</u>
<i>Mitchell Landing Fund</i>					
Capital assets not being depreciated:					
Land	\$ 114,010	\$ -	\$ -	\$ -	\$ 114,010
Total Capital Assets Not Being Depreciated	114,010	-	-	-	114,010
Capital assets being depreciated:					
Land improvements	7,862	-	-	-	7,862
Buildings and improvements	1,357,051	-	-	-	1,357,051
Machinery and equipment	89,405	-	-	-	89,405
Total Capital Assets Being Depreciated	1,454,318	-	-	-	1,454,318
Accumulated depreciation	(1,055,164)	(34,445)	-	-	(1,089,609)
Total Capital Assets Being Depreciated, Net	399,154	(34,445)	-	-	364,709
Mitchell Landing Fund Capital Assets, Net	<u>\$ 513,164</u>	<u>\$ (34,445)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 478,719</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.

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

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 to taxation by the City. The legal debt limit permitted at June 30, 2023 totaled \$61,936,927. After considering general obligations, including mortgages and notes outstanding of \$26,138,902, the available additional debt margin was \$35,798,025.

Long-term liability activity for the year ended June 30, 2023, was as follows:

	July 1, 2022	Additions	Retirements	June 30, 2023	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
General Obligation Bonds	\$ 29,343,445	\$ -	\$ (3,204,543)	\$ 26,138,902	\$3,439,227
Bond premium	2,645,171	-	(233,844)	2,411,327	233,844
Lease obligations	2,238,589	610,727	(929,896)	1,919,420	579,232
	34,227,205	610,727	(4,368,283)	30,469,649	4,252,303
Compensated absences	2,151,303	207,956	-	2,359,259	235,926
Net OPEB liability	13,471,060	178,588	-	13,649,648	-
Net pension liability	25,843,961	7,849,659	-	33,693,620	-
<b>Governmental Activities Long-term Liabilities</b>	<b>\$ 75,693,529</b>	<b>\$8,846,930</b>	<b>\$ (4,368,283)</b>	<b>\$ 80,172,176</b>	<b>\$4,488,229</b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
General Obligation Bonds	\$ 59,775,218	\$ 6,000	\$ (4,381,569)	\$ 55,399,649	\$4,198,350
Bond premium	1,178,020	-	(136,790)	1,041,230	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	564,901	-	(167,499)	397,402	165,922
	62,899,946	6,000	(4,685,858)	58,220,088	4,501,062
Compensated absences	302,235	149,413	-	451,648	45,165
Net OPEB liability	3,367,765	44,647	-	3,412,412	-
Net pension liability	3,379,946	987,717	-	4,367,663	-
<b>Business-type Activities Long-term Liabilities</b>	<b>\$ 69,949,892</b>	<b>\$1,187,777</b>	<b>\$ (4,685,858)</b>	<b>\$ 66,451,811</b>	<b>\$4,546,227</b>

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 on August 1, 2003, and principal is payable annually beginning on 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>	\$ -	\$ 164,238
<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>	-	10,530,722
<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, 2023 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>	-	314,997

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 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 on August 1, 2012. Annual principal payments are due on February 1, beginning on February 1, 2014. The obligation is accounted for in the water and sewer enterprise fund.</p>	-	1,017,413
<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>	22,326	-
<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	-
<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 on February 1, 2018 continuing through February 1, 2037 and bears no interest. This obligation is accounted for in the water and sewer fund.</p>	-	34,959,303

CITY OF SALISBURY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (cont'd)

	<u>Balance Outstanding</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<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 on June 1, 2016. The bonds mature in varying amounts beginning on 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>	1,203,422	322,908
<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 on April 1, 2017. The bonds mature in varying amounts beginning on 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>	3,998,948	4,481,051
<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 on June 1, 2018. The bonds mature in varying amounts beginning on 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>	3,554,371	218,697
<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 on March 1, 2020. The bonds mature in varying amounts beginning on 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>	8,786,000	764,000

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 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 on March 1, 2022. The bonds mature in varying amounts beginning on 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>	8,160,000	-
<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 on March 1, 2022. The bonds mature in varying amounts beginning on March 1, 2022 and continuing through September 1, 2028. The bonds are accounted for in the water and sewer enterprise fund.</p>	-	2,515,000
<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 the Mt. Hermon Road Sewer Extension. Interest is payable semi-annually beginning on February 1, 2022, and principal is payable annually beginning on 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>	-	81,320
<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</p>		

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (cont'd)

	<u>Balance Outstanding</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
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.	-	30,000
	<u>\$ 26,138,902</u>	<u>\$ 55,399,649</u>

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

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2024	\$ 3,439,227	\$ 802,953	\$ 4,242,180
2025	2,992,258	679,333	3,671,591
2026	3,096,457	565,774	3,662,231
2027	2,732,615	452,518	3,185,133
2028	2,030,619	365,636	2,396,255
2029 - 2033	8,397,328	829,516	9,226,844
2034 - 2037	3,450,398	99,333	3,549,731
	<u>\$ 26,138,902</u>	<u>\$ 3,795,063</u>	<u>\$ 29,933,965</u>

<u>Year Ending June 30,</u>	<u>Business-type Activities</u>		
	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2024	\$ 4,198,350	\$ 416,496	\$ 4,614,846
2025	3,931,730	333,347	4,265,077
2026	6,491,213	272,988	6,764,201
2027	6,344,504	212,262	6,556,766
2028	5,632,863	183,717	5,816,580
2029 - 2033	15,680,021	229,771	15,909,792
2034 - 2038	11,391,684	35,217	11,426,901
2039 - 2042	1,729,284	15,638	1,744,922
	<u>\$ 55,399,649</u>	<u>\$ 1,699,436</u>	<u>\$ 57,099,085</u>



CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (cont'd)

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 on 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 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 on 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.

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (cont'd)

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 \$5,782,331 with accumulated depreciation of \$1,706,947; for the water and sewer fund, the original cost is \$240,566 with accumulated depreciation of \$127,967; 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 \$595,278 with accumulated depreciation of \$131,257 at June 30, 2023.

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		
2024	\$ 579,232	\$ 43,702	\$ 105,803	\$ 16,417	\$ 57,322	
2025	533,422	14,170	108,157	16,731	39,883	
2026	428,573	-	75,372	17,050	23,593	
2027	345,780	-	-	-	10,908	
2028	32,413	-	-	-	1,222	
Total	<u>\$ 1,919,420</u>	<u>\$ 57,872</u>	<u>\$ 289,332</u>	<u>\$ 50,198</u>	<u>\$ 132,928</u>	

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

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 7 PENSION PLAN (cont'd)

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 2023, 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, 2023, 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, 2023 was \$4,913,384.

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

At June 30, 2023, the City reported a liability of \$38,061,283 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2021 to June 30, 2022. 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, 2022, the City's proportion for the Employee plan was 0.0513%, a decrease of 0.0017% from the prior year, and the LEOPS plan was 0.1389%, a decrease of 0.0290% from the prior year.

For the year ended June 30, 2023, the City recognized pension expense of \$5,266,541. At June 30, 2023, 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	\$ 8,087	\$ -	\$ 21,499	\$ 239,803	\$ 29,586	\$ 239,803
Differences between actual required contributions	-	4,037	49,549	-	49,549	4,037
Contributions subsequent to the measurement date	1,253,319	-	3,660,065	-	4,913,384	-
Differences between actual and expected experience	-	4,338,889	-	8,318,637	-	12,657,526
Differences between actual and expected returns	4,839,406	-	8,697,112	-	13,536,518	-
Total	<u>\$ 6,100,812</u>	<u>\$ 4,342,926</u>	<u>\$12,428,225</u>	<u>\$ 8,558,440</u>	<u>\$18,529,037</u>	<u>\$12,901,366</u>

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 7 PENSION PLAN (cont'd)

An amount of \$4,913,384 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, 2024. 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:

<u>Year Ended June 30,</u>	
2024	\$ 448,852
2025	394,206
2026	105,719
2027	(166,618)
2028	<u>(67,872)</u>
	<u>\$ 714,287</u>

Actuarial Assumptions

The total pension liability as of June 30, 2023 for each of the defined benefit cost-sharing plans was determined by an actuarial valuation as of June 30, 2022.

- Actuarial cost method – entry age normal, level percentage of pay
- Investment return – 6.80%
- Salary increases – 2.75%
- Inflation – 2.25%
- Mortality rates were based on the RP-2014 Mortality Tables.

The actuarial assumptions used in the June 30, 2022 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.

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 7 PENSION PLAN (cont'd)

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

The following presents the net pension liability, calculated using the discount rate of 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	\$ 15,763,678	\$ 10,274,060	\$ 5,718,950
LEOPS plan	42,634,443	27,787,223	15,467,473
	<u>\$ 58,398,121</u>	<u>\$ 38,061,283</u>	<u>\$ 21,186,423</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](http://www.sra.maryland.gov).

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.

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

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

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

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, 2023
Measurement period	July 1, 2022 - June 30, 2023

CITY OF SALISBURY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS

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

Actuarial Assumptions

The net OPEB liability in the June 30, 2023 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 3.86% was used to measure the total OPEB liability as of June 30, 2023.

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>2.86%</u>	Current Discount Rate <u>3.86%</u>	1% Increase <u>4.86%</u>
Total OPEB liability	\$ 21,490,215	\$ 19,309,904	\$ 17,419,822
Fiduciary net position	<u>2,247,844</u>	<u>2,247,844</u>	<u>2,247,844</u>
Net OPEB liability	<u>\$ 19,242,371</u>	<u>\$ 17,062,060</u>	<u>\$ 15,171,978</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

CITY OF SALISBURY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS

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

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	\$ 16,720,659	\$ 19,309,904	\$ 22,441,940
Fiduciary net position	<u>2,247,844</u>	<u>2,247,844</u>	<u>2,247,844</u>
Net OPEB liability	<u>\$ 14,472,815</u>	<u>\$ 17,062,060</u>	<u>\$ 20,194,096</u>

Changes in Total OPEB Liability

Total OPEB liability as of June 30, 2022	\$ 18,914,137
Service cost	853,173
Interest cost	683,320
Difference between expected and actual experience	(357,861)
Changes of assumptions	(348,792)
Benefit payments	<u>(434,073)</u>
Total OPEB liability as of June 30, 2023	<u>\$ 19,309,904</u>

The amount of OPEB expense recognized by the City was \$340,709 for the year ended June 30, 2023.

At June 30, 2023, 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	\$ 701,763	\$ 6,314,015
Changes of assumptions	2,490,437	4,520,589
Difference between actual and expected expected earnings	<u>76,764</u>	<u>-</u>
Total	<u>\$ 3,268,964</u>	<u>\$10,834,604</u>



CITY OF SALISBURY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS

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

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

<u>Year Ending June 30,</u>	
2024	\$ (1,057,404)
2025	(1,087,615)
2026	(1,003,111)
2027	(1,086,574)
2028	(1,502,346)
Thereafter	<u>(1,828,590)</u>
	<u>\$ (7,565,640)</u>

NOTE 9 DEFERRED COMPENSATION PLAN

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

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

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

NOTE 10 SERVICE AWARD TRUST

The City has a Volunteer Firemen Service Award Trust, which was established to accumulate funds for the City Volunteer Firemen's Retirement. 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.

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 11 COMMITMENTS AND CONTINGENT LIABILITIES

As of June 30, 2023, the City had infrastructure projects yet to be completed. The commitments and amounts completed are as follows:

	Project Amount	Completed as of 06/30/2023	Commitments
<i>Governmental Activities:</i>			
Bicycle master plan	\$ 2,783,034	\$ 2,232,967	\$ 550,067
Urban greenway	1,625,000	1,190,770	434,230
Street scaping div circle	2,506,000	800,756	1,705,244
Service center	2,324,520	613,143	1,711,377
Community center	625,000	599,167	25,833
City Park	786,851	322,156	464,695
Water chiller and heating	300,000	281,136	18,864
Bridge maintenance	262,000	220,632	41,368
Truitt Street	342,000	190,500	151,500
Building lighting	711,426	164,726	546,700
Building management	183,237	153,640	29,597
Totals	<u>\$ 12,449,068</u>	<u>\$ 6,769,593</u>	<u>\$ 5,679,475</u>

In addition, the City has incurred costs totaling \$993,470 for governmental activities project costs that were not under a formal contract as of June 30, 2023.

	Project Amount	Completed as of 06/30/2023	Commitments
<i>Business-type Activities:</i>			
Paleo well	\$ 3,328,629	\$ 3,115,349	\$ 213,280
Raw water line Naylor Mill	2,000,000	1,559,118	440,882
Park well field	629,000	409,857	219,143
East Main Street sewer	436,615	348,990	87,625
Pump station building	380,000	299,597	80,403
WWTP main building	569,996	224,879	345,087
Pump Station Improvement Sewer	340,000	155,630	184,370
WWTP filter cloth project	185,000	141,320	43,680
Sewer trunk line	150,000	130,133	19,867
Restore park well field	356,800	92,061	264,739
Filter replacement project	306,500	78,849	227,151
Park aerator building	81,600	70,380	11,220
Park water treat elect gear replace	306,500	55,610	250,890
Sewer infiltration inflow remediation	1,400,000	51,015	1,348,985
Totals	<u>\$ 10,470,110</u>	<u>\$ 6,732,788</u>	<u>\$ 3,737,322</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 \$941,094 for business-type activities project costs that were not under a formal contract as of June 30, 2023.

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.

NOTE 13 FUND BALANCES

As of June 30, 2023 fund balances are composed of the following:

	General Fund	Capital Improvements Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:				
Inventory	\$ 816,481	\$ -	\$ -	\$ 816,481
Prepaid expenditures	14,405	-	-	14,405
Restricted:				
Capital improvements	-	11,570,171	-	11,570,171
Committed:				
Health care	2,278,041	-	-	2,278,041
General impact	10,328	-	-	10,328
Curb, gutter, and sidewalk	-	-	174,867	174,867
Trash container sales and demolition	-	-	383,193	383,193
National Folk Festival	-	-	226,767	226,767
Zoo Commission	585,188	-	-	585,188
Assigned:				
Grants	-	-	261,006	261,006
Encumbrances	2,467,247	-	-	2,467,247
Community development	-	-	58,401	58,401
Unassigned	14,826,860	-	-	14,826,860
<b>Total Fund Balances</b>	<b>\$ 20,998,550</b>	<b>\$ 11,570,171</b>	<b>\$ 1,104,234</b>	<b>\$ 33,672,955</b>

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

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 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, 2023, the City abated property taxes totaling \$107,271 under this program.

NOTE 15 SUBSEQUENT EVENTS

The City has evaluated all subsequent events through December 15, 2023, 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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RESOURCES (INFLOWS):</b>				
Tax revenue	\$ 31,012,380	\$ 31,012,380	\$ 33,285,011	\$ 2,272,631
Other revenue	3,793,075	3,818,563	4,438,858	620,295
Charges for services	5,077,817	5,077,817	5,624,607	546,790
Intergovernmental revenues	7,736,959	7,746,959	8,735,582	988,623
<b>AMOUNTS AVAILABLE FOR APPROPRIATIONS</b>	<u>47,620,231</u>	<u>47,655,719</u>	<u>52,084,058</u>	<u>4,428,339</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
General government:				
City council	89,868	84,439	84,439	-
City clerk	178,063	183,492	183,487	5
Mayor's office	773,322	773,323	757,560	15,763
Development services	781,077	781,181	679,977	101,204
City attorney	345,000	345,000	280,368	64,632
Finance	851,712	860,529	758,175	102,354
Purchasing	321,403	338,749	334,536	4,213
Human resources	606,174	609,474	519,033	90,441
Information services	677,809	684,141	650,176	33,965
Planning and zoning	99,534	92,534	91,110	1,424
Municipal buildings	224,930	471,858	262,635	209,223
Poplar Hill	56,216	52,216	46,485	5,731
Public safety:				
Police and traffic control	17,737,530	18,135,247	16,771,865	1,363,382
Fire	10,650,261	11,210,764	10,566,839	643,925
Buildings, permits, and inspections	387,791	394,791	378,679	16,112
Neighborhood services and code compliance	1,338,080	1,338,201	1,287,539	50,662
Public works:				
Supervision and engineering	435,627	550,571	478,596	71,975
Roadways	978,396	989,147	829,238	159,909
Engineering	1,515,905	1,566,180	1,383,531	182,649
Waste collection and disposal	1,391,909	2,552,304	1,492,205	1,060,099
Recycling	156,959	159,649	152,241	7,408
Fleet maintenance	453,725	529,941	466,873	63,068
Carpenter shop	157,302	158,303	144,562	13,741
Recreation and culture:				
Municipal zoo	1,912,053	1,919,201	1,767,644	151,557
Park maintenance	940,584	937,171	536,003	401,168
Parks and recreation	102,652	102,652	67,445	35,207
Nondepartmental	1,205,700	1,448,360	1,031,066	417,294
Debt payments	5,130,092	5,130,085	5,094,201	35,884
<b>TOTAL CHARGES TO APPROPRIATIONS</b>	<u>49,499,674</u>	<u>52,399,503</u>	<u>47,096,508</u>	<u>5,302,995</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER EXPENDITURES)</b>	<u>(1,879,443)</u>	<u>(4,743,784)</u>	<u>4,987,550</u>	<u>9,731,334</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers out	(730,697)	(1,355,753)	(1,014,628)	341,125
Proceeds from sale of capital assets	-	41,698	64,557	22,859
Proceeds from bond and lease issuance	768,532	768,532	406,674	(361,858)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>37,835</u>	<u>(545,523)</u>	<u>(543,397)</u>	<u>2,126</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,841,608)	(5,289,307)	4,444,153	9,733,460
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>16,554,397</u>	<u>16,554,397</u>	<u>16,554,397</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 14,712,789</u>	<u>\$ 11,265,090</u>	<u>\$ 20,998,550</u>	<u>\$ 9,733,460</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, 2022	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	0.05134%	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	\$ 10,274,060	\$ 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	\$ 11,003,260	\$ 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	93.37%	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	76.27%	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, 2023</u>	<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	\$ 1,171,926	\$ 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>1,171,926</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 11,466,788	\$ 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	10.22%	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, 2022	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	0.13890%	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	\$ 27,787,223	\$ 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	\$ 9,965,459	\$ 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	278.84%	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	76.27%	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, 2023</u>	<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	\$ 3,169,591	\$ 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>3,169,591</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 10,772,537	\$ 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	29.42%	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, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
TOTAL OPEB LIABILITY						
Service cost	\$ 853,173	\$ 1,634,584	\$ 1,399,469	\$ 855,590	\$ 721,012	\$ 700,469
Interest on total OPEB liability	683,320	575,597	648,775	742,609	750,575	713,494
Effect of change in assumptions	(357,861)	(7,661,139)	(336,372)	404,933	1,998,381	(149,048)
Differences between expected and actual experience	(348,792)	(5,554,286)	2,239,684	1,278,128	(100,801)	188,093
Benefit payments	(434,073)	(461,089)	(439,785)	(386,249)	(359,991)	(648,885)
NET CHANGE IN TOTAL OPEB LIABILITY	395,767	(11,466,333)	3,511,771	2,895,011	3,009,176	804,123
TOTAL OPEB LIABILITY, BEGINNING 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>20,160,389</u>
TOTAL OPEB LIABILITY, END OF YEAR	<u>\$ 19,309,904</u>	<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>
<b>PLAN FIDUCIARY NET POSITION</b>						
Contributions - employer	\$ 434,073	\$ 461,089	\$ 439,785	\$ 386,249	\$ 359,991	\$ 648,885
Net investment income	172,532	(233,956)	545,938	(25,811)	84,829	152,787
Benefit payments	(434,073)	(461,089)	(439,785)	(386,249)	(359,991)	(648,885)
Administrative expenses	-	-	-	-	-	(53,272)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	172,532	(233,956)	545,938	(25,811)	84,829	99,515
PLAN FIDUCIARY NET POSITION, BEGINNING 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>	<u>1,604,797</u>
PLAN FIDUCIARY NET POSITION, END OF YEAR	<u>\$ 2,247,844</u>	<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>\$ 17,062,060</u>	<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	11.64%	10.97%	7.60%	6.56%	7.46%	8.13%
Expected average remaining service years of all participants	8	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, 3.69% for 2022, and 3.86% for 2023. 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, 2023**

	Final Budget	Actual	Variance Positive (Negative)
Taxes:			
Real property	\$ 21,273,025	\$ 21,646,676	\$ 373,651
Personal property	47,000	42,582	(4,418)
Ordinary business corporations and utilities	6,700,000	7,636,995	936,995
Payments in lieu of tax	512,355	530,579	18,224
Admissions and amusement	120,000	229,973	109,973
Local income tax	2,200,000	2,951,263	751,263
Total Taxes	<u>30,852,380</u>	<u>33,038,068</u>	<u>2,185,688</u>
Interest and penalties on delinquent taxes	160,000	246,943	86,943
Total Taxes, Interest, and Penalties	<u>31,012,380</u>	<u>33,285,011</u>	<u>2,272,631</u>
Other revenue:			
Amusement licenses	3,000	3,035	35
Billboard licenses	69,000	69,018	18
Building and inspection permits	430,000	298,767	(131,233)
Business licenses	148,300	166,207	17,907
Franchise fees	385,000	354,346	(30,654)
Landlord licenses	846,750	913,407	66,657
Plumbing licenses and permits	45,000	7,555	(37,445)
Towing companies	5,000	4,000	(1,000)
Other miscellaneous permits	35,762	80,281	44,519
Fire permits	230,599	421,682	191,083
Municipal infraction violations	95,500	104,567	9,067
Interest on investment of idle funds	12,500	302,229	289,729
Insurance proceeds	15,369	35,418	20,049
Donations	55,600	55,800	200
Zoo reimbursements	264,700	162,716	(101,984)
Zoo Commission	296,665	380,371	83,706
Bad debt collections	1,000	1,005	5
School zone camera fines	600,000	470,814	(129,186)
Healthcare rebate	-	104,850	104,850
Other miscellaneous receipts	278,818	502,790	223,972
Total Other Revenue	<u>3,818,563</u>	<u>4,438,858</u>	<u>620,295</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, 2023**

	Final Budget	Actual	Variance Positive (Negative)
Charges for services:			
Administrative fees	674,817	674,817	-
Ambulance call fees	2,000,000	2,444,654	444,654
Advertising	100	-	(100)
Filing fees	100	125	25
Garbage disposal fees	2,231,000	2,334,406	103,406
Inspection fees	25,100	50,957	25,857
Plan review fees	40,000	22,755	(17,245)
Police alarm systems	27,200	27,246	46
Weed removal	69,500	52,091	(17,409)
Fire permits and plan review	10,000	15,368	5,368
Zoning appeal fees	-	2,188	2,188
Total Charges for Services	<u>5,077,817</u>	<u>5,624,607</u>	<u>546,790</u>
Intergovernmental:			
State of Maryland:			
Police protection	706,261	1,103,483	397,222
Enterprise zone	84,000	107,271	23,271
EMS medicaid gap reimbursement	-	917,196	917,196
Highway user	1,425,798	1,475,881	50,083
MDOT reimbursements	41,570	-	(41,570)
Wicomico County:			
Financial corporations	18,300	18,302	2
Fire department	766,292	766,292	-
Room tax	230,000	284,079	54,079
Safe stations	10,000	10,000	-
American recovery program	4,464,738	4,053,078	(411,660)
Total Intergovernmental	<u>7,746,959</u>	<u>8,735,582</u>	<u>988,623</u>
Total Revenues	<u>47,655,719</u>	<u>52,084,058</u>	<u>4,428,339</u>
Other Financing Sources:			
Proceeds from bond issuance	768,532	406,674	(361,858)
Proceeds from sale of capital assets	41,698	64,557	22,859
Total Other Financing Sources	<u>810,230</u>	<u>471,231</u>	<u>(338,999)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 48,465,949</u>	<u>\$ 52,555,289</u>	<u>\$ 4,089,340</u>

**CITY OF SALISBURY, MARYLAND**  
**OTHER SUPPLEMENTARY INFORMATION - GENERAL FUND**  
**SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>General Government</b>				
City council:				
Salaries	\$ 63,000	\$ 62,000	\$ 62,000	\$ -
Personnel benefits	10,609	10,365	10,365	-
Other operating expenses	15,509	12,074	12,074	-
Community promotion	750	-	-	-
	<u>89,868</u>	<u>84,439</u>	<u>84,439</u>	<u>-</u>
City clerk:				
Salaries	117,393	119,394	119,390	4
Personnel benefits	48,324	47,887	47,886	1
Other operating expenses	12,346	16,211	16,211	-
	<u>178,063</u>	<u>183,492</u>	<u>183,487</u>	<u>5</u>
Mayor's office:				
Salaries	527,337	464,427	463,674	753
Personnel benefits	169,978	153,002	141,126	11,876
Professional services	500	42,471	41,271	1,200
Other operating expenses	75,507	102,135	100,201	1,934
Community promotion	-	11,288	11,288	-
	<u>773,322</u>	<u>773,323</u>	<u>757,560</u>	<u>15,763</u>
Developmental services:				
Salaries	180,541	191,041	190,953	88
Personnel benefits	63,973	64,935	64,915	20
Professional services	148,500	99,000	99,000	-
Other operating expenses	184,400	202,162	141,399	60,763
Community promotion	200,500	200,500	179,348	21,152
Capital outlay	3,163	23,543	4,362	19,181
	<u>781,077</u>	<u>781,181</u>	<u>679,977</u>	<u>101,204</u>
City attorney:				
Professional services	345,000	345,000	280,368	64,632
	<u>345,000</u>	<u>345,000</u>	<u>280,368</u>	<u>64,632</u>
Internal services - finance:				
Salaries	458,592	442,527	429,912	12,615
Personnel benefits	193,850	193,850	176,570	17,280
Professional services	97,000	96,492	65,811	30,681
Other operating expenses	96,270	117,797	85,875	31,922
Capital outlay	-	6,363	-	6,363
Not defined	6,000	3,500	7	3,493
	<u>851,712</u>	<u>860,529</u>	<u>758,175</u>	<u>102,354</u>
Internal services - procurement:				
Salaries	214,346	221,946	220,514	1,432
Personnel benefits	60,122	68,522	68,249	273
Professional services	17,000	17,110	16,994	116
Other operating expenses	29,935	31,171	28,779	2,392
	<u>321,403</u>	<u>338,749</u>	<u>334,536</u>	<u>4,213</u>
Information technology:				
Salaries	398,166	398,166	396,294	1,872
Personnel benefits	150,181	165,061	146,513	18,548
Professional services	12,000	5,000	5,000	-
Other operating expenses	102,462	100,222	92,178	8,044
Capital outlay	15,000	15,692	10,191	5,501
	<u>677,809</u>	<u>684,141</u>	<u>650,176</u>	<u>33,965</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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Internal services - human resources:				
Salaries	314,955	314,955	291,186	23,769
Personnel benefits	234,623	199,764	176,609	23,155
Professional services	29,000	31,700	8,027	23,673
Other operating expenses	27,596	63,055	43,211	19,844
	<u>606,174</u>	<u>609,474</u>	<u>519,033</u>	<u>90,441</u>
Planning and zoning:				
Salaries	75,299	75,999	75,902	97
Personnel benefits	14,235	14,235	13,979	256
Professional services	7,000	-	-	-
Other operating expenses	3,000	2,300	1,229	1,071
	<u>99,534</u>	<u>92,534</u>	<u>91,110</u>	<u>1,424</u>
Municipal buildings:				
Other operating expenses	224,930	471,858	262,635	209,223
	<u>224,930</u>	<u>471,858</u>	<u>262,635</u>	<u>209,223</u>
Poplar Hill mansion:				
Salaries	26,500	28,284	28,284	-
Personnel benefits	5,440	3,656	3,220	436
Other operating expenses	24,276	20,276	14,981	5,295
	<u>56,216</u>	<u>52,216</u>	<u>46,485</u>	<u>5,731</u>
<b>Total General Government</b>	<u>5,005,108</u>	<u>5,276,936</u>	<u>4,647,981</u>	<u>628,955</u>
<b>Public Safety</b>				
Police services:				
Salaries	8,006,022	7,587,074	7,586,357	717
Personnel benefits	5,083,252	4,622,587	4,221,340	401,247
Professional services	75,019	133,944	79,377	54,567
Other operating expenses	1,264,398	1,844,241	1,661,078	183,163
Community promotions	2,000	4,000	3,997	3
Capital outlays	300,000	987,262	585,050	402,212
	<u>14,730,691</u>	<u>15,179,108</u>	<u>14,137,199</u>	<u>1,041,909</u>
Police communications:				
Salaries	649,643	579,356	561,156	18,200
Personnel benefits	241,722	220,672	197,881	22,791
Professional services	4,000	4,000	885	3,115
Other operating expenses	147,767	162,487	144,849	17,638
	<u>1,043,132</u>	<u>966,515</u>	<u>904,771</u>	<u>61,744</u>
Animal control:				
Salaries	83,273	83,176	80,145	3,031
Personnel benefits	32,036	41,557	40,755	802
Other operating expenses	5,100	5,100	1,171	3,929
Professional services	127,643	135,143	129,840	5,303
	<u>248,052</u>	<u>264,976</u>	<u>251,911</u>	<u>13,065</u>
Total Police Department	<u>16,021,875</u>	<u>16,410,599</u>	<u>15,293,881</u>	<u>1,116,718</u>
Traffic control:				
Salaries	308,843	193,079	163,216	29,863
Personnel benefits	127,106	89,346	76,716	12,630
Professional services	650	450	435	15
Other operating expenses	1,279,056	1,229,962	1,116,575	113,387
Capital outlays	-	2,799	1,955	844
	<u>1,715,655</u>	<u>1,515,636</u>	<u>1,358,897</u>	<u>156,739</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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Traffic DID:				
Salaries	-	58,200	31,736	26,464
Personnel benefits	-	38,937	15,405	23,532
Professional services	-	6,200	4,900	1,300
Other operating expenses	-	105,675	67,046	38,629
	-	209,012	119,087	89,925
Fire department:				
Firefighting:				
Salaries	5,298,880	5,614,428	5,533,312	81,116
Personnel benefits	3,702,450	3,701,854	3,338,304	363,550
Professional services	153,940	176,367	165,900	10,467
Other operating expenses	926,151	1,195,840	1,029,945	165,895
Capital outlays	123,532	124,001	122,418	1,583
	10,204,953	10,812,490	10,189,879	622,611
Volunteer firemen:				
Salaries	45,387	41,377	36,275	5,102
Personnel benefits	303,567	273,057	258,965	14,092
Professional services	37,600	25,086	22,966	2,120
Other operating expenses	8,272	8,272	8,272	-
Community promotions	50,482	50,482	50,482	-
	445,308	398,274	376,960	21,314
Total Fire Department	10,650,261	11,210,764	10,566,839	643,925
Buildings, permits, and inspections:				
Salaries	271,334	279,933	274,721	5,212
Personnel benefits	88,757	88,757	83,657	5,100
Professional services	9,050	484	434	50
Other operating expenses	18,650	25,617	19,867	5,750
	387,791	394,791	378,679	16,112
Housing and community development:				
Salaries	751,936	753,936	745,660	8,276
Personnel benefits	307,886	307,886	298,955	8,931
Professional services	500	500	350	150
Other operating expenses	201,158	205,158	175,686	29,472
Community promotions	76,000	70,000	66,767	3,233
Capital outlays	600	721	121	600
	1,338,080	1,338,201	1,287,539	50,662
<b>Total Public Safety</b>	30,113,662	31,079,003	29,004,922	2,074,081
<b>Department of Public Works</b>				
Resource management:				
Salaries	238,795	332,860	278,488	54,372
Personnel benefits	115,354	118,622	106,693	11,929
Professional services	500	500	500	-
Other operating expenses	80,978	98,589	92,915	5,674
	435,627	550,571	478,596	71,975

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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Engineering:				
Salaries	499,155	440,082	410,173	29,909
Personnel benefits	186,172	185,975	165,272	20,703
Professional services	12,728	33,301	30,873	2,428
Other operating expenses	817,850	899,938	770,329	129,609
Capital outlays	-	6,884	6,884	-
	<u>1,515,905</u>	<u>1,566,180</u>	<u>1,383,531</u>	<u>182,649</u>
Roadways:				
Salaries	433,688	409,088	396,354	12,734
Personnel benefits	226,924	223,774	188,997	34,777
Professional services	1,000	2,314	2,225	89
Other operating expenses	196,784	247,515	191,007	56,508
Capital outlays	120,000	106,456	50,655	55,801
	<u>978,396</u>	<u>989,147</u>	<u>829,238</u>	<u>159,909</u>
Sanitation:				
Waste collection and disposal:				
Salaries	413,330	411,576	411,441	135
Personnel benefits	201,184	188,734	176,503	12,231
Professional services	1,000	2,000	2,000	-
Other operating expenses	776,395	933,909	902,261	31,648
Capital outlays	-	1,016,085	-	1,016,085
	<u>1,391,909</u>	<u>2,552,304</u>	<u>1,492,205</u>	<u>1,060,099</u>
Recycling:				
Salaries	85,965	87,875	87,451	424
Personnel benefits	44,230	45,010	41,263	3,747
Professional services	250	250	249	1
Other operating expenses	26,514	26,514	23,278	3,236
	<u>156,959</u>	<u>159,649</u>	<u>152,241</u>	<u>7,408</u>
Total Sanitation	<u>1,548,868</u>	<u>2,711,953</u>	<u>1,644,446</u>	<u>1,067,507</u>
Fleet maintenance:				
Salaries	200,418	218,934	218,694	240
Personnel benefits	109,228	104,927	82,356	22,571
Professional services	600	600	445	155
Other operating expenses	133,479	131,055	122,189	8,866
Capital outlays	10,000	74,425	43,189	31,236
	<u>453,725</u>	<u>529,941</u>	<u>466,873</u>	<u>63,068</u>
Carpenter shop:				
Salaries	96,517	96,360	89,114	7,246
Personnel benefits	35,738	35,896	32,364	3,532
Professional services	200	200	115	85
Other operating expenses	24,847	25,847	22,969	2,878
	<u>157,302</u>	<u>158,303</u>	<u>144,562</u>	<u>13,741</u>
<b>Total Department of Public Works</b>	<u>5,089,823</u>	<u>6,506,095</u>	<u>4,947,246</u>	<u>1,558,849</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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Recreation and Culture</b>				
Municipal zoo:				
Salaries	992,486	1,001,086	932,146	68,940
Personnel benefits	371,680	346,292	346,067	225
Professional services	80,775	84,448	69,111	15,337
Other operating expenses	458,512	487,375	420,320	67,055
Community promotions	8,600	-	-	-
	<u>1,912,053</u>	<u>1,919,201</u>	<u>1,767,644</u>	<u>151,557</u>
Park maintenance:				
Salaries	339,247	292,486	232,821	59,665
Personnel benefits	159,433	154,483	109,242	45,241
Professional services	560	1,574	1,539	35
Other operating expenses	196,344	208,811	160,061	48,750
Capital outlays	245,000	279,817	32,340	247,477
	<u>940,584</u>	<u>937,171</u>	<u>536,003</u>	<u>401,168</u>
Parks and recreation:				
Salaries	68,899	67,899	50,189	17,710
Personnel benefits	33,753	33,653	16,802	16,851
Other operating expenses	-	1,100	454	646
	<u>102,652</u>	<u>102,652</u>	<u>67,445</u>	<u>35,207</u>
<b>Total Recreation and Culture</b>	<u>2,955,289</u>	<u>2,959,024</u>	<u>2,371,092</u>	<u>587,932</u>
<b>Nondepartmental</b>				
Insurance:				
Personnel benefits	603,200	591,520	437,972	153,548
Other operating expenses	350,000	361,680	361,659	21
	<u>953,200</u>	<u>953,200</u>	<u>799,631</u>	<u>153,569</u>
Miscellaneous:				
Personnel benefits	252,500	495,160	231,435	263,725
	<u>252,500</u>	<u>495,160</u>	<u>231,435</u>	<u>263,725</u>
<b>Total Nondepartmental</b>	<u>1,205,700</u>	<u>1,448,360</u>	<u>1,031,066</u>	<u>417,294</u>
<b>Debt Payments</b>				
Principal redemption	3,239,534	4,134,905	4,134,439	466
Interest	1,890,558	995,180	959,762	35,418
<b>Total Debt Payments</b>	<u>5,130,092</u>	<u>5,130,085</u>	<u>5,094,201</u>	<u>35,884</u>
<b>TOTAL EXPENDITURES</b>	<u>49,499,674</u>	<u>52,399,503</u>	<u>47,096,508</u>	<u>5,302,995</u>
<b>Other Financing Uses</b>				
Transfer to other funds	730,697	1,355,753	1,014,628	341,125
<b>Total Other Financing Uses</b>	<u>730,697</u>	<u>1,355,753</u>	<u>1,014,628</u>	<u>341,125</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 50,230,371</u>	<u>\$ 53,755,256</u>	<u>\$ 48,111,136</u>	<u>\$ 5,644,120</u>

## **Nonmajor Governmental Funds**

**CITY OF SALISBURY, MARYLAND**  
**OTHER SUPPLEMENTARY INFORMATION - NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2023**

	Special Revenue Funds					
	Curb, Gutter, and Sidewalk Fund	Grant Fund	Reimbursement Fund	Community Development Fund	National Folk Festival	Total
<b>ASSETS</b>						
Cash	\$ 118,207	\$ 577,294	\$ 300,032	\$ 58,401	\$ 218,723	\$ 1,272,657
Investment pool	33,143	5,671	3,148	-	-	41,962
Accounts receivable	23,517	123,509	87,414	-	10,044	244,484
Due from other governmental units	-	688,453	-	-	-	688,453
<b>TOTAL ASSETS</b>	<b>\$ 174,867</b>	<b>\$ 1,394,927</b>	<b>\$ 390,594</b>	<b>\$ 58,401</b>	<b>\$ 228,767</b>	<b>\$ 2,247,556</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ -	\$ 155,618	\$ 7,401	\$ -	\$ 2,000	\$ 165,019
Unearned revenue - grants	-	764,114	-	-	-	764,114
Deposits and advance payment of taxes	-	214,189	-	-	-	214,189
<b>Total Liabilities</b>	<b>-</b>	<b>1,133,921</b>	<b>7,401</b>	<b>-</b>	<b>2,000</b>	<b>1,143,322</b>
Fund Balances:						
Committed	174,867	-	383,193	-	226,767	784,827
Assigned	-	261,006	-	58,401	-	319,407
<b>Total Fund Balances</b>	<b>174,867</b>	<b>261,006</b>	<b>383,193</b>	<b>58,401</b>	<b>226,767</b>	<b>1,104,234</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 174,867</b>	<b>\$ 1,394,927</b>	<b>\$ 390,594</b>	<b>\$ 58,401</b>	<b>\$ 228,767</b>	<b>\$ 2,247,556</b>

**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, 2023**

	Special Revenue Funds					Total
	Curb, Gutter, and Sidewalk Fund	Grant Fund	Reimbursement Fund	Community Development Fund	National Folk Festival	
REVENUES						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 186,482	\$ 186,482
Other revenue	63,710	72,157	208,555	-	177,773	522,195
Grant revenues	-	2,576,270	-	-	-	2,576,270
<b>TOTAL REVENUES</b>	<u>63,710</u>	<u>2,648,427</u>	<u>208,555</u>	<u>-</u>	<u>364,255</u>	<u>3,284,947</u>
EXPENDITURES						
General government	-	894,023	22,057	-	141,979	1,058,059
Public safety	-	1,369,118	-	-	-	1,369,118
Public works	-	87,395	30,264	-	-	117,659
Recreation and culture	-	2	-	-	793,030	793,032
Capital outlays	-	577,169	-	-	-	577,169
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>2,927,707</u>	<u>52,321</u>	<u>-</u>	<u>935,009</u>	<u>3,915,037</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>63,710</u>	<u>(279,280)</u>	<u>156,234</u>	<u>-</u>	<u>(570,754)</u>	<u>(630,090)</u>
OTHER FINANCING SOURCES						
Operating transfers in (out)	-	268,008	-	-	287,500	555,508
Proceeds from sale of capital assets	-	-	-	3,037	-	3,037
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>268,008</u>	<u>-</u>	<u>3,037</u>	<u>287,500</u>	<u>558,545</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>63,710</u>	<u>(11,272)</u>	<u>156,234</u>	<u>3,037</u>	<u>(283,254)</u>	<u>(71,545)</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>111,157</u>	<u>272,278</u>	<u>226,959</u>	<u>55,364</u>	<u>510,021</u>	<u>1,175,779</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 174,867</u>	<u>\$ 261,006</u>	<u>\$ 383,193</u>	<u>\$ 58,401</u>	<u>\$ 226,767</u>	<u>\$ 1,104,234</u>

**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, 2023**

<b>REVENUES</b>	
Federal	\$ 1,401,237
State	1,086,131
Others	161,059
<b>TOTAL REVENUES</b>	<u>2,648,427</u>
 <b>EXPENDITURES</b>	
General government:	
Salaries	196,568
Personnel benefits	49,618
Operating expenses	647,837
Public safety:	
Salaries	565,875
Personnel benefits	328,060
Operating expenses	475,183
Public works:	
Operating expenses	87,395
Recreation and culture	
Operating expenses	2
Capital outlay	577,169
<b>TOTAL EXPENDITURES</b>	<u>2,927,707</u>
 <b>OTHER FINANCING SOURCES</b>	
Transfer in	<u>268,008</u>
 <b>NET CHANGE IN FUND BALANCE</b>	 (11,272)
 <b>FUND BALANCE, BEGINNING OF YEAR</b>	 <u>272,278</u>
 <b>FUND BALANCE, END OF YEAR</b>	 <u><u>\$ 261,006</u></u>



## **Nonmajor Proprietary Funds**

**CITY OF SALISBURY, MARYLAND**  
**OTHER SUPPLEMENTARY INFORMATION - NONMAJOR PROPRIETARY FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	Enterprise Funds			Total
	City Marina Fund	Parking Authority Fund	Stormwater Utility Fund	
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
Current assets:				
Cash and investment pool	\$ -	\$ -	\$ 452,900	\$ 452,900
Investment pool	198	54,753	-	54,951
Accounts receivable	24,740	561,207	91,627	677,574
Less: allowance for uncollectible	-	(456,028)	-	(456,028)
Total Current Assets	<u>24,938</u>	<u>159,932</u>	<u>544,527</u>	<u>729,397</u>
Noncurrent assets:				
Restricted investment pool	-	973,077	-	973,077
Capital assets:				
Land	-	462,790	-	462,790
Construction-in-progress	-	524,525	-	524,525
Buildings, equipment, and improvements	1,778,552	4,427,580	1,164,836	7,370,968
Less: accumulated depreciation	(1,588,542)	(3,239,139)	(712,665)	(5,540,346)
Total Noncurrent Assets	<u>190,010</u>	<u>3,148,833</u>	<u>452,171</u>	<u>3,791,014</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows - pension plan	-	95,113	35,194	130,307
Total Deferred Outflows of Resources	<u>-</u>	<u>95,113</u>	<u>35,194</u>	<u>130,307</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 214,948</u>	<u>\$ 3,403,878</u>	<u>\$ 1,031,892</u>	<u>\$ 4,650,718</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>				
<b>LIABILITIES</b>				
Due in one year:				
Accounts payable	\$ 1,238	\$ 10,507	\$ 14,890	\$ 26,635
Accrued payroll	1,198	6,363	1,439	9,000
Accrued interest payable	-	13,191	-	13,191
Deposits	926	-	-	926
Due to other funds	220,564	506,319	-	726,883
Bonds, notes, and leases payable	-	113,042	112,326	225,368
Total Current Liabilities	<u>223,926</u>	<u>649,422</u>	<u>128,655</u>	<u>1,002,003</u>
Due in more than one year:				
Bonds, notes, and leases payable	-	1,087,044	177,008	1,264,052
Net pension liability	-	160,175	59,267	219,442
Total Noncurrent Liabilities	<u>-</u>	<u>1,247,219</u>	<u>236,275</u>	<u>1,483,494</u>
Total Liabilities	<u>223,926</u>	<u>1,896,641</u>	<u>364,930</u>	<u>2,485,497</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows - pension	-	67,707	25,051	92,758
<b>NET POSITION (DEFICIT)</b>				
Net investment in capital assets	190,010	975,670	162,837	1,328,517
Restricted	-	973,077	-	973,077
Unrestricted (Deficit)	(198,988)	(509,217)	479,074	(229,131)
Total Net Position	<u>(8,978)</u>	<u>1,439,530</u>	<u>641,911</u>	<u>2,072,463</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u>\$ 214,948</u>	<u>\$ 3,403,878</u>	<u>\$ 1,031,892</u>	<u>\$ 4,650,718</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, 2023**

	Enterprise Funds			Total
	City Marina Fund	Parking Authority Fund	Stormwater Utility Fund	
OPERATING REVENUES				
Charges for services	\$ 77,382	\$ 790,660	\$ 976,844	\$ 1,844,886
TOTAL OPERATING REVENUES	<u>77,382</u>	<u>790,660</u>	<u>976,844</u>	<u>1,844,886</u>
OPERATING EXPENSES				
Salaries	32,461	200,407	55,204	288,072
Personnel benefits	4,026	70,780	19,907	94,713
Professional and skilled services	4,055	90,436	142,919	237,410
Supplies	13,254	3,092	179	16,525
Other operating expenses	41,455	205,042	96,511	343,008
Equipment	-	5,941	8,232	14,173
Capital outlays	-	-	8,597	8,597
TOTAL OPERATING EXPENSES	<u>95,251</u>	<u>575,698</u>	<u>331,549</u>	<u>1,002,498</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(17,869)	214,962	645,295	842,388
Depreciation	<u>21,473</u>	<u>106,351</u>	<u>108,270</u>	<u>236,094</u>
NET OPERATING INCOME (LOSS)	<u>(39,342)</u>	<u>108,611</u>	<u>537,025</u>	<u>606,294</u>
NONOPERATING REVENUES (EXPENSES)				
Transfers in (out)	-	-	(300,000)	(300,000)
Interest income	-	35,608	-	35,608
Interest expense	-	(32,546)	(8,426)	(40,972)
Gain (loss) on sale of capital assets	<u>(1,314,999)</u>	<u>50,217</u>	<u>-</u>	<u>(1,264,782)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(1,314,999)</u>	<u>53,279</u>	<u>(308,426)</u>	<u>(1,570,146)</u>
CHANGE IN NET POSITION	(1,354,341)	161,890	228,599	(963,852)
NET POSITION, BEGINNING OF YEAR	<u>1,345,363</u>	<u>1,277,640</u>	<u>413,312</u>	<u>3,036,315</u>
NET POSITION, END OF YEAR	<u>\$ (8,978)</u>	<u>\$ 1,439,530</u>	<u>\$ 641,911</u>	<u>\$ 2,072,463</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, 2023**

	Water Department	Sewer Department	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 5,133,173	\$ 12,913,687	\$ 18,046,860
Penalties	33,905	88,749	122,654
Tapping charges and connection fees	-	38,153	38,153
Sundry income	133,907	(73,115)	60,792
Pretreatment monitoring fee	-	53,136	53,136
Impact fees	143,023	-	143,023
<b>TOTAL OPERATING REVENUES</b>	<u>5,444,008</u>	<u>13,020,610</u>	<u>18,464,618</u>
<b>OPERATING EXPENSES</b>			
Salaries	1,996,445	2,818,824	4,815,269
Personnel benefits	754,422	1,060,433	1,814,855
Professional and skilled services	284,458	449,058	733,516
Other operating expenses	2,307,297	4,523,741	6,831,038
Equipment	43,289	87,086	130,375
<b>TOTAL OPERATING EXPENSES</b>	<u>5,385,911</u>	<u>8,939,142</u>	<u>14,325,053</u>
<b>OPERATING INCOME BEFORE DEPRECIATION</b>	58,097	4,081,468	4,139,565
Depreciation	<u>771,579</u>	<u>4,319,746</u>	<u>5,091,325</u>
<b>NET OPERATING INCOME (LOSS)</b>	<u>(713,482)</u>	<u>(238,278)</u>	<u>(951,760)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Grants and loan forgiveness	541,092	599,776	1,140,868
Interest income	166,249	166,249	332,498
Gain (loss) on sale of capital assets	3,731	-	3,731
Interest expense	<u>(22,635)</u>	<u>(282,234)</u>	<u>(304,869)</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>688,437</u>	<u>483,791</u>	<u>1,172,228</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ (25,045)</u>	<u>\$ 245,513</u>	220,468
<b>NET POSITION, BEGINNING OF YEAR</b>			<u>75,958,419</u>
<b>NET POSITION, END OF YEAR</b>			<u>\$ 76,178,887</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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Inspection fees	\$ 20,000	\$ 20,000	\$ 7,644	\$ (12,356)
Water sales	4,898,896	4,898,896	5,125,529	226,633
Penalties	22,500	22,500	33,905	11,405
Interest earned	-	-	166,249	166,249
Water income - sundry	203,500	203,500	133,907	(69,593)
Impact fees	-	-	143,023	143,023
Grants	-	-	541,092	541,092
Gain on sale of capital assets	-	4,665	3,731	(934)
<b>TOTAL REVENUES</b>	<b>5,144,896</b>	<b>5,149,561</b>	<b>6,155,080</b>	<b>1,005,519</b>
<b>EXPENSES</b>				
Engineering:				
Salaries	502,549	470,505	453,014	17,491
Personnel benefits	203,609	203,609	185,998	17,611
Professional and skilled services	32,000	49,627	16,594	33,033
Other operating expenses	133,320	167,690	151,773	15,917
Capital outlay	14,500	26,125	4,551	21,574
Total Engineering	<u>885,978</u>	<u>917,556</u>	<u>811,930</u>	<u>105,626</u>
Billing and collection:				
Salaries	151,622	156,785	156,785	-
Personnel benefits	60,191	57,125	57,125	-
Professional and skilled services	42,000	39,903	17,679	22,224
Other operating expenses	190,870	189,410	131,052	58,358
Capital outlay	-	1,460	1,460	-
Total Billing and Collection	<u>444,683</u>	<u>444,683</u>	<u>364,101</u>	<u>80,582</u>
Water treatment:				
Salaries	793,382	756,327	724,177	32,150
Personnel benefits	318,402	318,402	278,966	39,436
Other operating expenses	1,581,537	1,513,825	1,320,136	193,689
Capital outlay	-	91,258	37,278	53,980
Total Water Treatment	<u>2,693,321</u>	<u>2,679,812</u>	<u>2,360,557</u>	<u>319,255</u>

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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Distribution and storage:				
Salaries	534,976	534,976	500,400	34,576
Personnel benefits	222,323	222,505	194,357	28,148
Professional and skilled services	3,000	3,000	2,949	51
Other operating expenses	433,553	632,576	506,068	126,508
Total Distribution and Storage	<u>1,193,852</u>	<u>1,393,057</u>	<u>1,203,774</u>	<u>189,283</u>
Administration:				
Salaries	117,850	175,892	162,069	13,823
Personnel benefits	45,130	48,604	37,976	10,628
Professional and skilled services	254,506	249,706	247,236	2,470
Other operating expenses	192,343	205,575	198,268	7,307
Total Administration	<u>609,829</u>	<u>679,777</u>	<u>645,549</u>	<u>34,228</u>
Debt payments:				
Principal redemption	343,144	341,849	-	341,849
Interest	76,370	77,665	22,635	55,030
Total Debt Payments	<u>419,514</u>	<u>419,514</u>	<u>22,635</u>	<u>396,879</u>
<b>TOTAL EXPENSES</b>	<u>6,247,177</u>	<u>6,534,399</u>	<u>5,408,546</u>	<u>1,125,853</u>
<b>OPERATING INCOME (LOSS) BEFORE DEPRECIATION</b>	(1,102,281)	(1,384,838)	746,534	2,131,372
Depreciation	-	-	(771,579)	(771,579)
<b>CHANGE IN NET POSITION</b>	<u>\$ (1,102,281)</u>	<u>\$ (1,384,838)</u>	<u>\$ (25,045)</u>	<u>\$ 1,359,793</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, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES</b>				
Sewer charges	\$ 12,112,408	\$ 12,112,408	\$ 12,568,343	\$ 455,935
Sewer charges - urban services	505,000	505,000	345,344	(159,656)
Penalties	50,000	50,000	88,749	38,749
Tapping charges and connection fees	-	-	38,153	38,153
Pretreatment monitoring fees	200,000	200,000	53,136	(146,864)
Interest earned	-	-	166,249	166,249
Sewer income - sundry	2,250	2,250	(73,115)	(75,365)
Grants	-	599,776	599,776	-
<b>TOTAL REVENUES</b>	<b>12,869,658</b>	<b>13,469,434</b>	<b>13,786,635</b>	<b>317,201</b>
<b>EXPENSES</b>				
Engineering:				
Salaries	485,426	473,382	453,693	19,689
Personnel benefits	183,551	183,347	169,585	13,762
Professional and skilled services	23,500	27,291	438	26,853
Other operating expenses	110,315	120,904	93,196	27,708
Capital outlay	8,750	51,066	7,570	43,496
Total Engineering	<u>811,542</u>	<u>855,990</u>	<u>724,482</u>	<u>131,508</u>
Billing and collection:				
Salaries	241,105	241,105	241,605	(500)
Personnel benefits	92,135	92,135	88,936	3,199
Professional and skilled services	41,000	41,000	25,894	15,106
Other operating expenses	46,538	46,538	44,202	2,336
Total Billing and Collection	<u>420,778</u>	<u>420,778</u>	<u>400,637</u>	<u>20,141</u>
Wastewater treatment:				
Salaries	1,623,719	1,589,385	1,402,193	187,192
Personnel benefits	669,746	672,046	524,169	147,877
Professional and skilled services	30,000	45,200	1,357	43,843
Other operating expenses	3,152,905	4,248,101	3,879,154	368,947
Equipment	-	68,544	-	68,544
Total Wastewater Treatment	<u>5,476,370</u>	<u>6,623,276</u>	<u>5,806,873</u>	<u>816,403</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, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Maintenance and repair:				
Salaries	586,068	569,778	467,895	101,883
Personnel benefits	233,246	233,429	205,503	27,926
Professional and skilled services	3,000	3,000	2,219	781
Other operating expenses	283,238	311,648	199,934	111,714
Capital outlay	-	53,000	79,516	(26,516)
Total Maintenance and Repair	<u>1,105,552</u>	<u>1,170,855</u>	<u>955,067</u>	<u>215,788</u>
Pretreatment monitoring:				
Salaries	141,316	141,316	132,836	8,480
Personnel benefits	46,452	46,702	43,436	3,266
Other operating expenses	33,126	32,876	29,923	2,953
Total Pretreatment Monitoring	<u>220,894</u>	<u>220,894</u>	<u>206,195</u>	<u>14,699</u>
Administration:				
Salaries	114,614	123,507	120,602	2,905
Personnel benefits	49,104	49,351	28,804	20,547
Professional and skilled services	434,877	428,666	419,150	9,516
Other operating expenses	276,368	282,573	277,332	5,241
Total Administration	<u>874,963</u>	<u>884,097</u>	<u>845,888</u>	<u>38,209</u>
Debt payments:				
Principal redemption	3,904,223	3,899,037	-	3,899,037
Interest	414,599	419,785	282,234	137,551
Total Debt Payments	<u>4,318,822</u>	<u>4,318,822</u>	<u>282,234</u>	<u>4,036,588</u>
<b>TOTAL EXPENSES</b>	<u>13,228,921</u>	<u>14,494,712</u>	<u>9,221,376</u>	<u>5,273,336</u>
<b>OPERATING INCOME (LOSS) BEFORE TRANSFERS AND DEPRECIATION</b>	(359,263)	(1,025,278)	4,565,259	5,590,537
<b>TRANSFERS</b>				
Transfer out	(380,000)	(1,175,000)	-	1,175,000
<b>Depreciation</b>	-	-	(4,319,746)	(4,319,746)
<b>CHANGE IN NET POSITION</b>	<u>\$ (739,263)</u>	<u>\$ (2,200,278)</u>	<u>\$ 245,513</u>	<u>\$ 2,445,791</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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Charges for services	\$ 54,000	\$ 54,000	\$ 77,382	\$ 23,382
<b>TOTAL OPERATING REVENUES</b>	<b>54,000</b>	<b>54,000</b>	<b>77,382</b>	<b>23,382</b>
<b>OPERATING EXPENSES</b>				
Salaries	38,927	38,723	32,461	6,262
Personnel benefits	5,514	5,346	4,026	1,320
Professional and skilled services	4,155	4,155	4,055	100
Supplies	3,775	20,300	13,254	7,046
Other operating expenses	39,205	43,051	41,455	1,596
<b>TOTAL OPERATING EXPENSES</b>	<b>91,576</b>	<b>111,575</b>	<b>95,251</b>	<b>16,324</b>
<b>OPERATING LOSS BEFORE DEPRECIATION</b>	<b>(37,576)</b>	<b>(57,575)</b>	<b>(17,869)</b>	<b>39,706</b>
Depreciation	-	-	21,473	(21,473)
<b>NET OPERATING LOSS</b>	<b>(37,576)</b>	<b>(57,575)</b>	<b>(39,342)</b>	<b>18,233</b>
<b>NONOPERATING REVENUES</b>				
Gain on sale of fixed assets	-	-	(1,314,999)	(1,314,999)
<b>TOTAL NONOPERATING REVENUES</b>	<b>-</b>	<b>-</b>	<b>(1,314,999)</b>	<b>(1,314,999)</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (37,576)</b>	<b>\$ (57,575)</b>	<b>\$ (1,354,341)</b>	<b>\$ (1,296,766)</b>

**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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Parking permits, fines, state grants, meters, and Park 'n Shop	\$ 661,448	\$ 661,448	\$ 790,660	\$ 129,212
<b>TOTAL OPERATING REVENUES</b>	<u>661,448</u>	<u>661,448</u>	<u>790,660</u>	<u>129,212</u>
<b>OPERATING EXPENSES</b>				
Salaries	217,235	216,756	200,407	16,349
Personnel benefits	84,295	83,833	70,780	13,053
Professional and skilled services	110,708	107,264	90,436	16,828
Supplies	5,650	5,650	3,092	2,558
Other operating expenses	218,397	223,537	205,042	18,495
Equipment	44,450	44,450	5,941	38,509
<b>TOTAL OPERATING EXPENSES</b>	<u>680,735</u>	<u>681,490</u>	<u>575,698</u>	<u>105,792</u>
<b>OPERATING INCOME (LOSS) BEFORE DEPRECIATION</b>	(19,287)	(20,042)	214,962	235,004
Depreciation	<u>-</u>	<u>-</u>	<u>106,351</u>	<u>(106,351)</u>
<b>NET OPERATING LOSS</b>	(19,287)	(20,042)	108,611	128,653
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Operating transfer out	-	(150,000)	-	150,000
Interest income	-	-	35,608	35,608
Gain on sale of capital assets	-	-	50,217	50,217
Principal payment	(144,210)	(144,210)	-	144,210
Interest expense	(63,485)	(63,485)	(32,546)	30,939
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<u>(207,695)</u>	<u>(357,695)</u>	<u>53,279</u>	<u>410,974</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ (226,982)</u>	<u>\$ (377,737)</u>	<u>\$ 161,890</u>	<u>\$ 539,627</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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 984,000	\$ 984,000	\$ 976,844	\$ (7,156)
TOTAL OPERATING REVENUES	<u>984,000</u>	<u>984,000</u>	<u>976,844</u>	<u>(7,156)</u>
OPERATING EXPENSES				
Salaries	112,218	113,718	55,204	58,514
Personnel benefits	49,568	47,868	19,907	27,961
Professional and skilled services	226,825	194,654	142,919	51,735
Supplies	200	200	179	21
Other operating expenses	149,490	144,334	96,511	47,823
Equipment	-	8,232	8,232	-
Capital outlays	-	202,421	8,597	193,824
TOTAL OPERATING EXPENSES	<u>538,301</u>	<u>711,427</u>	<u>331,549</u>	<u>379,878</u>
OPERATING INCOME BEFORE DEPRECIATION	445,699	272,573	645,295	372,722
Depreciation	-	-	108,270	(108,270)
NET OPERATING INCOME	<u>445,699</u>	<u>272,573</u>	<u>537,025</u>	<u>264,452</u>
NONOPERATING REVENUES (EXPENSES)				
Operating transfer out	(300,000)	(300,000)	(300,000)	-
Interest expense	(111,931)	(111,931)	(8,426)	103,505
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>(411,931)</u>	<u>(411,931)</u>	<u>(308,426)</u>	<u>103,505</u>
CHANGE IN NET POSITION	<u>\$ 33,768</u>	<u>\$ (139,358)</u>	<u>\$ 228,599</u>	<u>\$ 367,957</u>

## **STATISTICAL INFORMATION**

**CITY OF SALISBURY, MARYLAND**

**SCHEDULE OF DELINQUENT TAXES RECEIVABLE (UNAUDITED)  
JUNE 30, 2023**

Levy Year	Total	General Fund		
		Real Property	Personal Property	Corporations
2023	\$ 564,979	\$ 213,776	\$ 4,643	\$ 346,560
2022	172,388	3,322	2,634	166,432
2021	63,419	(2,229)	1,004	64,644
2020	111,525	11,290	5,995	94,240
2019 and prior	828,142	188,649	8,335	631,158
	1,740,453	414,808	22,611	1,303,034
Less allowance for uncollectibles	(764,726)	-	(19,567)	(745,159)
	<u>\$ 975,727</u>	<u>\$ 414,808</u>	<u>\$ 3,044</u>	<u>\$ 557,875</u>

NOTE: Included in the above are unearned taxes of \$491,823.

**CITY OF SALISBURY, MARYLAND**

**STATEMENT OF BONDED INDEBTEDNESS (UNAUDITED)  
JUNE 30, 2023**

Description of Bonds and Purpose of Issue	Interest		Bond Maturities	Date Issued	Authorized Total Issue	Outstanding June 30, 2023	Requirements to June 30, 2023		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	\$ 164,238	\$ 163,585	\$ 9,146	MD Dept. Environment
Water Quality Bond of 2005	0.40	F & A1	02/01/09-02/01/28	09/29/05	42,009,341	10,530,722	2,137,975	149,786	MD Water Quality Fin.
Maryland Water Quality Bond (ARRA)	0	A & F1	08/01/11-02/01/30	12/04/09	2,056,400	314,997	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	-	-	-	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	10,643	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	1,017,413	51,597	12,487	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	-	-	-	Suntrust Bank
Public Improvement Bonds of 2014	2.96	J & J1	07/01/14-07/01/28	12/23/13	3,178,000	-	-	-	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	22,326	4,762	427	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	34,959,303	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	1,526,330	487,223	38,585	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	8,479,999	1,915,001	385,813	Bank of America
2018 Public Improvements Bond	2.51	J1	06/01/18-06/01/32	12/23/17	5,724,853	3,773,068	369,599	103,981	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	9,550,000	585,000	370,125	Sun Trust Bank
2020A Maryland Water Quality	0.40	A & F1	02/01/22-02/01/41	8/28/2020	90,000	81,320	4,349	500	
2020B Maryland Water Quality	1.67	A & F1	08/01/21-02/01/41	8/28/2020	24,000	30,000	-	-	
2022 Public Improvements Bond	1.50-4.00	M & S1	03/01/22-09/01/36	9/1/2021	8,965,000	8,160,000	805,000	257,800	
2022 Public Improvements Bond	2.00-3.00	M & S1	03/01/22-09/01/28	9/1/2021	2,895,000	2,515,000	380,000	68,100	
						<u>\$ 81,538,551</u>	<u>\$ 7,586,112</u>	<u>\$ 1,407,393</u>	

**CITY OF SALISBURY, MARYLAND**  
**GENERAL FUND REVENUE BY SOURCE (UNAUDITED)**  
**FIVE YEARS ENDED JUNE 30, 2023**

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
2023	\$ 30,103,776 57.80%	\$ 2,951,263 5.67%	\$ 3,084,666 5.92%	\$ 1,963,951 3.77%	\$ 575,381 1.10%	\$ 302,229 0.58%	\$ 6,778,321 13.01%	\$ 6,324,471 12.14%	\$ 52,084,058 100.00%	\$ 2,219,812
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



**CITY OF SALISBURY, MARYLAND**  
**GENERAL FUND EXPENDITURES BY FUNCTION (UNAUDITED)**  
**FIVE YEARS ENDED JUNE 30, 2023**

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		
2023	\$ 4,647,983 9.66%	\$15,293,881 31.79%	\$10,566,838 21.96%	\$ 3,144,202 6.54%	\$ 1,862,128 3.87%	\$ 829,238 1.72%	\$ 2,255,883 4.69%	\$ 2,371,088 4.93%	\$ 7,139,893 14.84%	\$ 48,111,134 100.00%
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 23.71%	\$ 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 16.57%	\$ 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 13.84%	\$ 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 13.66%	\$ 39,043,242 100.00%

**CITY OF SALISBURY, MARYLAND**  
**WATER AND SEWER DEPARTMENT OPERATIONS (UNAUDITED)**  
**FIVE YEARS ENDED JUNE 30, 2023**

Fiscal Year Ended June 30	Revenue					Expenses					
	Water Charges	Other Water	Sewer Charges	Other Sewer	Total	Surplus Appropriated	Operations	Capital Outlay	Debt Service	Depreciation	Total
2023	\$ 5,133,173	\$ 1,021,907	\$12,913,687	\$ 872,948	\$19,941,715	\$ 2,039,432	\$14,194,678	\$ 130,375	\$ 304,869	\$ 5,091,325	\$19,721,247
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

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, 2023**

<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>
2023	\$ 2,624,686,019	\$ 30,624,036	\$ 29,116,403	95.08%	\$ 456,793	\$ 29,573,196	96.57%	\$ 1,606,852	5.25%
2022	2,488,125,619	29,179,307	27,902,785	95.63%	1,190,750	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%

**CITY OF SALISBURY, MARYLAND**  
**GENERAL AND SINKING FUND - ASSESSED VALUES AND DEBT RATIOS (UNAUDITED)**  
**FIVE YEARS ENDED JUNE 30, 2023**

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							
2023	\$ 2,309,912,479	\$1,869,780	\$ 225,486,380	\$ 87,417,380	\$ 2,624,686,019	\$ 81,538,552	0.0311	\$ 61,936,927	\$ 31,467,777	\$ 8,857,027	\$ 67,832,381	0.131
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