



CITY OF SALISBURY, MARYLAND

AUDIT REPORT

JUNE 30, 2024

CITY OF SALISBURY

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CITY OF SALISBURY, MARYLAND

ORGANIZATION

SERVING AS OF JUNE 30, 2024

OFFICIALS - ELECTED

Mayor
President of Council
Vice President of Council
Council Members

Randolph Taylor
D'Shawn Doughty
Angela M. Blake
April Jackson
Sharon Dashiell
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

Andrew Kitzrow
John Tull
Kimberly Nichols
Cockey, Brennan, Maloney
Shawn Yonker
Keith Cordrey
Jennifer Miller
Megan Caton
Allen Swiger
Vacant
Corinne Cameron
Michael Dryden
Vacant
Muir Boda
David Meienschein
William Frampton



INDEPENDENT AUDITOR'S REPORT

December 16, 2024

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, 2024, 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, 2024, 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 16, 2024, 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, 2024. 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, 2024 was **\$100,596,426**. Net position of our governmental activities increased by **\$3,770,463 (or 22.1%)** while net position of our business-type activities increased by **\$2,208,425 (or 2.8%)**.
- The General Fund reported revenues other financing sources over expenditures and other financing uses resulting in a **\$733,294** increase in fund balance, bringing its fund balance this year to **\$21,731,844**.

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

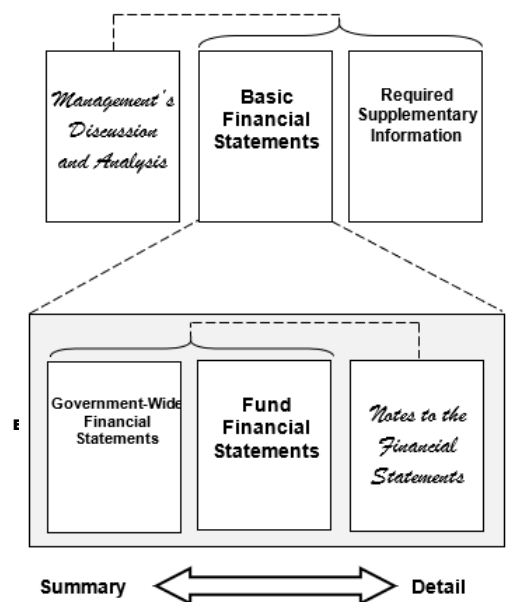


Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

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"> • Statement of net position • Statement of activities | <ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances | <ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in fund net position • Statement of cash flows | <ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| Type of asset/liability information | All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included | All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, short-term and long-term | All assets and liabilities, both short-term and long-term; the Custodian's funds do not currently contain capital assets, although they can |
| Type of inflow/outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during year, regardless of when cash is received or paid | All revenues and expenses during year, regardless of when cash is received or paid |

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

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

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

Fund Financial Statements

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

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

The City has the following kinds of funds:

- *Governmental funds* — Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near

future to finance the City's programs. Because this information does not encompass the additional long-term focus of the entity-wide statements, additional information is provided at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

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

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City's combined net position at June 30, 2024 was \$100,596,426.

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

| | Governmental Activities | | Business-type Activities | | Totals | |
|--|-------------------------|----------------|--------------------------|----------------|----------------|----------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| CURRENT ASSETS: | | | | | | |
| Cash and investments | \$ 24,879 | \$ 21,095 | \$ 4,800 | \$ 6,483 | \$ 29,679 | \$ 22,578 |
| Accounts and taxes receivable, net | 4,748 | 2,541 | 3,844 | 3,201 | 8,592 | 5,742 |
| Due from other governmental units | 2,800 | 1,337 | 173 | 171 | 2,973 | 1,508 |
| Internal balances | 727 | 727 | (727) | (727) | - | - |
| Inventories | - | 14 | - | 22 | - | 36 |
| Other | 794 | 816 | 461 | 435 | 1,255 | 1,251 |
| TOTAL CURRENT ASSETS | 33,948 | 26,530 | 8,551 | 9,585 | 42,499 | 36,115 |
| NONCURRENT ASSETS: | | | | | | |
| Restricted cash | 15,382 | 12,437 | 14,981 | 5,941 | 30,363 | 18,378 |
| Capital assets at cost | 113,497 | 108,091 | 196,913 | 194,862 | 310,410 | 302,953 |
| Less accumulated depreciation | (47,164) | (44,315) | (69,321) | (63,962) | (116,485) | (108,277) |
| TOTAL NONCURRENT ASSETS | 81,715 | 76,213 | 142,573 | 136,841 | 224,288 | 213,054 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | | | | |
| Deferred outflow - pension | 18,061 | 15,935 | 2,609 | 2,594 | 20,670 | 18,529 |
| Deferred outflow - OPEB | 2,194 | 2,615 | 548 | 654 | 2,742 | 3,269 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 20,255 | 18,550 | 3,157 | 3,248 | 23,412 | 21,798 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | 135,918 | 121,293 | 154,281 | 149,674 | 290,199 | 270,967 |

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

| (cont'd) | Governmental Activities | | Business-type Activities | | Totals | |
|--|-------------------------|------------------|--------------------------|------------------|-------------------|------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| CURRENT LIABILITIES: | | | | | | |
| Accounts payable and accrued expenses | 3,021 | 2,254 | 1,031 | 827 | 4,052 | 3,081 |
| Bonds, notes, and leases payable | 3,905 | 4,252 | 4,293 | 4,501 | 8,198 | 8,753 |
| Other | 6,203 | 2,317 | 1,449 | 873 | 7,652 | 3,190 |
| TOTAL CURRENT LIABILITIES | 13,129 | 8,823 | 6,773 | 6,201 | 19,902 | 15,024 |
| NONCURRENT LIABILITIES: | | | | | | |
| Compensated absences | 2,490 | 2,123 | 387 | 406 | 2,877 | 2,530 |
| Net OPEB liability | 6,017 | 13,650 | 1,504 | 3,412 | 7,521 | 17,062 |
| Net pension liability | 41,365 | 33,694 | 5,031 | 4,368 | 46,396 | 38,061 |
| Bonds, notes, and capital leases payable | 29,439 | 26,217 | 55,578 | 53,720 | 85,017 | 79,937 |
| TOTAL NONCURRENT LIABILITIES | 79,311 | 75,684 | 62,500 | 61,906 | 141,811 | 137,590 |
| DEFERRED INFLOWS OF RESOURCES: | | | | | | |
| Deferred inflows - pensions | 6,949 | 11,055 | 1,322 | 1,846 | 8,271 | 12,901 |
| Deferred inflows - OPEB | 15,695 | 8,668 | 3,924 | 2,167 | 19,619 | 10,835 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 22,644 | 19,723 | 5,246 | 4,013 | 27,890 | 23,736 |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | 115,084 | 104,230 | 74,519 | 72,120 | 189,603 | 176,350 |
| NET POSITION: | | | | | | |
| Net investment in capital assets | 32,989 | 33,306 | 67,721 | 72,680 | 100,710 | 105,986 |
| Restricted | 15,611 | 12,225 | 14,981 | 5,941 | 30,592 | 18,166 |
| Unrestricted (Deficit) | (27,766) | (28,468) | (2,940) | (1,067) | (30,706) | (29,535) |
| TOTAL NET POSITION | \$ 20,834 | \$ 17,063 | \$ 79,762 | \$ 77,554 | \$ 100,596 | \$ 94,617 |

Net position of the City's governmental activities increased by 22.1% to \$20,833,932 due to increases in assets not offset by increases in liabilities. Net position of the City's business-type activities increased by 2.8% to \$79,762,434 due to increases in assets not offset by increases in liabilities.

The City's total revenues were \$82,682,510. A significant portion (43.1%) of the City's revenue comes from property and other taxes (See Figure A-3). A portion (43.2%) comes from charges for services, 9.8% is derived from operating grants, and .7% is derived from capital grants and contributions. The remaining 3.2% comes from miscellaneous and investment earnings. The total cost of all programs and services was \$76,703,622.

Figure A-3, City's Sources of Revenues

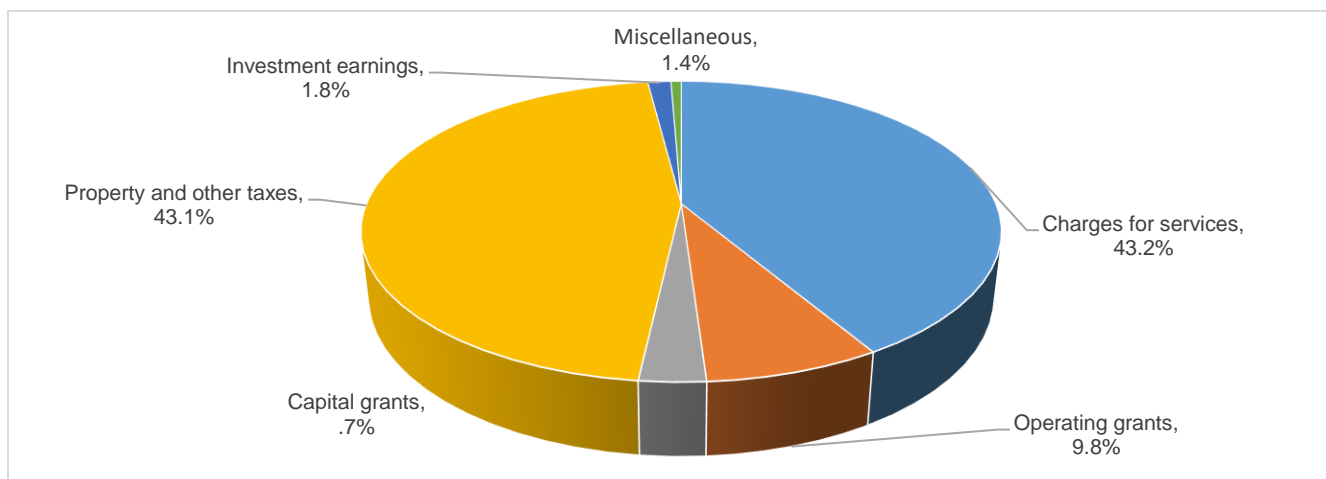


Table A-2
SOURCES OF REVENUES
(in thousands of dollars)

| | Governmental Activities | | Business-type Activities | | Totals | | Percentage |
|--------------------------|-------------------------|------------------|--------------------------|------------------|------------------|------------------|---------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | Change 2023-2024 |
| Program revenues: | | | | | | | |
| Charges for services | \$ 12,477 | \$ 9,586 | \$ 23,271 | \$ 20,413 | \$ 35,748 | \$ 29,999 | 19% |
| Operating grants | 8,131 | 10,961 | - | - | 8,131 | 10,961 | -26% |
| Capital grants | 131 | 669 | 442 | 1,141 | 573 | 1,810 | -68% |
| General revenues: | | | | | | | |
| Property and other taxes | 35,621 | 32,812 | - | - | 35,621 | 32,812 | 9% |
| Investment earnings | 1,083 | 946 | 422 | 368 | 1,505 | 1,314 | 14% |
| Transfers | 253 | 300 | (253) | (300) | - | - | 0% |
| Miscellaneous | 1,102 | 534 | 2 | (1,261) | 1,104 | (727) | -252% |
| Total Revenues | \$ 58,798 | \$ 55,808 | \$ 23,884 | \$ 20,361 | \$ 82,682 | \$ 76,169 | 9% |

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

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

| | Total Cost of Services | | | Net (Revenue) Cost of Services | | |
|---------------------------------------|------------------------|------------------|----------|-----------------------------------|------------------|-----------|
| | 2024 | 2023 | % Change | 2024 | 2023 | % Change |
| Governmental Activities: | | | | | | |
| General government | \$ 7,582 | \$ 5,949 | 27.5% | \$ 3,644 | \$ (1,344) | -371.1% |
| Public safety | 35,588 | 31,841 | 11.8% | 24,328 | 21,774 | 11.7% |
| Public works | 6,337 | 6,385 | -0.8% | 1,875 | 3,395 | -44.8% |
| Recreation and culture | 3,516 | 3,806 | -7.6% | 2,437 | 2,939 | -17.1% |
| Nondepartmental | 1,117 | 1,031 | 8.4% | 1,117 | 1,031 | 8.4% |
| Interest on long-term debt | 888 | 927 | -4.2% | 888 | 927 | -4.3% |
| Total Governmental Activities | 55,028 | 49,939 | | 34,289 | 28,722 | |
| Business-type Activities: | | | | | | |
| Water and sewer | 20,189 | 19,721 | 2.4% | (1,561) | 116 | -1,445.5% |
| Mitchell Landing | 137 | 158 | -13.3% | 70 | 54 | 30.1% |
| Other | 1,350 | 1,280 | 5.5% | (547) | (565) | -3.1% |
| Total Business-type Activities | 21,676 | 21,159 | | (2,038) | (395) | |
| Total | \$ 76,704 | \$ 71,098 | | \$ 32,251 | \$ 28,327 | |

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

| Governmental Activities | | Business-type Activities | | Totals | |
|-------------------------|----------|--------------------------|----------|----------|----------|
| 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| \$ 3,771 | \$ 5,869 | \$ 2,208 | \$ (798) | \$ 5,979 | \$ 5,071 |

Governmental Activities

Property and other tax revenues increased by approximately \$2.6 million due to improvements in economic conditions. The cost of all *governmental* activities this year was \$55.0 million. However, the amount that the City's taxpayers paid for these activities through taxes was only \$35.6 million. Some of the cost was paid by those who directly benefited from the programs, \$12.5 million, or by grants and contributions, \$8.3 million. The total cost of governmental activities increased by \$5.1 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 \$23.9 million in FY 2024, an increase from \$20.4 million in FY 2023 (see Table A-2), while expenses were \$21.7 million in FY 2024 versus \$21.2 million in FY 2023. The overall revenue increase is primarily due to more revenue related to charges for services earned by the City in FY 2024. Overall costs increased by \$.6 million due largely to an increase in operating cost in the Water and Sewer Fund.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As of the end of FY 2024, the City's governmental funds reported a combined fund balance of \$37.5 million, a \$3.8 million increase from the previous year. At year end, the General Fund had a fund balance of \$21.7 million, and the Capital Improvements Fund had a fund balance of \$14.5 million. The fund balance for other governmental funds reported an ending in fund balance of \$1.3 million. Revenue and other financing sources collections were greater than expenditures and other financing uses by \$3.8 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 \$.7 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 \$55.9 million (including operating transfers), versus an original budget of \$52.6 million. The variance is largely due to a \$2.5 million carry forward of encumbrances from FY 2023 and \$.8 million by other ordinances passed during the year. Actual expenditures including operating transfers were \$3.8 million below final budget amounts. All departments were under budget during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2024, the City had invested \$193.9 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 |
|--------------------------------|-------------------------|------------------|--------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | |
| Land and art | \$ 8,278 | \$ 8,738 | \$ 878 | \$ 878 | \$ 9,156 | \$ 9,616 | -4.8% |
| Construction-in-progress | 6,394 | 7,763 | 9,475 | 7,674 | 15,869 | 15,437 | 2.8% |
| Buildings and improvements | 30,016 | 29,127 | 52,614 | 52,614 | 82,630 | 81,741 | 1.1% |
| Improvements, non-buildings | 37,554 | 32,704 | 118,879 | 118,879 | 156,433 | 151,583 | 3.2% |
| Machinery and equipment | 31,219 | 29,723 | 15,067 | 14,817 | 46,286 | 44,540 | 3.9% |
| Zoo animals | 36 | 36 | - | - | 36 | 36 | 0.0% |
| Totals at historical cost | 113,497 | 108,091 | 196,913 | 194,862 | 310,410 | 302,953 | 2.5% |
| Total accumulated depreciation | 47,164 | 44,315 | 69,320 | 63,962 | 116,484 | 108,277 | 7.6% |
| Net Capital Assets | <u>\$ 66,333</u> | <u>\$ 63,776</u> | <u>\$ 127,593</u> | <u>\$ 130,900</u> | <u>\$ 193,926</u> | <u>\$ 194,676</u> | -0.4% |

The City's governmental capital purchases for fiscal year 2024 included the purchase of nine police vehicles, an audio and video system for the Council chambers, two trucks and radios for the Fire Department, and other equipment and vehicles for Field Operations. The business-type activities additions to capital assets included a street sweeper and a laboratory information management system software to be used in the water and sewer division. Projects completed included Poplar Hill Mansion siding replacement, GOB Air Handler, Street Scaping, and Urban Greenway. Continuing projects include Bicycle Master Plan, City Park Master Plan, Town Square, 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 \$93.2 million in bonds, notes, and leases outstanding, an increase of \$4.5 million over the previous year. During fiscal year 2024, the City issued \$11.59 million of Public Improvement Bonds to finance a number of public works projects, including Downtown Street Scaping, Town Square, Rail Trail, Johnson Pond Dam Improvements, Beaglin Park Dam Improvements, GOB Exterior Waterproofing, Zoo Facility Improvements, and the Amphitheater Pedestrian Bridge.

The City is limited to a maximum general obligation bond limit of \$64 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>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> | |
| Leases payable | \$ 1,547 | \$ 1,919 | \$ 231 | \$ 397 | \$ 1,778 | \$ 2,316 | 23% |
| Bonds payable | 28,836 | 26,139 | 56,655 | 55,400 | 85,491 | 81,539 | 5% |
| Mortgages and notes payable | - | - | 1,382 | 1,382 | 1,382 | 1,382 | 0% |
| Bond premium | 2,961 | 2,411 | 1,602 | 1,041 | 4,563 | 3,452 | 32% |
| Total Bonds, Mortgages, and Notes Payable, net | <u>\$ 33,344</u> | <u>\$ 30,469</u> | <u>\$ 59,870</u> | <u>\$ 58,220</u> | <u>\$ 93,214</u> | <u>\$ 88,689</u> | 5% |

ECONOMIC FACTORS

- The City collected \$429,793 in building permit revenues for FY 2024 vs. \$132,987 for FY 2023.
- The City received \$1.8 million more in real estate property tax revenue in FY 2024. The total of other tax revenues was \$0.5 million more in FY 2024.
- The City's has a three-year reassessment cycle. The adjusted assessed value of all real properties in the City increased by \$143 million over the prior year.
- The local (Wicomico County) unemployment rate as of July 2024 was 3.6%, up from 1.9% a year ago. For July 2024, the State of Maryland and the U.S. had an unemployment rate of 2.8% and 4.3%, respectively.

WATER SEWER FUND

The water and sewer fund adopted budget increased from \$19.9 million in FY 2023 to \$21.6 million in FY 2024.

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF SALISBURY, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2024

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|-----------------------|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | | |
| Current assets: | | | |
| Cash and investment pool | \$ 24,878,737 | \$ 4,800,650 | \$ 29,679,387 |
| Taxes receivable, net | 992,898 | - | 992,898 |
| Accounts receivable, net | 3,754,744 | 3,843,661 | 7,598,405 |
| Due from other governmental units | 2,800,191 | 172,798 | 2,972,989 |
| Internal balances | 726,883 | (726,883) | - |
| Inventories | 793,871 | 461,019 | 1,254,890 |
| Total Current Assets | 33,947,324 | 8,551,245 | 42,498,569 |
| Noncurrent assets: | | | |
| Restricted cash and investments | 15,382,003 | 14,980,603 | 30,362,606 |
| Construction-in-progress | 6,394,040 | 9,474,499 | 15,868,539 |
| Land and art | 8,277,516 | 878,503 | 9,156,019 |
| Capital assets at cost | 98,825,771 | 186,559,766 | 285,385,537 |
| Less accumulated depreciation | (47,164,320) | (69,320,487) | (116,484,807) |
| Total Noncurrent Assets | 81,715,010 | 142,572,884 | 224,287,894 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows - pension plan | 18,061,393 | 2,608,443 | 20,669,836 |
| Deferred outflows - OPEB plan | 2,193,883 | 548,471 | 2,742,354 |
| Total Deferred Outflows of Resources | 20,255,276 | 3,156,914 | 23,412,190 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 135,917,610 | \$ 154,281,043 | \$ 290,198,653 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION | | | |
| Current liabilities: | | | |
| Accounts payable and accrued expenses | \$ 3,020,739 | \$ 1,031,402 | \$ 4,052,141 |
| Unearned revenue | 5,388,677 | - | 5,388,677 |
| Due to other governmental units | 5 | - | 5 |
| Deposits and advance payments of taxes | 267,260 | 1,307,572 | 1,574,832 |
| Compensated absences | 276,616 | 42,958 | 319,574 |
| Accrued interest payable | 270,661 | 98,377 | 369,038 |
| Bonds, notes, and leases payable, net | 3,905,270 | 4,293,182 | 8,198,452 |
| Total Current Liabilities | 13,129,228 | 6,773,491 | 19,902,719 |
| Noncurrent liabilities: | | | |
| Compensated absences | 2,489,543 | 386,619 | 2,876,162 |
| Net OPEB liability | 6,016,664 | 1,504,166 | 7,520,830 |
| Net pension liability | 41,365,120 | 5,031,202 | 46,396,322 |
| Bonds, notes, and leases payable, net | 29,438,575 | 55,577,590 | 85,016,165 |
| Total Noncurrent Liabilities | 79,309,902 | 62,499,577 | 141,809,479 |
| Total Liabilities | 92,439,130 | 69,273,068 | 161,712,198 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows - pension plan | 6,948,931 | 1,321,651 | 8,270,582 |
| Deferred inflows - OPEB plan | 15,695,557 | 3,923,890 | 19,619,447 |
| Total Deferred Inflows of Resources | 22,644,488 | 5,245,541 | 27,890,029 |
| NET POSITION | | | |
| Net investment in capital assets | 32,989,162 | 67,721,509 | 100,710,671 |
| Restricted for: | | | |
| Capital improvements | 15,155,329 | 14,980,603 | 30,135,932 |
| Zoo | 214,873 | - | 214,873 |
| Lease escrow | 241,066 | - | 241,066 |
| Unrestricted (Deficit) | (27,766,438) | (2,939,678) | (30,706,116) |
| Total Net Position | 20,833,992 | 79,762,434 | 100,596,426 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION | \$ 135,917,610 | \$ 154,281,043 | \$ 290,198,653 |

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

**CITY OF SALISBURY, MARYLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

| | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| GOVERNMENTAL ACTIVITIES | | | | | | | |
| General government | \$ 7,582,037 | \$ 2,227,724 | \$ 1,622,652 | \$ 87,776 | \$ (3,643,885) | \$ - | \$ (3,643,885) |
| Public safety | 35,587,726 | 4,850,760 | 6,365,669 | 43,566 | (24,327,731) | - | (24,327,731) |
| Public works | 6,336,667 | 4,381,709 | 80,249 | - | (1,874,709) | - | (1,874,709) |
| Recreation and culture | 3,515,936 | 1,016,427 | 62,548 | - | (2,436,961) | - | (2,436,961) |
| Nondepartmental | 1,117,594 | - | - | - | (1,117,594) | - | (1,117,594) |
| Interest on long-term debt | 888,015 | - | - | - | (888,015) | - | (888,015) |
| Total Governmental Activities | <u>55,027,975</u> | <u>12,476,620</u> | <u>8,131,118</u> | <u>131,342</u> | <u>(34,288,895)</u> | <u>-</u> | <u>(34,288,895)</u> |
| BUSINESS-TYPE ACTIVITIES | | | | | | | |
| Water and sewer | 20,188,583 | 21,307,337 | - | 442,072 | - | 1,560,826 | 1,560,826 |
| Mitchell Landing | 136,694 | 66,420 | - | - | - | (70,274) | (70,274) |
| Other | 1,350,370 | 1,897,672 | - | - | - | 547,302 | 547,302 |
| Total Business-type Activities | <u>21,675,647</u> | <u>23,271,429</u> | <u>-</u> | <u>442,072</u> | <u>-</u> | <u>2,037,854</u> | <u>2,037,854</u> |
| TOTAL PRIMARY GOVERNMENT | <u>\$ 76,703,622</u> | <u>\$ 35,748,049</u> | <u>\$ 8,131,118</u> | <u>\$ 573,414</u> | <u>(34,288,895)</u> | <u>2,037,854</u> | <u>(32,251,041)</u> |
| GENERAL REVENUES AND TRANSFERS | | | | | | | |
| Taxes: | | | | | | | |
| Real and personal property taxes, levied for general purposes | | | | | 24,598,069 | - | 24,598,069 |
| Ordinary business corporations and utilities | | | | | 7,732,206 | - | 7,732,206 |
| State shared income tax | | | | | 3,099,693 | - | 3,099,693 |
| Other taxes | | | | | 191,406 | - | 191,406 |
| Investment earnings | | | | | 1,082,542 | 421,603 | 1,504,145 |
| Loss on sale of capital assets | | | | | 67,235 | 2,248 | 69,483 |
| Miscellaneous | | | | | 1,034,927 | - | 1,034,927 |
| Operating transfers | | | | | 253,280 | (253,280) | - |
| TOTAL GENERAL REVENUES AND TRANSFERS | | | | | <u>38,059,358</u> | <u>170,571</u> | <u>38,229,929</u> |
| CHANGE IN NET POSITION | | | | | 3,770,463 | 2,208,425 | 5,978,888 |
| NET POSITION, BEGINNING OF YEAR | | | | | <u>17,063,529</u> | <u>77,554,009</u> | <u>94,617,538</u> |
| NET POSITION, END OF YEAR | | | | | <u>\$ 20,833,992</u> | <u>\$ 79,762,434</u> | <u>\$100,596,426</u> |

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

CITY OF SALISBURY, MARYLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

| | General Fund | Grant Fund | Capital Improvements Fund | Nonmajor Funds | Total |
|--|-----------------------------|----------------------------|---------------------------------|----------------------------|-----------------------------|
| ASSETS | | | | | |
| Cash | \$ 2,255,005 | \$ 415,239 | \$ - | \$ 776,567 | \$ 3,446,811 |
| Investment pool | 17,389,964 | 4,005,671 | - | 36,291 | 21,431,926 |
| Taxes receivable | 1,811,843 | - | - | - | 1,811,843 |
| Less allowance for uncollectibles | (818,945) | - | - | - | (818,945) |
| Due from other governmental units | 1,829,907 | 970,284 | - | - | 2,800,191 |
| Due from other funds | 726,883 | - | - | - | 726,883 |
| Sundry accounts receivable | 10,313,227 | 124,501 | - | 234,547 | 10,672,275 |
| Less allowance for uncollectibles | (6,917,531) | - | - | - | (6,917,531) |
| Inventory | 793,871 | - | - | - | 793,871 |
| Restricted cash | 226,674 | - | 868,190 | - | 1,094,864 |
| Restricted investment pool | - | - | 14,287,139 | - | 14,287,139 |
| TOTAL ASSETS | <u>\$ 27,610,898</u> | <u>\$ 5,515,695</u> | <u>\$ 15,155,329</u> | <u>\$ 1,047,405</u> | <u>\$ 49,329,327</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable and accrued expenses | \$ 2,068,954 | \$ 263,675 | \$ 681,275 | \$ 6,835 | \$ 3,020,739 |
| Due to other governmental units | 5 | - | - | - | 5 |
| Unearned revenue | - | 4,761,691 | - | - | 4,761,691 |
| Deposits and advance payment of taxes | 53,071 | 214,189 | - | - | 267,260 |
| Compensated absences | 276,616 | - | - | - | 276,616 |
| Total Liabilities | <u>2,398,646</u> | <u>5,239,555</u> | <u>681,275</u> | <u>6,835</u> | <u>8,326,311</u> |
| Deferred Inflows of Resources | | | | | |
| Unavailable revenue | 3,480,408 | - | - | - | 3,480,408 |
| Total Deferred Inflows of Resources | <u>3,480,408</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,480,408</u> |
| Fund Balances: | | | | | |
| Nonspendable | 793,871 | - | - | - | 793,871 |
| Restricted | - | 276,140 | 14,474,054 | - | 14,750,194 |
| Committed | 3,554,501 | - | - | 982,169 | 4,536,670 |
| Assigned | 1,110,587 | - | - | 58,401 | 1,168,988 |
| Unassigned | 16,272,885 | - | - | - | 16,272,885 |
| Total Fund Balances | <u>21,731,844</u> | <u>276,140</u> | <u>14,474,054</u> | <u>1,040,570</u> | <u>37,522,608</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | <u>\$ 27,610,898</u> | <u>\$ 5,515,695</u> | <u>\$ 15,155,329</u> | <u>\$ 1,047,405</u> | <u>\$ 49,329,327</u> |

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, 2024**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 37,522,608

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. 66,333,007

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. 2,853,422

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 | \$ (33,343,845) | |
| Compensated absences | (2,489,543) | |
| Net OPEB liability | (6,016,664) | |
| Accrued interest on bonds | (270,661) | |
| Net pension liability | <u>(41,365,120)</u> | (83,485,833) |

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 | 18,061,393 | |
| Deferred outflows - OPEB plan | 2,193,883 | |
| Deferred inflows - pension plan | (6,948,931) | |
| Deferred inflows - OPEB plan | <u>(15,695,557)</u> | <u>(2,389,212)</u> |

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 20,833,992

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, 2024

| | General Fund | Grant Fund | Capital Improvements Fund | Nonmajor Funds | Total |
|--|----------------------|-------------------|---------------------------------|---------------------|----------------------|
| REVENUES | | | | | |
| Taxes | \$ 35,074,491 | \$ - | \$ - | \$ - | \$ 35,074,491 |
| Other revenue | 4,972,619 | 59,734 | 343,466 | 356,668 | 5,732,487 |
| Intergovernmental revenues | 6,390,664 | 2,840,355 | - | - | 9,231,019 |
| Charges for services | 5,149,444 | - | - | 323,317 | 5,472,761 |
| TOTAL REVENUES | <u>51,587,218</u> | <u>2,900,089</u> | <u>343,466</u> | <u>679,985</u> | <u>55,510,758</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 5,323,745 | 1,108,331 | - | 545,511 | 6,977,587 |
| Public safety | 30,688,834 | 1,567,726 | - | - | 32,256,560 |
| Public works | 5,164,041 | 51,650 | - | 22,144 | 5,237,835 |
| Recreation and culture | 2,745,825 | - | - | - | 2,745,825 |
| Nondepartmental | 1,117,594 | - | - | - | 1,117,594 |
| Capital outlays | 2,436,397 | 345,810 | 4,378,395 | - | 7,160,602 |
| Debt service: | | | | | |
| Principal | 3,663,102 | - | - | - | 3,663,102 |
| Interest | 838,032 | - | 82,112 | - | 920,144 |
| TOTAL EXPENDITURES | <u>51,977,570</u> | <u>3,073,517</u> | <u>4,460,507</u> | <u>567,655</u> | <u>60,079,249</u> |
| DEFICIENCY OF REVENUES UNDER EXPENDITURES | <u>(390,352)</u> | <u>(173,428)</u> | <u>(4,117,041)</u> | <u>112,330</u> | <u>(4,568,491)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Operating transfers in (out) | (121,241) | 188,562 | 100,947 | 85,012 | 253,280 |
| Proceeds from bond and lease issuance | 717,298 | - | 6,919,977 | - | 7,637,275 |
| Proceeds from sale of capital assets | 527,589 | - | - | - | 527,589 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>1,123,646</u> | <u>188,562</u> | <u>7,020,924</u> | <u>85,012</u> | <u>8,418,144</u> |
| NET CHANGE IN FUND BALANCES | 733,294 | 15,134 | 2,903,883 | 197,342 | 3,849,653 |
| FUND BALANCES, BEGINNING OF YEAR | <u>20,998,550</u> | <u>261,006</u> | <u>11,570,171</u> | <u>843,228</u> | <u>33,672,955</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 21,731,844</u> | <u>\$ 276,140</u> | <u>\$ 14,474,054</u> | <u>\$ 1,040,570</u> | <u>\$ 37,522,608</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, 2024**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 3,849,653

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 | \$ 6,829,726 | |
| Loss on disposal | (460,457) | |
| Depreciation expense | <u>(3,811,792)</u> | 2,557,477 |

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. (6,401,147)

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. 1,827,187

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. 4,076,937

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. (549,985)

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

| | | |
|--|------------------|--------------------|
| Increase in compensated absences | (366,210) | |
| Decrease in deferred outflows - OPEB plan | (421,288) | |
| Decrease in net OPEB liability | 7,632,984 | |
| Increase in deferred inflows - OPEB plan | (7,027,874) | |
| Decrease in accrued interest payable | 32,129 | |
| Increase in deferred outflows - pension plan | 2,125,910 | |
| Decrease in net pension liability | (7,671,500) | |
| Decrease in deferred inflows - pension | <u>4,106,190</u> | <u>(1,589,659)</u> |

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 3,770,463

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

CITY OF SALISBURY, MARYLAND
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2024

| | Enterprise Funds | | | Total |
|---|-------------------------|--------------------------|---------------------|-----------------------|
| | Water and Sewer Fund | Mitchell Landing Fund | Nonmajor Funds | |
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | | | |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash | \$ 1,920,272 | \$ 183,368 | \$ 631,860 | \$ 2,735,500 |
| Investment pool | 2,007,370 | - | 57,780 | 2,065,150 |
| Accounts receivable, net | 3,602,525 | - | 241,136 | 3,843,661 |
| Due from other governmental units | 172,798 | - | - | 172,798 |
| Inventories | 461,019 | - | - | 461,019 |
| Total Current Assets | <u>8,163,984</u> | <u>183,368</u> | <u>930,776</u> | <u>9,278,128</u> |
| Noncurrent assets: | | | | |
| Restricted cash | 3,562,767 | - | - | 3,562,767 |
| Restricted investment pool | 10,391,079 | - | 1,026,757 | 11,417,836 |
| Capital assets: | | | | |
| Construction-in-progress | 8,919,551 | - | 554,948 | 9,474,499 |
| Land | 301,703 | 114,010 | 462,790 | 878,503 |
| Buildings, equipment, and improvements | 177,587,760 | 1,454,318 | 7,517,688 | 186,559,766 |
| Less accumulated depreciation | <u>(62,407,102)</u> | <u>(1,124,054)</u> | <u>(5,789,331)</u> | <u>(69,320,487)</u> |
| Total Noncurrent Assets | <u>138,355,758</u> | <u>444,274</u> | <u>3,772,852</u> | <u>142,572,884</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows - pension plan | 2,477,389 | - | 131,054 | 2,608,443 |
| Deferred outflows - OPEB plan | 548,471 | - | - | 548,471 |
| Total Deferred Outflows of Resources | <u>3,025,860</u> | <u>-</u> | <u>131,054</u> | <u>3,156,914</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 149,545,602</u> | <u>\$ 627,642</u> | <u>\$ 4,834,682</u> | <u>\$ 155,007,926</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION | | | | |
| LIABILITIES | | | | |
| Due in one year: | | | | |
| Accounts payable | \$ 672,554 | \$ 7,001 | \$ 67,568 | \$ 747,123 |
| Accrued payroll | 272,643 | 1,676 | 9,960 | 284,279 |
| Accrued interest payable | 86,052 | - | 12,325 | 98,377 |
| Due to other funds | - | - | 726,883 | 726,883 |
| Compensated absences | 42,958 | - | - | 42,958 |
| Bonds, notes, and leases payable | 4,066,351 | - | 226,831 | 4,293,182 |
| Deposits | 1,302,608 | 4,038 | 926 | 1,307,572 |
| Total Current Liabilities | <u>6,443,166</u> | <u>12,715</u> | <u>1,044,493</u> | <u>7,500,374</u> |
| Due in more than one year: | | | | |
| Bonds, notes, and leases payable | 53,151,818 | 1,381,807 | 1,043,965 | 55,577,590 |
| Net OPEB liability | 1,504,166 | - | - | 1,504,166 |
| Provision for compensated absences | 386,619 | - | - | 386,619 |
| Net pension liability | 4,778,422 | - | 252,780 | 5,031,202 |
| Total Noncurrent Liabilities | <u>59,821,025</u> | <u>1,381,807</u> | <u>1,296,745</u> | <u>62,499,577</u> |
| Total Liabilities | <u>66,264,191</u> | <u>1,394,522</u> | <u>2,341,238</u> | <u>69,999,951</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows - pension plan | 1,255,249 | - | 66,402 | 1,321,651 |
| Deferred inflows - OPEB plan | 3,923,890 | - | - | 3,923,890 |
| Total Deferred Inflows of Resources | <u>5,179,139</u> | <u>-</u> | <u>66,402</u> | <u>5,245,541</u> |
| NET POSITION (DEFICIT) | | | | |
| Net investment in capital assets | 67,183,743 | (937,533) | 1,475,299 | 67,721,509 |
| Restricted | 13,953,846 | - | 1,026,757 | 14,980,603 |
| Unrestricted (deficit) | <u>(3,035,317)</u> | <u>170,653</u> | <u>(75,014)</u> | <u>(2,939,678)</u> |
| Total Net Position (Deficit) | <u>78,102,272</u> | <u>(766,880)</u> | <u>2,427,042</u> | <u>79,762,434</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION | <u>\$ 149,545,602</u> | <u>\$ 627,642</u> | <u>\$ 4,834,682</u> | <u>\$ 155,007,926</u> |

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

CITY OF SALISBURY, MARYLAND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

| | Enterprise Funds | | | Total |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| | Water and Sewer Fund | Mitchell Landing Fund | Nonmajor Funds | |
| OPERATING REVENUES | | | | |
| Charges for services | \$20,505,230 | \$ 59,036 | \$ 1,897,672 | \$22,461,938 |
| Penalties | 129,618 | - | - | 129,618 |
| Tapping charges and connection fees | 67,580 | - | - | 67,580 |
| Sundry income | 300,799 | - | - | 300,799 |
| Pretreatment monitoring fee | 237,005 | - | - | 237,005 |
| Impact fees | 67,105 | - | - | 67,105 |
| Miscellaneous | - | 7,384 | - | 7,384 |
| TOTAL OPERATING REVENUES | <u>21,307,337</u> | <u>66,420</u> | <u>1,897,672</u> | <u>23,271,429</u> |
| OPERATING EXPENSES | | | | |
| Salaries | 5,177,321 | 18,381 | 213,156 | 5,408,858 |
| Personnel benefits | 2,107,188 | 3,604 | 83,879 | 2,194,671 |
| Professional and skilled services | 797,700 | 34,888 | 338,010 | 1,170,598 |
| Supplies | 4,649,111 | 2,595 | 3,774 | 4,655,480 |
| Other operating expenses | 1,995,084 | 42,781 | 290,528 | 2,328,393 |
| Equipment | 68,556 | - | 139,217 | 207,773 |
| TOTAL OPERATING EXPENSES | <u>14,794,960</u> | <u>102,249</u> | <u>1,068,564</u> | <u>15,965,773</u> |
| Operating income (loss) before depreciation | 6,512,377 | (35,829) | 829,108 | 7,305,656 |
| Depreciation | 5,093,748 | 34,445 | 248,985 | 5,377,178 |
| NET OPERATING INCOME (LOSS) | <u>1,418,629</u> | <u>(70,274)</u> | <u>580,123</u> | <u>1,928,478</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Operating transfers in (out) | - | - | (253,280) | (253,280) |
| Gain (loss) on sale of capital assets | 2,248 | - | - | 2,248 |
| Grants | 442,072 | - | - | 442,072 |
| Interest income | 360,309 | 737 | 60,557 | 421,603 |
| Interest expense | (299,875) | - | (32,821) | (332,696) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>504,754</u> | <u>737</u> | <u>(225,544)</u> | <u>279,947</u> |
| CHANGE IN NET POSITION (DEFICIT) | 1,923,383 | (69,537) | 354,579 | 2,208,425 |
| NET POSITION (DEFICIT), BEGINNING OF YEAR | <u>76,178,889</u> | <u>(697,343)</u> | <u>2,072,463</u> | <u>77,554,009</u> |
| NET POSITION (DEFICIT), END OF YEAR | <u><u>\$78,102,272</u></u> | <u><u>\$ (766,880)</u></u> | <u><u>\$ 2,427,042</u></u> | <u><u>\$79,762,434</u></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, 2024

| | Enterprise Funds | | | Total |
|---|-------------------------|--------------------------|---------------------|----------------------|
| | Water and Sewer Fund | Mitchell Landing Fund | Nonmajor Funds | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Receipts from customers | \$ 21,280,886 | \$ 67,821 | \$ 1,878,082 | \$ 23,226,789 |
| Payments to suppliers | (7,404,917) | (95,201) | (730,596) | (8,230,714) |
| Payments to employees | (7,155,945) | (33,204) | (289,839) | (7,478,988) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | 6,720,024 | (60,584) | 857,647 | 7,517,087 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | |
| Internal activity - payments to other funds | - | - | (253,280) | (253,280) |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | - | - | (253,280) | (253,280) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Proceeds from bonds, notes, and capital leases | 6,151,743 | - | - | 6,151,743 |
| Principal paid on bonds, notes, and capital leases | (4,154,359) | - | (209,910) | (4,364,269) |
| Interest paid on bonds, notes, and mortgages | (448,986) | - | (42,401) | (491,387) |
| Payments for capital acquisitions | (1,889,821) | - | (177,144) | (2,066,965) |
| Capital grants | 442,072 | - | - | 442,072 |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | 100,649 | - | (429,455) | (328,806) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Interest income | 360,309 | 737 | 60,557 | 421,603 |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | 360,309 | 737 | 60,557 | 421,603 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 7,180,982 | (59,847) | 235,469 | 7,356,604 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 10,700,506 | 243,215 | 1,480,928 | 12,424,649 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 17,881,488 | \$ 183,368 | \$ 1,716,397 | \$ 19,781,253 |
| Cash | \$ 1,920,272 | \$ 183,368 | \$ 631,860 | \$ 2,735,500 |
| Investment pool | 2,007,370 | - | 57,780 | 2,065,150 |
| Restricted cash | 3,562,767 | - | - | 3,562,767 |
| Restricted investment pool | 10,391,079 | - | 1,026,757 | 11,417,836 |
| | \$ 17,881,488 | \$ 183,368 | \$ 1,716,397 | \$ 19,781,253 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | | |
| Operating income (loss) | \$ 1,418,629 | \$ (70,274) | \$ 580,123 | \$ 1,928,478 |
| Adjustments to reconcile operating loss to net cash provided (used) by operating activities: | | | | |
| Depreciation | 5,093,748 | 34,445 | 248,985 | 5,377,178 |
| (Increase) Decrease in: | | | | |
| Accounts receivable | (631,280) | 8,277 | (19,590) | (642,593) |
| Due from other governmental units | (2,065) | - | - | (2,065) |
| Other assets | (26,129) | - | - | (26,129) |
| Inventories | 21,607 | - | - | 21,607 |
| Deferred outflows - pension | (14,142) | - | (747) | (14,889) |
| Deferred outflows - OPEB | 105,322 | - | - | 105,322 |
| Increase (Decrease) in: | | | | |
| Accounts payable | 110,056 | (14,937) | 40,933 | 136,052 |
| Accrued payroll | 78,769 | (11,219) | 961 | 68,511 |
| Deposits | 606,894 | (6,876) | - | 600,018 |
| Compensated absences | (22,071) | - | - | (22,071) |
| Net OPEB liability | (1,908,246) | - | - | (1,908,246) |
| Net pension liability | 630,201 | - | 33,338 | 663,539 |
| Deferred inflows - pension | (498,238) | - | (26,356) | (524,594) |
| Deferred inflows - OPEB | 1,756,969 | - | - | 1,756,969 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ 6,720,024 | \$ (60,584) | \$ 857,647 | \$ 7,517,087 |

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

CITY OF SALISBURY, MARYLAND
STATEMENT OF NET POSITION - CUSTODIAL FUNDS
JUNE 30, 2024

| | <u>Health Care Trust</u> | <u>Custodial Funds</u> |
|---|------------------------------|----------------------------|
| ASSETS | | |
| Cash | \$ - | \$ 487,416 |
| Investment pool | - | 80,276 |
| Investments | 2,481,491 | - |
| Accounts receivable | - | <u>228,120</u> |
| TOTAL ASSETS | <u><u>\$ 2,481,491</u></u> | <u><u>\$ 795,812</u></u> |
| LIABILITIES | | |
| Accounts payable | \$ - | \$ 28,978 |
| Due to other governmental units | - | <u>228,919</u> |
| TOTAL LIABILITIES | <u>-</u> | <u>257,897</u> |
| NET POSITION | | |
| Reserved for trust | 2,481,491 | - |
| Reserved for police | - | 67,686 |
| Reserved for bay restoration | - | <u>470,229</u> |
| TOTAL LIABILITIES AND NET POSITION | <u><u>\$ 2,481,491</u></u> | <u><u>\$ 795,812</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, 2024

| | Health Care Trust | Custodial Funds |
|--|----------------------|--------------------|
| ADDITIONS | | |
| Investment earnings | \$ 85,744 | \$ 5,244 |
| Contributions - police | - | 104,653 |
| Contributions - bay restoration | - | 1,202,245 |
| Net appreciation (depreciation) in fair value of investments | 152,365 | - |
| TOTAL ADDITIONS | 238,109 | 1,312,142 |
| DEDUCTIONS | | |
| Deductions - police | - | 50,280 |
| Deductions - bay restoration | - | 1,201,985 |
| Operating expenses | 4,462 | - |
| TOTAL DEDUCTIONS | 4,462 | 1,252,265 |
| CHANGE IN NET POSITION | 233,647 | 59,877 |
| NET POSITION, BEGINNING OF YEAR | 2,247,844 | 735,935 |
| NET POSITION, END OF YEAR | \$ 2,481,491 | \$ 795,812 |

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 collectability is improbable. At June 30, 2024, 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, 2024 was \$766,880. 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, 2024, the carrying amount of the City's cash deposits was \$11,327,358, and the bank balance was \$12,674,569. Of the bank balance, \$659,792 was covered by federal depository insurance, and \$12,014,777 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, 2024, MLGIP was rated AA by a nationally recognized statistical rating organization. As of June 30, 2024, the City had \$49,282,327 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, 2024 was \$2,481,491.

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, 2024:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> |
|--------------------------|---------------------|---------------------|----------------|
| Money markets | \$ 26,206 | \$ 26,206 | \$ - |
| Mutual funds | 2,102,208 | 2,102,208 | - |
| Exchange traded products | 353,077 | 353,077 | - |
| TOTAL | \$ 2,481,491 | \$ 2,481,491 | \$ - |

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, 2024, appropriate due from/to other funds have been established. The composition of interfund balances as of June 30, 2024 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, 2024 are as follows:

| | Transfers In | Transfers Out |
|-----------------------------|-------------------|-------------------|
| General Fund | \$ - | \$ 121,241 |
| Capital Improvements Fund | 100,947 | - |
| Grant Fund | 188,562 | - |
| Nonmajor Governmental Funds | 85,012 | - |
| Nonmajor Proprietary Funds | - | 253,280 |
| TOTAL | \$ 374,521 | \$ 374,521 |

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

| | July 1, 2023 | Additions | Deletions | Transfers | June 30, 2024 |
|---|---------------|--------------|--------------|-------------|---------------|
| GOVERNMENTAL ACTIVITIES | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land and art | \$ 8,737,870 | \$ - | \$ (460,354) | \$ - | \$ 8,277,516 |
| Construction-in-progress | 7,763,063 | 1,315,600 | (103) | (2,684,520) | 6,394,040 |
| Total Capital Assets Not Being Depreciated | 16,500,933 | 1,315,600 | (460,457) | (2,684,520) | 14,671,556 |
| Capital assets being depreciated: | | | | | |
| Land improvements | 767,410 | - | - | - | 767,410 |
| Buildings and improvements | 28,359,319 | 253,076 | - | 636,667 | 29,249,062 |
| Improvements, non-buildings | 32,703,511 | 2,825,682 | - | 2,025,015 | 37,554,208 |
| Machinery and equipment | 29,723,445 | 2,435,368 | (962,560) | 22,838 | 31,219,091 |
| Zoo animals | 36,000 | - | - | - | 36,000 |
| Total Capital Assets Being Depreciated | 91,589,685 | 5,514,126 | (962,560) | 2,684,520 | 98,825,771 |
| Accumulated depreciation | (44,315,088) | (3,811,792) | 962,560 | - | (47,164,320) |
| Total Capital Assets Being Depreciated, Net | 47,274,597 | 1,702,334 | - | 2,684,520 | 51,661,451 |
| Governmental Activities Capital Assets, Net | \$ 63,775,530 | \$ 3,017,934 | \$ (460,457) | \$ - | \$ 66,333,007 |

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

Depreciation was charged to governmental functions as follows:

| | |
|----------------------------|---------------------|
| General government | \$ 297,384 |
| Public safety | 1,781,484 |
| Public works | 992,105 |
| Recreation and culture | <u>740,819</u> |
| Total Depreciation Expense | <u>\$ 3,811,792</u> |

| | <u>July 1, 2023</u> | <u>Additions</u> | <u>Deletions</u> | <u>Transfers</u> | <u>June 30, 2024</u> |
|---|----------------------|----------------------|------------------|------------------|----------------------|
| BUSINESS-TYPE ACTIVITIES | | | | | |
| <i>Water and Sewer Fund</i> | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 301,703 | \$ - | \$ - | \$ - | \$ 301,703 |
| Construction-in-progress | <u>7,149,357</u> | <u>1,770,194</u> | <u>-</u> | <u>-</u> | <u>8,919,551</u> |
| Total Capital Assets Not Being Depreciated | <u>7,451,060</u> | <u>1,770,194</u> | <u>-</u> | <u>-</u> | <u>9,221,254</u> |
| Capital assets being depreciated: | | | | | |
| Land improvements | 430,636 | - | - | - | 430,636 |
| Buildings and improvements | 45,047,758 | - | - | - | 45,047,758 |
| Improvements, non-buildings | 118,878,923 | - | - | - | 118,878,923 |
| Machinery and equipment | <u>13,127,372</u> | <u>122,864</u> | <u>(19,793)</u> | <u>-</u> | <u>13,230,443</u> |
| Total Capital Assets Being Depreciated | 177,484,689 | 122,864 | (19,793) | - | 177,587,760 |
| Accumulated depreciation | <u>(57,332,157)</u> | <u>(5,093,748)</u> | <u>18,803</u> | <u>-</u> | <u>(62,407,102)</u> |
| Total Capital Assets Being Depreciated, Net | <u>120,152,532</u> | <u>(4,970,884)</u> | <u>(990)</u> | <u>-</u> | <u>115,180,658</u> |
| Water and Sewer Fund Capital Assets, Net | <u>\$127,603,592</u> | <u>\$(3,200,690)</u> | <u>\$ (990)</u> | <u>\$ -</u> | <u>\$124,401,912</u> |
| <i>Parking Authority Fund</i> | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 462,790 | \$ - | \$ - | \$ - | \$ 462,790 |
| Construction-in-progress | <u>524,525</u> | <u>30,423</u> | <u>-</u> | <u>-</u> | <u>554,948</u> |
| Total Capital Assets Not Being Depreciated | <u>987,315</u> | <u>30,423</u> | <u>-</u> | <u>-</u> | <u>1,017,738</u> |

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

| | <u>July 1, 2023</u> | <u>Additions</u> | <u>Deletions</u> | <u>Transfers</u> | <u>June 30, 2024</u> |
|---|---------------------|--------------------|------------------|------------------|----------------------|
| (cont'd) | | | | | |
| Capital assets being depreciated: | | | | | |
| Land improvements | 156,704 | - | - | - | 156,704 |
| Buildings and improvements | 3,986,550 | - | - | - | 3,986,550 |
| Machinery and equipment | 284,326 | - | - | - | 284,326 |
| Total Capital Assets Being Depreciated | 4,427,580 | - | - | - | 4,427,580 |
| Accumulated depreciation | (3,239,139) | (100,785) | - | - | (3,339,924) |
| Total Capital Assets Being Depreciated, Net | 1,188,440 | (100,785) | - | - | 1,087,656 |
| Parking Authority Fund | | | | | |
| Capital Assets, Net | <u>\$ 2,175,756</u> | <u>\$ (70,362)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,105,394</u> |
| <i>City Marina Fund</i> | | | | | |
| 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 | (1,588,542) | (20,717) | - | - | (1,609,259) |
| Total Capital Assets Being Depreciated, Net | 190,010 | (20,717) | - | - | 169,293 |
| City Marina Fund | | | | | |
| Capital Assets, Net | <u>\$ 190,010</u> | <u>\$ (20,717)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 169,293</u> |
| <i>Stormwater Utility Fund</i> | | | | | |
| Capital assets being depreciated: | | | | | |
| Machinery and equipment | \$ 1,164,836 | \$ 146,720 | \$ - | \$ - | \$ 1,311,556 |
| Total Capital Assets Being Depreciated | 1,164,836 | 146,720 | - | - | 1,311,556 |
| Accumulated depreciation | (712,665) | (127,483) | - | - | (840,148) |
| Total Capital Assets Being Depreciated, Net | 452,171 | 19,237 | - | - | 471,408 |
| Stormwater Utility Fund | | | | | |
| Capital Assets, Net | <u>\$ 452,171</u> | <u>\$ 19,237</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 471,408</u> |

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

| | <u>July 1, 2023</u> | <u>Additions</u> | <u>Deletions</u> | <u>Transfers</u> | <u>June 30, 2024</u> |
|---|---------------------|--------------------|------------------|------------------|----------------------|
| (cont'd) | | | | | |
| <i>Mitchell Landing Fund</i> | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 114,010 | \$ - | \$ - | \$ - | \$ 114,010 |
| Total Capital Assets Not Being Depreciated | <u>114,010</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>114,010</u> |
| Capital assets being depreciated: | | | | | |
| Land improvements | 7,862 | - | - | - | 7,862 |
| Buildings and improvements | 1,357,051 | - | - | - | 1,357,051 |
| Machinery and equipment | 89,405 | - | - | - | 89,405 |
| Total Capital Assets Being Depreciated | 1,454,318 | - | - | - | 1,454,318 |
| Accumulated depreciation | <u>(1,089,609)</u> | <u>(34,445)</u> | <u>-</u> | <u>-</u> | <u>(1,124,054)</u> |
| Total Capital Assets Being Depreciated, Net | <u>364,709</u> | <u>(34,445)</u> | <u>-</u> | <u>-</u> | <u>330,264</u> |
| Mitchell Landing Fund Capital Assets, Net | <u>\$ 478,719</u> | <u>\$ (34,445)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 444,274</u> |

The majority of the construction-in-progress relates to the Bicycle Master Plan, City Park Master Plan, Service Center, Alpine Rail Trail, and Town Square for the governmental activities. Business-type projects included Paleo Well, Naylor Mill Raw Water Line, and Structural Study. Refer to Note 11 for more information regarding the total project and completed amounts relating to these projects.

NOTE 6 LONG-TERM DEBT

The City's Charter provides that total bonded or other indebtedness of the City payable from its general tax revenues shall at no time exceed the total of 2% of the assessed valuation of all real property and 5% of the assessed valuation of all personal and corporate property subject to taxation by the City. The legal debt limit permitted at June 30, 2024 totaled \$64,498,547. After considering general obligations, including mortgages and notes outstanding of \$28,835,817, the available additional debt margin was \$35,662,730.

Long-term liability activity for the year ended June 30, 2024, was as follows:

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (cont'd)

| | July 1, 2023 | Additions | Retirements | June 30, 2024 | Due Within One Year |
|--|----------------------|----------------------|------------------------|----------------------|------------------------|
| GOVERNMENTAL ACTIVITIES | | | | | |
| General Obligation Bonds | \$ 26,138,902 | \$ 6,136,147 | \$ (3,439,232) | \$ 28,835,818 | \$ 2,992,258 |
| Bond premium | 2,411,327 | 783,829 | (233,844) | 2,961,312 | 286,099 |
| Lease obligations | 1,919,420 | 265,000 | (637,705) | 1,546,715 | 626,913 |
| | <u>30,469,649</u> | <u>7,184,976</u> | <u>(4,310,781)</u> | <u>33,343,845</u> | <u>3,905,270</u> |
| Compensated absences | 2,359,259 | 406,900 | - | 2,766,159 | 276,616 |
| Net OPEB liability | 13,649,648 | - | (7,632,984) | 6,016,664 | - |
| Net pension liability | 33,693,620 | 7,671,500 | - | 41,365,120 | - |
| Governmental Activities Long-term Liabilities | <u>\$ 80,172,176</u> | <u>\$ 15,263,376</u> | <u>\$ (11,943,765)</u> | <u>\$ 83,491,788</u> | <u>\$ 4,181,886</u> |
| BUSINESS-TYPE ACTIVITIES | | | | | |
| General Obligation Bonds | \$ 55,399,649 | \$ 5,453,853 | \$ (4,198,346) | \$ 56,655,156 | \$ 3,931,730 |
| Bond premium | 1,041,230 | 697,890 | (136,790) | 1,602,330 | 217,530 |
| 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 | 397,402 | - | (165,923) | 231,479 | 143,922 |
| | <u>58,220,088</u> | <u>6,151,743</u> | <u>(4,501,059)</u> | <u>59,870,772</u> | <u>4,293,182</u> |
| Compensated absences | 451,648 | - | (22,071) | 429,577 | 42,958 |
| Net OPEB liability | 3,412,412 | - | (1,908,246) | 1,504,166 | - |
| Net pension liability | 4,367,663 | 663,539 | - | 5,031,202 | - |
| Business-type Activities Long-term Liabilities | <u>\$ 66,451,811</u> | <u>\$ 6,815,282</u> | <u>\$ (6,431,376)</u> | <u>\$ 66,835,717</u> | <u>\$ 4,336,140</u> |

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

| Balance Outstanding | |
|----------------------------|-----------------------------|
| Governmental Activities | Business-type Activities |

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

CITY OF SALISBURY, MARYLAND
NOTES TO FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (cont'd)

| | Balance Outstanding | |
|---|----------------------------|-----------------------------|
| | Governmental Activities | Business-type Activities |
| <p>(cont'd)</p> <p>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> | \$ - | \$ 8,384,196 |
| <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, 2024 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> | - | 169,976 |
| <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> | - | 965,352 |
| <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> | 17,517 | - |

CITY OF SALISBURY, MARYLAND
NOTES TO FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (cont'd)

| | Balance Outstanding | |
|--|----------------------------|-----------------------------|
| | Governmental Activities | Business-type Activities |
| <p>(cont'd)</p> <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> | - | 34,809,303 |
| <p>In the year ended June 30, 2016, the City issued \$4,726,200 of Public Improvements Bonds at an interest rate of 2.18%. Interest is payable semi-annually beginning 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> | 810,922 | 217,564 |
| <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> | 3,133,563 | 3,511,437 |
| <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> | 3,197,469 | 196,721 |

CITY OF SALISBURY, MARYLAND
NOTES TO FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (cont'd)

| | Balance Outstanding | |
|--|----------------------------|-----------------------------|
| | Governmental Activities | Business-type Activities |
| <p>(cont'd)</p> <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> | 8,220,200 | 714,800 |
| <p>In the year ended June 30, 2022, the City issued \$8,965,000 of tax-exempt Public Improvement Bonds at the interest rate of 1.5% to 4.0%. Interest is payable semi-annually beginning 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> | 7,320,000 | - |
| <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> | - | 2,125,000 |
| <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> | - | 76,954 |

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> |
| (cont'd) | | |
| In the year ended June 30, 2022, the City entered into a loan agreement with the Maryland Water Quality Financing Administration in the amount of \$30,000. The loan is due on demand with interest accruing at the default rate of 1.67% from the date of demand. The Administration shall forgive payment of the principal amount if the City performs all of its obligations under the loan agreement. If the Administration has not demanded repayment of the principal prior to August 28, 2030, then the loan shall be forgiven. The obligation is accounted for in the water and sewer enterprise fund. | - | 30,000 |
| In the year ended June 30, 2024, the City issued \$11,590,000 of Public Improvement Bonds at an interest rate of 3.0% to 3.3%. Interest is payable semi-annually beginning on September 1, 2024. The bonds mature in varying amounts beginning on September 1, 2025 and continuing through September 1, 2039. The bonds are accounted for in the general fund and in the water and sewer enterprise fund. | <u>6,136,147</u> | <u>5,453,853</u> |
| | <u>\$28,835,818</u> | <u>\$56,655,156</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> |
| 2025 | \$ 2,992,258 | \$ 888,985 | \$ 3,881,243 |
| 2026 | 3,329,414 | 866,758 | 4,196,172 |
| 2027 | 3,034,393 | 740,133 | 3,774,526 |
| 2028 | 2,351,081 | 637,950 | 2,989,031 |
| 2029 | 2,364,943 | 535,866 | 2,900,809 |
| 2030 - 2034 | 9,560,962 | 1,608,282 | 11,169,244 |
| 2035 - 2039 | 4,633,624 | 508,952 | 5,142,576 |
| 2040 - 2042 | 569,143 | 14,229 | 583,372 |
| | <u>\$ 28,835,818</u> | <u>\$ 5,801,155</u> | <u>\$ 34,636,973</u> |

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (cont'd)

| <u>Year Ending June 30,</u> | <u>Business-type Activities</u> | | |
|-----------------------------|---------------------------------|----------------------------|-------------------------|
| | <u>Principal Maturities</u> | <u>Interest Maturities</u> | <u>Total Maturities</u> |
| 2025 | \$ 3,931,730 | \$ 519,687 | \$ 4,451,417 |
| 2026 | 6,698,256 | 540,504 | 7,238,760 |
| 2027 | 6,612,726 | 467,897 | 7,080,623 |
| 2028 | 5,915,202 | 416,898 | 6,332,100 |
| 2029 | 3,976,581 | 274,660 | 4,251,241 |
| 2030 - 2034 | 16,622,297 | 980,778 | 17,603,075 |
| 2035 - 2039 | 12,227,411 | 440,303 | 12,667,714 |
| 2040 - 2043 | 670,953 | 23,538 | 694,492 |
| | <u>\$ 56,655,156</u> | <u>\$ 3,664,265</u> | <u>\$ 60,319,421</u> |

Conduit Debt

In the year ended June 30, 2007, the City issued Special Obligation Bonds (Villages at Aydelotte Farm Project), Series of 2007, in the amount of \$9,775,000, payable solely from and secured by a pledge of certain tax increment revenues and special tax revenues. These bonds are secured in the first instance by the proceeds of tax collections attributable to the increase in the assessed value of real property located in a prescribed development district over the original taxable value of such real property, as determined in accordance with the Maryland Tax Increment Financing Act. To the extent such tax increment revenues are insufficient, proceeds of special taxes levied on and collected from the taxable parcels within a prescribed special taxing district will be used to pay debt service. The full faith and credit and unlimited taxing power of the City have not been pledged to pay these bonds. These bonds are payable over 30 years, with semi-annual interest payments on each July 1 and January 1, starting 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

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (cont'd)

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.

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 \$3,867,851 with accumulated depreciation of \$1,736,792; for the water and sewer fund, the original cost is \$235,771 with accumulated depreciation of \$208,297; for the parking fund, the original cost is \$39,147 with accumulated depreciation of \$25,166; and for the storm water fund, the original cost is \$607,621 with accumulated depreciation of \$304,863 at June 30, 2024.

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

| Year Ending June 30, | Principal | | | | |
|----------------------|---------------------|------------------|--------------------|------------------|-------------------|
| | General | Water and Sewer | Stormwater Utility | Parking | Interest |
| 2025 | \$ 581,217 | \$ 14,140 | \$ 113,051 | \$ 16,731 | \$ 50,561 |
| 2026 | 478,840 | - | 70,477 | 17,051 | 31,799 |
| 2027 | 398,646 | - | - | - | 16,516 |
| 2028 | 88,012 | - | - | - | 4,096 |
| Total | <u>\$ 1,546,715</u> | <u>\$ 14,170</u> | <u>\$ 183,528</u> | <u>\$ 33,781</u> | <u>\$ 102,972</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

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 7 PENSION PLAN (cont'd)

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

Benefits Provided

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

Member Contributions

During fiscal year 2024, 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, 2024, 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, 2024 was \$5,159,876.

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

At June 30, 2024, the City reported a liability of \$46,396,322 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022 to June 30, 2023. 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, 2023, the City's proportion for the Employee plan was 0.05139%, a increase of 0.00005% from the prior year, and the LEOPS plan was 0.15010%, a increase of 0.01120% from the prior year.

For the year ended June 30, 2024, the City recognized pension expense of \$4,826,821. At June 30, 2024 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 7 PENSION PLAN (cont'd)

| | Employees Plan | | LEOPS Plan | | Total | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Deferred Outflows | Deferred Inflows | Deferred Outflows | Deferred Inflows | Deferred Outflows | Deferred Inflows |
| Changes in assumptions | \$ - | \$ - | \$ 1,828,578 | \$ 97,063 | \$ 1,828,578 | \$ 97,063 |
| Changes in proportion | 6,529 | - | - | - | 6,529 | - |
| Differences between actual required contributions | - | - | 1,292 | - | 1,292 | - |
| Contributions subsequent to the measurement date | 1,401,318 | - | 3,758,558 | - | 5,159,876 | - |
| Differences between actual and expected experience | 416,114 | 3,108,921 | 941,586 | 5,064,598 | 1,357,700 | 8,173,519 |
| Differences between actual and expected returns | 4,311,877 | - | 8,003,984 | - | 12,315,859 | - |
| Total | <u>\$ 6,135,838</u> | <u>\$ 3,108,921</u> | <u>\$14,533,998</u> | <u>\$ 5,161,661</u> | <u>\$20,669,836</u> | <u>\$ 8,270,582</u> |

An amount of \$5,159,876 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, 2025. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to pensions, and will be recognized in pension expense as follows:

Year Ended June 30,

| | |
|------|---------------------|
| 2025 | \$ 2,119,925 |
| 2026 | 1,831,438 |
| 2027 | 1,559,099 |
| 2028 | 1,505,082 |
| 2029 | 223,834 |
| | <u>\$ 7,239,378</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, 2023 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.

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 7 PENSION PLAN (cont'd)

Discount Rate

The discount used to measure the total pension liability was 6.80%. The discount rate was based on the expected rate of return on the pension plan investments of 6.80%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on these assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

| | 1% Decrease 5.80% | Current Discount Rate 6.80% | 1% Increase 7.80% |
|-----------------------------|-------------------------|-----------------------------------|-------------------------|
| City's proportionate share: | | | |
| Employee plan | \$ 17,548,773 | \$ 11,834,902 | \$ 7,093,390 |
| LEOPS plan | 51,247,599 | 34,561,420 | 20,714,792 |
| | <u>\$ 68,796,372</u> | <u>\$ 46,396,322</u> | <u>\$ 27,808,182</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.

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

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

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

Wicomico County." A Board of Trustees ("the Board") oversees the trust. In June 2009, the City joined the trust, and the trust was renamed, "Amended Retiree Health Plan Trust for the Wicomico County Board of Education and Wicomico County and the City of Salisbury" ("the Trust").

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

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

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 June 1, 2024, a total of 506 employees were covered by the benefit terms as follows:

| | |
|--|-----|
| Active employees | 373 |
| Retirees in pay status (pre-Medicare) | 43 |
| Retirees in pay status (post-Medicare) | 90 |

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.

CITY OF SALISBURY, MARYLAND
NOTES TO FINANCIAL STATEMENTS

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

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 | June 1, 2024 |
| Measurement date | June 30, 2024 |
| Measurement period | July 1, 2023 - June 30, 2024 |

Actuarial Assumptions

The net OPEB liability in the June 30, 2024 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 | 2.6% |
| Rate of growth in real income/GDP per year | 1.4% |
| Extra trend due to technology and other factors | 0.9% |
| Expected health share of GDP in 2029 | 19.0% |
| Health share of GDP resistance point | 17.0% |
| Year for limiting cost growth to GDP growth | 2075 |

Mortality rates were based on the RP-2019 Total Dataset Mortality with Scale MP-2019 and RP-2019 Disabled Retiree Mortality with Scale MP-2019.

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 3.97% was used to measure the total OPEB liability as of June 30, 2024.

Sensitivity Analysis

The following presents the net OPEB liability, calculated using the valuation discount rate of 3.97%, 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.

CITY OF SALISBURY, MARYLAND
NOTES TO FINANCIAL STATEMENTS

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

| | 1% Decrease <u>2.97%</u> | Current Discount Rate <u>3.97%</u> | 1% Increase <u>4.97%</u> |
|------------------------|--------------------------------|--|--------------------------------|
| Total OPEB liability | \$ 11,490,189 | \$ 10,002,321 | \$ 8,793,531 |
| Fiduciary net position | <u>2,481,491</u> | <u>2,481,491</u> | <u>2,481,491</u> |
| Net OPEB liability | <u>\$ 9,008,698</u> | <u>\$ 7,520,830</u> | <u>\$ 6,312,040</u> |

The following presents the net OPEB liability, calculated using the valuation healthcare cost trend rate of 3.92%, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one percentage point lower each year or one percentage point higher each year than the current rate.

| | 1% Decrease <u> </u> | Current Trend Rate <u> </u> | 1% Increase <u> </u> |
|------------------------|-------------------------------------|--|-------------------------------------|
| Total OPEB liability | \$ 8,638,757 | \$ 10,002,321 | \$ 11,724,104 |
| Fiduciary net position | <u>2,481,491</u> | <u>2,481,491</u> | <u>2,481,491</u> |
| Net OPEB liability | <u>\$ 6,157,266</u> | <u>\$ 7,520,830</u> | <u>\$ 9,242,613</u> |

Changes in Total OPEB Liability

| | |
|---|----------------------|
| Total OPEB liability as of June 30, 2023 | \$ 19,309,904 |
| Service cost | 859,342 |
| Interest cost | 729,288 |
| Change in benefit terms | 1,043,373 |
| Difference between expected and actual experience | (11,915,165) |
| Changes of assumptions | 318,869 |
| Benefit payments | <u>(343,290)</u> |
| Total OPEB liability as of June 30, 2024 | <u>\$ 10,002,321</u> |

The amount of OPEB expense recognized by the City was \$113,513 for the year ended June 30, 2024.

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

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

At June 30, 2024, the City reported deferred outflows of resources relating to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 521,098 | \$15,849,651 |
| Changes of assumptions | 2,221,256 | 3,766,143 |
| Difference between actual and expected expected earnings | - | 3,653 |
| Total | <u>\$ 2,742,354</u> | <u>\$19,619,447</u> |

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

Year Ending June 30,

| | |
|------------|------------------------|
| 2025 | \$ (2,391,352) |
| 2026 | (2,306,848) |
| 2027 | (2,390,311) |
| 2028 | (2,806,081) |
| 2029 | (3,028,738) |
| Thereafter | <u>(3,953,763)</u> |
| | <u>\$ (16,877,093)</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.

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 10 SERVICE AWARD TRUST

The City has a Volunteer Firemen Service Award Trust, which was established to accumulate funds for the City Volunteer Firemen's Retirement. Members will receive a one-time stipend every time five years of benefit services have been completed. Stipends range from \$2,500 to \$5,000 based on service years completed. The transactions of the Service Award Trust have been reported as an expendable trust fund in the fiduciary fund types.

NOTE 11 COMMITMENTS AND CONTINGENT LIABILITIES

As of June 30, 2024, the City had infrastructure projects yet to be completed. The commitments and amounts completed are as follows:

| | Project Amount | Completed as of 06/30/2024 | Commitments |
|---------------------------------|---------------------|----------------------------------|---------------------|
| <i>Governmental Activities:</i> | | | |
| Bicycle master plan | \$ 2,932,034 | \$ 2,413,818 | \$ 518,216 |
| Town square | 1,100,000 | 715,404 | 384,596 |
| Service center | 1,278,561 | 622,462 | 656,099 |
| City Park | 648,495 | 323,617 | 324,878 |
| Water chiller and heating | 300,000 | 281,136 | 18,864 |
| GOB 1 and 2 | 248,039 | 246,181 | 1,858 |
| Bridge maintenance | 262,000 | 220,632 | 41,368 |
| Building lighting | 711,426 | 190,253 | 521,173 |
| Building management | 183,237 | 153,640 | 29,597 |
| Stream restoration | 100,000 | 99,740 | 260 |
| Johnson Lake dam improvements | 123,355 | 99,519 | 23,836 |
| Totals | <u>\$ 7,887,147</u> | <u>\$ 5,366,402</u> | <u>\$ 2,520,745</u> |

In addition, the City has incurred costs totaling \$1,027,638 for governmental activities project costs that were not under a formal contract as of June 30, 2024.

| | Project Amount | Completed as of 06/30/2024 | Commitments |
|----------------------------------|-------------------|----------------------------------|--------------|
| <i>Business-type Activities:</i> | | | |
| Paleo well | \$ 5,187,885 | \$ 3,546,231 | \$ 1,641,654 |
| Raw water line Naylor Mill | 3,344,506 | 2,357,812 | 986,694 |
| Park well field | 1,729,000 | 435,797 | 1,293,203 |
| East Main Street sewer | 1,586,615 | 348,990 | 1,237,625 |
| Pump station building | 396,507 | 333,129 | 63,378 |

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 11 COMMITMENTS AND CONTINGENT LIABILITIES (cont'd)

| | Project Amount | Completed as of 06/30/2024 | Commitments |
|---------------------------------------|----------------------|----------------------------------|---------------------|
| (cont'd) | | | |
| WWTP main building | 380,000 | 309,789 | 70,211 |
| Pump Station Improvement Sewer | 425,000 | 226,319 | 198,681 |
| WWTP filter cloth project | 700,000 | 155,630 | 544,370 |
| Sewer trunk line | 194,700 | 146,300 | 48,400 |
| Restore park well field | 185,000 | 141,320 | 43,680 |
| Filter replacement project | 768,737 | 130,133 | 638,604 |
| Park aerator building | 132,368 | 92,061 | 40,307 |
| Park water treat elect gear replace | 861,700 | 83,682 | 778,018 |
| Sewer infiltration inflow remediation | 627,084 | 70,380 | 556,704 |
| Totals | <u>\$ 16,519,102</u> | <u>\$ 8,377,573</u> | <u>\$ 8,141,529</u> |

In addition, the City has incurred costs totaling \$541,978 for business-type activities project costs that were not under a formal contract as of June 30, 2024.

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, 2024 fund balances are composed of the following:

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 13 FUND BALANCES (cont'd)

| | General Fund | Capital Improvements Fund | Grant Fund | Nonmajor Funds | Total Governmental Funds |
|---|----------------------|---------------------------------|-------------------|---------------------|--------------------------------|
| Nonspendable: | | | | | |
| Inventory | \$ 793,871 | \$ - | \$ - | \$ - | \$ 793,871 |
| Restricted: | | | | | |
| Capital improvements | - | 14,474,054 | - | - | 14,474,054 |
| Grant fund | - | - | 276,140 | - | 276,140 |
| Committed: | | | | | |
| Health care | 3,000,468 | - | - | - | 3,000,468 |
| General impact | 10,328 | - | - | - | 10,328 |
| Curb, gutter, and sidewalk | - | - | - | 203,275 | 203,275 |
| Trash container sales and demolition | - | - | - | 624,062 | 624,062 |
| National Folk Festival | - | - | - | 154,832 | 154,832 |
| Zoo Commission | 543,705 | - | - | - | 543,705 |
| Assigned: | | | | | |
| Encumbrances | 1,110,587 | - | - | - | 1,110,587 |
| Community development | - | - | - | 58,401 | 58,401 |
| Unassigned | 16,272,885 | - | - | - | 16,272,885 |
| Total Fund Balances | \$ 21,731,844 | \$ 14,474,054 | \$ 276,140 | \$ 1,040,570 | \$ 37,522,608 |

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.

CITY OF SALISBURY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

NOTE 14 TAX ABATEMENT (cont'd)

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, 2024, the City abated property taxes totaling \$112,621 under this program.

NOTE 15 SUBSEQUENT EVENTS

The City has evaluated all subsequent events through December 16, 2024, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION

**CITY OF SALISBURY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|----------------------|----------------------|----------------------|---|
| | Original | Final | | |
| RESOURCES (INFLOWS): | | | | |
| Tax revenue | \$ 34,310,704 | \$ 34,310,704 | \$ 35,074,491 | \$ 763,787 |
| Other revenue | 3,916,224 | 4,056,671 | 4,972,620 | 915,949 |
| Charges for services | 5,596,982 | 5,621,788 | 6,390,664 | 768,876 |
| Intergovernmental revenues | 6,242,886 | 6,242,886 | 5,149,443 | (1,093,443) |
| AMOUNTS AVAILABLE FOR APPROPRIATIONS | <u>50,066,796</u> | <u>50,232,049</u> | <u>51,587,218</u> | <u>1,355,169</u> |
| CHARGES TO APPROPRIATIONS (OUTFLOWS): | | | | |
| General government: | | | | |
| City council | 90,272 | 87,455 | 82,522 | 4,933 |
| City clerk | 187,074 | 189,939 | 188,463 | 1,476 |
| Mayor's office | 724,138 | 725,521 | 713,086 | 12,435 |
| Development services | 778,492 | 916,310 | 809,835 | 106,475 |
| City attorney | 355,000 | 530,000 | 466,661 | 63,339 |
| Elections | 97,550 | 97,550 | 91,786 | 5,764 |
| Finance | 949,349 | 958,245 | 885,041 | 73,204 |
| Purchasing | 355,410 | 355,785 | 347,579 | 8,206 |
| Human resources | 598,258 | 621,170 | 579,131 | 42,039 |
| Information services | 791,273 | 793,281 | 770,502 | 22,779 |
| Planning and zoning | 104,499 | 116,527 | 111,486 | 5,041 |
| Municipal buildings | 343,650 | 541,596 | 266,941 | 274,655 |
| Poplar Hill | 56,455 | 56,455 | 49,786 | 6,669 |
| Public safety: | | | | |
| Police and traffic control | 18,237,324 | 18,868,235 | 17,796,911 | 1,071,324 |
| Fire | 11,685,946 | 12,341,609 | 12,048,210 | 293,399 |
| Buildings, permits, and inspections | 374,129 | 414,100 | 393,388 | 20,712 |
| Neighborhood services and code compliance | 1,485,178 | 1,486,675 | 1,298,828 | 187,847 |
| Public works: | | | | |
| Supervision and engineering | 452,668 | 434,413 | 409,413 | 25,000 |
| Roadways | 942,806 | 1,004,765 | 1,041,501 | (36,736) |
| Engineering | 1,644,587 | 1,668,492 | 1,468,242 | 200,250 |
| Waste collection and disposal | 1,500,157 | 2,688,401 | 2,623,867 | 64,534 |
| Recycling | 166,689 | 173,589 | 164,328 | 9,261 |
| Fleet maintenance | 535,174 | 528,117 | 496,689 | 31,428 |
| Carpenter shop | 167,306 | 167,306 | 159,032 | 8,274 |
| Recreation and culture: | | | | |
| Municipal zoo | 2,033,280 | 2,075,151 | 1,963,554 | 111,597 |
| Park maintenance | 851,063 | 1,074,879 | 1,005,620 | 69,259 |
| Parks and recreation | 118,453 | 126,440 | 126,440 | - |
| Nondepartmental | 1,501,300 | 1,525,304 | 1,117,594 | 407,710 |
| Debt payments | 5,024,030 | 5,024,030 | 4,501,134 | 522,896 |
| TOTAL CHARGES TO APPROPRIATIONS | <u>52,151,510</u> | <u>55,591,340</u> | <u>51,977,570</u> | <u>3,613,770</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER EXPENDITURES) | <u>(2,084,714)</u> | <u>(5,359,291)</u> | <u>(390,352)</u> | <u>4,968,939</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers out | (400,097) | (341,751) | (121,241) | 220,510 |
| Proceeds from sale of capital assets | - | 270,328 | 527,589 | 257,261 |
| Proceeds from bond and lease issuance | 265,000 | 265,000 | 717,298 | 452,298 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(135,097)</u> | <u>193,577</u> | <u>1,123,646</u> | <u>930,069</u> |
| NET CHANGE IN FUND BALANCE | (2,219,811) | (5,165,714) | 733,294 | 5,899,008 |
| FUND BALANCE, BEGINNING OF YEAR | <u>20,998,550</u> | <u>20,998,550</u> | <u>20,998,550</u> | <u>-</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 18,778,739</u> | <u>\$ 15,832,836</u> | <u>\$ 21,731,844</u> | <u>\$ 5,899,008</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, 2023 | 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 | 0.05139% | 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 | \$ 11,834,902 | \$ 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 | \$ 11,466,788 | \$ 11,003,260 | \$ 10,830,485 | \$ 10,274,521 | \$ 9,928,830 | \$ 9,612,053 | \$ 9,038,825 | \$ 9,025,976 | \$ 8,921,251 | \$ 8,210,528 |
| City's proportionate share of the net pension liability as a percentage of its covered employee payroll | 103.21% | 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 | 73.81% | 76.27% | 81.84% | 70.72% | 72.34% | 71.18% | 69.38% | 65.79% | 68.78% | 71.87% |

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

| | <u>JUNE 30, 2024</u> | <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 | \$ 1,253,320 | \$ 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>1,253,320</u> | <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> | <u>\$ -</u> |
| City's covered employee payroll | \$ 12,379,134 | \$ 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 | 10.12% | 10.22% | 10.61% | 9.65% | 9.49% | 8.78% | 8.72% | 8.42% | 8.87% | 9.20% |

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

| | MEASUREMENT DATE | | | | | | | | | |
|---|------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | JUNE 30, 2023 | 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 | 0.15010% | 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 | \$ 34,561,420 | \$ 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 | \$ 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 | \$ 7,710,443 |
| City's proportionate share of the net pension liability as a percentage of its covered employee payroll | 320.83% | 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 | 73.81% | 76.27% | 81.84% | 70.72% | 72.34% | 71.18% | 69.38% | 65.79% | 68.78% | 71.87% |

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

| | <u>JUNE 30, 2024</u> | <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 | \$ 3,660,065 | \$ 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>3,660,065</u> | <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> | <u>\$ -</u> |
| City's covered employee payroll | \$ 10,832,162 | \$ 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 | 33.79% | 29.42% | 31.40% | 28.96% | 28.33% | 27.17% | 30.71% | 29.16% | 28.63% | 26.16% |

**CITY OF SALISBURY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS**

| | MEASUREMENT DATE | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | June 30, 2024 | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 |
| TOTAL OPEB LIABILITY | | | | | | | |
| Service cost | \$ 859,342 | \$ 853,173 | \$ 1,634,584 | \$ 1,399,469 | \$ 855,590 | \$ 721,012 | \$ 700,469 |
| Interest on total OPEB liability | 729,288 | 683,320 | 575,597 | 648,775 | 742,609 | 750,575 | 713,494 |
| Change in benefit terms | 1,043,373 | - | - | - | - | - | - |
| Effect of change in assumptions | (11,915,165) | (348,792) | (5,554,286) | 2,239,684 | 404,933 | 1,998,381 | (149,048) |
| Differences between expected and actual experience | 318,869 | (357,861) | (7,661,139) | (336,372) | 1,278,128 | (100,801) | 188,093 |
| Benefit payments | (343,290) | (434,073) | (461,089) | (439,785) | (386,249) | (359,991) | (648,885) |
| NET CHANGE IN TOTAL OPEB LIABILITY | (9,307,583) | 395,767 | (11,466,333) | 3,511,771 | 2,895,011 | 3,009,176 | 804,123 |
| TOTAL OPEB LIABILITY, BEGINNING OF YEAR | 19,309,904 | 18,914,137 | 30,380,470 | 26,868,699 | 23,973,688 | 20,964,512 | 20,160,389 |
| TOTAL OPEB LIABILITY, END OF YEAR | <u>\$ 10,002,321</u> | <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> |
| PLAN FIDUCIARY NET POSITION | | | | | | | |
| Contributions - employer | \$ 343,290 | \$ 434,073 | \$ 461,089 | \$ 439,785 | \$ 386,249 | \$ 359,991 | \$ 648,885 |
| Net investment income | 233,647 | 172,532 | (233,956) | 545,938 | (25,811) | 84,829 | 152,787 |
| Benefit payments | (343,290) | (434,073) | (461,089) | (439,785) | (386,249) | (359,991) | (648,885) |
| Administrative expenses | - | - | - | - | - | - | (53,272) |
| NET CHANGE IN PLAN FIDUCIARY NET POSITION | 233,647 | 172,532 | (233,956) | 545,938 | (25,811) | 84,829 | 99,515 |
| PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR | 2,247,844 | 2,075,312 | 2,309,268 | 1,763,330 | 1,789,141 | 1,704,312 | 1,604,797 |
| PLAN FIDUCIARY NET POSITION, END OF YEAR | <u>\$ 2,481,491</u> | <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>\$ 7,520,830</u> | <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 | 24.81% | 11.64% | 10.97% | 7.60% | 6.56% | 7.46% | 8.13% |
| Expected average remaining service years of all participants | 9 | 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, 3.86% for 2023, and 3.97% for 2024.
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.

General Fund

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION - GENERAL FUND
SCHEDULE OF REVENUE - BUDGETED AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

| | Final Budget | Actual | Variance Positive (Negative) |
|--|-------------------|-------------------|------------------------------------|
| Taxes: | | | |
| Real property | \$ 23,788,078 | \$ 23,297,607 | \$ (490,471) |
| Personal property | 42,000 | 25,754 | (16,246) |
| Ordinary business corporations and utilities | 7,000,000 | 7,732,206 | 732,206 |
| Payments in lieu of tax | 500,626 | 501,161 | 535 |
| Admissions and amusement | 120,000 | 191,406 | 71,406 |
| Local income tax | 2,700,000 | 3,099,693 | 399,693 |
| Total Taxes | <u>34,150,704</u> | <u>34,847,827</u> | <u>697,123</u> |
| Interest and penalties on delinquent taxes | 160,000 | 226,664 | 66,664 |
| Total Taxes, Interest, and Penalties | <u>34,310,704</u> | <u>35,074,491</u> | <u>763,787</u> |
| Other revenue: | | | |
| Amusement licenses | 3,000 | 2,055 | (945) |
| Billboard licenses | 21,000 | 23,006 | 2,006 |
| Building and inspection permits | 430,000 | 429,793 | (207) |
| Business licenses | 148,300 | 173,068 | 24,768 |
| Franchise fees | 385,000 | 317,506 | (67,494) |
| Landlord licenses | 871,000 | 915,485 | 44,485 |
| Plumbing licenses and permits | 45,000 | 43,295 | (1,705) |
| Street-breaking permits | - | 850 | 850 |
| Towing companies | 5,000 | 4,320 | (680) |
| MDOT | 51,570 | 93,140 | 41,570 |
| Other miscellaneous permits | 31,520 | 79,777 | 48,257 |
| Fire permits | 255,500 | 291,958 | 36,458 |
| Municipal infraction violations | 150,500 | 56,178 | (94,322) |
| Other miscellaneous receipts | 16,000 | - | (16,000) |
| Interest on investment of idle funds | 15,000 | 504,011 | 489,011 |
| Insurance proceeds | - | 12,328 | 12,328 |
| Donations | 16,716 | 17,216 | 500 |
| Damages to City property | - | 850 | 850 |
| Zoo reimbursements | 345,773 | 364,547 | 18,774 |
| Zoo Commission | 333,493 | 292,010 | (41,483) |
| Bad debt collections | 1,000 | 158 | (842) |
| School zone camera fines | 639,000 | 629,850 | (9,150) |
| Healthcare rebate | - | 504,842 | 504,842 |
| Other miscellaneous receipts | 292,299 | 216,377 | (75,922) |
| Total Other Revenue | <u>4,056,671</u> | <u>4,972,620</u> | <u>915,949</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, 2024

| | Final Budget | Actual | Variance Positive (Negative) |
|--|-----------------|---------------|------------------------------------|
| Charges for services: | | | |
| Administrative fees | 726,663 | 726,664 | 1 |
| Ambulance call fees | 2,400,000 | 2,961,232 | 561,232 |
| Advertising | 100 | - | (100) |
| Filing fees | 100 | 255 | 155 |
| Garbage disposal fees | 2,268,419 | 2,448,663 | 180,244 |
| Inspection fees | 59,000 | 66,656 | 7,656 |
| Plan review fees | 40,000 | 97,157 | 57,157 |
| Police alarm systems | 27,200 | 16,180 | (11,020) |
| Weed removal | 65,500 | 47,504 | (17,996) |
| Fire permits and plan review | 34,806 | 26,353 | (8,453) |
| Total Charges for Services | 5,621,788 | 6,390,664 | 768,876 |
| Intergovernmental: | | | |
| State of Maryland: | | | |
| Police protection | 1,111,797 | 1,002,049 | (109,748) |
| Enterprise zone | 90,000 | 112,621 | 22,621 |
| EMS medicaid gap reimbursement | 1,029,171 | 925,375 | (103,796) |
| Highway user | 1,799,618 | 1,810,157 | 10,539 |
| Wicomico County: | | | |
| Financial corporations | 18,300 | 18,302 | 2 |
| Fire department | 1,964,000 | 999,998 | (964,002) |
| Room tax | 230,000 | 280,941 | 50,941 |
| Total Intergovernmental | 6,242,886 | 5,149,443 | (1,093,443) |
| Total Revenues | 50,232,049 | 51,587,218 | 1,355,169 |
| Other Financing Sources: | | | |
| Proceeds from bond issuance | 265,000 | 717,298 | 452,298 |
| Proceeds from sale of capital assets | 270,328 | 527,589 | 257,261 |
| Total Other Financing Sources | 535,328 | 1,244,887 | 709,559 |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | \$ 50,767,377 | \$ 52,832,105 | \$ 2,064,728 |

**CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION - GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2024**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|----------------------------------|------------------|----------------|----------------|---|
| | Original | Final | | |
| General Government | | | | |
| City council: | | | | |
| Salaries | \$ 63,000 | \$ 63,000 | \$ 62,516 | \$ 484 |
| Personnel benefits | 11,013 | 11,198 | 10,965 | 233 |
| Other operating expenses | 15,509 | 12,941 | 8,890 | 4,051 |
| Community promotion | 750 | 316 | 151 | 165 |
| | <u>90,272</u> | <u>87,455</u> | <u>82,522</u> | <u>4,933</u> |
| City clerk: | | | | |
| Salaries | 124,456 | 124,456 | 123,850 | 606 |
| Personnel benefits | 50,272 | 50,272 | 50,706 | (434) |
| Other operating expenses | 12,346 | 15,211 | 13,907 | 1,304 |
| | <u>187,074</u> | <u>189,939</u> | <u>188,463</u> | <u>1,476</u> |
| Mayor's office: | | | | |
| Salaries | 472,654 | 456,654 | 456,166 | 488 |
| Personnel benefits | 174,997 | 141,617 | 135,920 | 5,697 |
| Professional services | - | 42,250 | 42,250 | - |
| Other operating expenses | 76,487 | 85,000 | 78,750 | 6,250 |
| | <u>724,138</u> | <u>725,521</u> | <u>713,086</u> | <u>12,435</u> |
| Developmental services: | | | | |
| Salaries | 272,905 | 325,604 | 314,309 | 11,295 |
| Personnel benefits | 68,844 | 86,344 | 84,279 | 2,065 |
| Professional services | 10,000 | 6,879 | 6,879 | - |
| Other operating expenses | 213,793 | 243,787 | 219,831 | 23,956 |
| Community promotion | 200,500 | 185,500 | 157,463 | 28,037 |
| Capital outlay | 12,450 | 68,196 | 27,074 | 41,122 |
| | <u>778,492</u> | <u>916,310</u> | <u>809,835</u> | <u>106,475</u> |
| City attorney: | | | | |
| Professional services | 355,000 | 530,000 | 466,661 | 63,339 |
| | <u>355,000</u> | <u>530,000</u> | <u>466,661</u> | <u>63,339</u> |
| Elections: | | | | |
| Professional services | 50,610 | 50,610 | 47,316 | 3,294 |
| Other operating expenses | 46,940 | 46,940 | 44,470 | 2,470 |
| | <u>97,550</u> | <u>97,550</u> | <u>91,786</u> | <u>5,764</u> |
| Internal services - finance: | | | | |
| Salaries | 514,823 | 521,200 | 508,865 | 12,335 |
| Personnel benefits | 230,256 | 223,742 | 184,356 | 39,386 |
| Professional services | 97,000 | 115,740 | 113,332 | 2,408 |
| Other operating expenses | 98,270 | 82,700 | 71,314 | 11,386 |
| Capital outlay | 9,000 | 14,863 | 7,174 | 7,689 |
| | <u>949,349</u> | <u>958,245</u> | <u>885,041</u> | <u>73,204</u> |
| Internal services - procurement: | | | | |
| Salaries | 230,089 | 232,942 | 232,942 | - |
| Personnel benefits | 71,471 | 73,038 | 73,038 | - |
| Professional services | 20,000 | 20,000 | 17,360 | 2,640 |
| Other operating expenses | 30,850 | 26,805 | 22,498 | 4,307 |
| Capital outlay | 3,000 | 3,000 | 1,741 | 1,259 |
| | <u>355,410</u> | <u>355,785</u> | <u>347,579</u> | <u>8,206</u> |
| Information technology: | | | | |
| Salaries | 476,216 | 481,592 | 481,945 | (353) |
| Personnel benefits | 178,640 | 178,640 | 178,287 | 353 |
| Professional services | 12,000 | 12,000 | 6,826 | 5,174 |
| Other operating expenses | 124,417 | 120,600 | 103,007 | 17,593 |
| Capital outlay | - | 449 | 437 | 12 |
| | <u>791,273</u> | <u>793,281</u> | <u>770,502</u> | <u>22,779</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, 2024

| | Budgeted Amounts | | Actual | Variance with |
|--------------------------------------|-------------------|-------------------|-------------------|--|
| | Original | Final | | Final Budget Positive (Negative) |
| Internal services - human resources: | | | | |
| Salaries | 311,034 | 311,385 | 317,668 | (6,283) |
| Personnel benefits | 209,128 | 209,704 | 196,800 | 12,904 |
| Professional services | 29,000 | 32,300 | 12,898 | 19,402 |
| Other operating expenses | 49,096 | 67,781 | 51,765 | 16,016 |
| | <u>598,258</u> | <u>621,170</u> | <u>579,131</u> | <u>42,039</u> |
| Planning and zoning: | | | | |
| Salaries | 79,679 | 85,967 | 85,967 | - |
| Personnel benefits | 14,820 | 20,560 | 20,519 | 41 |
| Professional services | 7,000 | 5,000 | - | 5,000 |
| Other operating expenses | 3,000 | 5,000 | 5,000 | - |
| | <u>104,499</u> | <u>116,527</u> | <u>111,486</u> | <u>5,041</u> |
| Municipal buildings: | | | | |
| Other operating expenses | 343,650 | 541,596 | 266,941 | 274,655 |
| | <u>343,650</u> | <u>541,596</u> | <u>266,941</u> | <u>274,655</u> |
| Poplar Hill mansion: | | | | |
| Salaries | 28,080 | 28,080 | 28,080 | - |
| Personnel benefits | 5,679 | 4,959 | 3,284 | 1,675 |
| Other operating expenses | 22,696 | 20,767 | 15,773 | 4,994 |
| Capital outlays | - | 2,649 | 2,649 | - |
| | <u>56,455</u> | <u>56,455</u> | <u>49,786</u> | <u>6,669</u> |
| Total General Government | <u>5,431,420</u> | <u>5,989,834</u> | <u>5,362,819</u> | <u>627,015</u> |
| Public Safety | | | | |
| Police services: | | | | |
| Salaries | 8,501,158 | 8,122,385 | 8,002,149 | 120,236 |
| Personnel benefits | 5,059,622 | 4,747,904 | 4,525,010 | 222,894 |
| Professional services | 94,619 | 184,434 | 103,332 | 81,102 |
| Other operating expenses | 1,477,621 | 1,843,444 | 1,678,563 | 164,881 |
| Community promotions | 2,000 | 6,000 | 5,940 | 60 |
| Capital outlays | 15,000 | 817,534 | 549,603 | 267,931 |
| | <u>15,150,020</u> | <u>15,721,701</u> | <u>14,864,597</u> | <u>857,104</u> |
| Police communications: | | | | |
| Salaries | 722,626 | 652,626 | 603,210 | 49,416 |
| Personnel benefits | 276,512 | 225,332 | 202,800 | 22,532 |
| Professional services | 4,000 | 4,000 | 135 | 3,865 |
| Other operating expenses | 150,910 | 240,646 | 187,823 | 52,823 |
| | <u>1,154,048</u> | <u>1,122,604</u> | <u>993,968</u> | <u>128,636</u> |
| Animal control: | | | | |
| Salaries | 86,469 | 85,469 | 83,788 | 1,681 |
| Personnel benefits | 43,669 | 43,669 | 43,024 | 645 |
| Other operating expenses | 5,100 | 5,100 | 1,014 | 4,086 |
| Professional services | 133,160 | 134,160 | 132,301 | 1,859 |
| | <u>268,398</u> | <u>268,398</u> | <u>260,127</u> | <u>8,271</u> |
| Total Police Department | <u>16,572,466</u> | <u>17,112,703</u> | <u>16,118,692</u> | <u>994,011</u> |
| Traffic control: | | | | |
| Salaries | 160,214 | 212,214 | 207,967 | 4,247 |
| Personnel benefits | 76,518 | 88,355 | 87,142 | 1,213 |
| Professional services | 450 | 450 | 450 | - |
| Other operating expenses | 1,198,061 | 1,196,716 | 1,137,415 | 59,301 |
| | <u>1,435,243</u> | <u>1,497,735</u> | <u>1,432,974</u> | <u>64,761</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, 2024

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Traffic DID: | | | | |
| Salaries | 90,152 | 90,152 | 90,917 | (765) |
| Personnel benefits | 55,088 | 55,088 | 50,185 | 4,903 |
| Professional services | 200 | 200 | 150 | 50 |
| Other operating expenses | 84,175 | 112,357 | 103,993 | 8,364 |
| | <u>229,615</u> | <u>257,797</u> | <u>245,245</u> | <u>12,552</u> |
| Fire department: | | | | |
| Firefighting: | | | | |
| Salaries | 6,095,608 | 6,094,812 | 6,068,472 | 26,340 |
| Personnel benefits | 3,760,575 | 3,776,103 | 3,646,863 | 129,240 |
| Professional services | 189,170 | 196,650 | 202,020 | (5,370) |
| Other operating expenses | 1,130,811 | 1,630,251 | 1,488,433 | 141,818 |
| Capital outlays | 128,500 | 284,785 | 283,442 | 1,343 |
| | <u>11,304,664</u> | <u>11,982,601</u> | <u>11,689,230</u> | <u>293,371</u> |
| Volunteer firemen: | | | | |
| Personnel benefits | 255,410 | 252,622 | 252,596 | 26 |
| Professional services | 37,600 | 18,115 | 18,115 | - |
| Other operating expenses | 8,272 | 8,271 | 8,269 | 2 |
| Community promotions | 80,000 | 80,000 | 80,000 | - |
| | <u>381,282</u> | <u>359,008</u> | <u>358,980</u> | <u>28</u> |
| Total Fire Department | <u>11,685,946</u> | <u>12,341,609</u> | <u>12,048,210</u> | <u>293,399</u> |
| Buildings, permits, and inspections: | | | | |
| Salaries | 253,435 | 263,814 | 262,291 | 1,523 |
| Personnel benefits | 92,994 | 122,294 | 117,004 | 5,290 |
| Professional services | 7,550 | 7,550 | 25 | 7,525 |
| Other operating expenses | 20,150 | 20,442 | 14,068 | 6,374 |
| | <u>374,129</u> | <u>414,100</u> | <u>393,388</u> | <u>20,712</u> |
| Housing and community development: | | | | |
| Salaries | 859,018 | 773,018 | 762,036 | 10,982 |
| Personnel benefits | 327,920 | 290,188 | 287,008 | 3,180 |
| Professional services | 500 | 500 | 227 | 273 |
| Other operating expenses | 210,940 | 342,169 | 172,493 | 169,676 |
| Community promotions | 69,000 | 63,000 | 61,607 | 1,393 |
| Capital outlays | 17,800 | 17,800 | 15,457 | 2,343 |
| | <u>1,485,178</u> | <u>1,486,675</u> | <u>1,298,828</u> | <u>187,847</u> |
| Total Public Safety | <u>31,782,577</u> | <u>33,110,619</u> | <u>31,537,337</u> | <u>1,573,282</u> |
| Department of Public Works | | | | |
| Resource management: | | | | |
| Salaries | 253,418 | 233,418 | 225,207 | 8,211 |
| Personnel benefits | 108,907 | 107,236 | 103,788 | 3,448 |
| Professional services | 500 | 500 | 495 | 5 |
| Other operating expenses | 80,843 | 84,259 | 71,574 | 12,685 |
| Capital outlays | 9,000 | 9,000 | 8,349 | 651 |
| | <u>452,668</u> | <u>434,413</u> | <u>409,413</u> | <u>25,000</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, 2024

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|------------------|------------------|---|
| | Original | Final | | |
| Engineering: | | | | |
| Salaries | 502,355 | 419,615 | 351,440 | 68,175 |
| Personnel benefits | 207,605 | 173,638 | 137,938 | 35,700 |
| Professional services | 12,727 | 14,577 | 7,807 | 6,770 |
| Other operating expenses | 921,900 | 1,025,662 | 939,711 | 85,951 |
| Capital outlays | - | 35,000 | 31,346 | 3,654 |
| | <u>1,644,587</u> | <u>1,668,492</u> | <u>1,468,242</u> | <u>200,250</u> |
| Roadways: | | | | |
| Salaries | 449,133 | 449,133 | 431,258 | 17,875 |
| Personnel benefits | 221,253 | 204,943 | 200,187 | 4,756 |
| Professional services | 1,000 | 1,110 | 1,034 | 76 |
| Other operating expenses | 216,420 | 238,778 | 305,645 | (66,867) |
| Capital outlays | 55,000 | 110,801 | 103,377 | 7,424 |
| | <u>942,806</u> | <u>1,004,765</u> | <u>1,041,501</u> | <u>(36,736)</u> |
| Sanitation: | | | | |
| Waste collection and disposal: | | | | |
| Salaries | 465,447 | 457,047 | 444,810 | 12,237 |
| Personnel benefits | 205,875 | 192,101 | 185,835 | 6,266 |
| Professional services | 1,000 | 1,000 | 940 | 60 |
| Other operating expenses | 827,835 | 990,524 | 978,962 | 11,562 |
| Capital outlays | - | 1,047,729 | 1,013,320 | 34,409 |
| | <u>1,500,157</u> | <u>2,688,401</u> | <u>2,623,867</u> | <u>64,534</u> |
| Recycling: | | | | |
| Salaries | 89,327 | 94,827 | 93,846 | 981 |
| Personnel benefits | 44,709 | 44,309 | 43,489 | 820 |
| Professional services | 250 | 250 | 230 | 20 |
| Other operating expenses | 32,403 | 34,203 | 26,763 | 7,440 |
| | <u>166,689</u> | <u>173,589</u> | <u>164,328</u> | <u>9,261</u> |
| Total Sanitation | <u>1,666,846</u> | <u>2,861,990</u> | <u>2,788,195</u> | <u>73,795</u> |
| Fleet maintenance: | | | | |
| Salaries | 263,958 | 236,958 | 227,638 | 9,320 |
| Personnel benefits | 113,816 | 99,816 | 88,615 | 11,201 |
| Professional services | 600 | 600 | 600 | - |
| Other operating expenses | 141,800 | 145,881 | 137,195 | 8,686 |
| Capital outlays | 15,000 | 44,862 | 42,641 | 2,221 |
| | <u>535,174</u> | <u>528,117</u> | <u>496,689</u> | <u>31,428</u> |
| Carpenter shop: | | | | |
| Salaries | 101,317 | 100,317 | 99,801 | 516 |
| Personnel benefits | 38,049 | 35,649 | 31,115 | 4,534 |
| Professional services | 200 | 200 | 40 | 160 |
| Other operating expenses | 27,740 | 31,140 | 28,076 | 3,064 |
| | <u>167,306</u> | <u>167,306</u> | <u>159,032</u> | <u>8,274</u> |
| Total Department of Public Works | <u>5,409,387</u> | <u>6,665,083</u> | <u>6,363,072</u> | <u>302,011</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, 2024

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|----------------------|----------------------|----------------------|---|
| | Original | Final | | |
| Recreation and Culture | | | | |
| Municipal zoo: | | | | |
| Salaries | 953,272 | 986,893 | 961,725 | 25,168 |
| Personnel benefits | 286,325 | 276,545 | 266,908 | 9,637 |
| Professional services | 80,727 | 79,081 | 67,310 | 11,771 |
| Other operating expenses | 704,356 | 727,532 | 667,611 | 59,921 |
| Community promotions | 8,600 | 5,100 | - | 5,100 |
| | <u>2,033,280</u> | <u>2,075,151</u> | <u>1,963,554</u> | <u>111,597</u> |
| Park maintenance: | | | | |
| Salaries | 342,841 | 333,219 | 333,219 | - |
| Personnel benefits | 166,070 | 147,354 | 146,050 | 1,304 |
| Professional services | 560 | 1,035 | 935 | 100 |
| Other operating expenses | 206,592 | 196,794 | 175,627 | 21,167 |
| Capital outlays | 135,000 | 396,477 | 349,789 | 46,688 |
| | <u>851,063</u> | <u>1,074,879</u> | <u>1,005,620</u> | <u>69,259</u> |
| Parks and recreation: | | | | |
| Salaries | 103,431 | 91,191 | 91,191 | - |
| Personnel benefits | 15,022 | 35,249 | 35,249 | - |
| | <u>118,453</u> | <u>126,440</u> | <u>126,440</u> | <u>-</u> |
| Total Recreation and Culture | <u>3,002,796</u> | <u>3,276,470</u> | <u>3,095,614</u> | <u>180,856</u> |
| Nondepartmental | | | | |
| Insurance: | | | | |
| Personnel benefits | 612,400 | 597,400 | 443,087 | 154,313 |
| Other operating expenses | 385,000 | 400,000 | 411,449 | (11,449) |
| | <u>997,400</u> | <u>997,400</u> | <u>854,536</u> | <u>142,864</u> |
| Miscellaneous: | | | | |
| Personnel benefits | 503,900 | 527,904 | 263,058 | 264,846 |
| | <u>503,900</u> | <u>527,904</u> | <u>263,058</u> | <u>264,846</u> |
| Total Nondepartmental | <u>1,501,300</u> | <u>1,525,304</u> | <u>1,117,594</u> | <u>407,710</u> |
| Debt Payments | | | | |
| Principal redemption | 3,025,393 | 3,025,393 | 3,663,102 | (637,709) |
| Interest | 1,913,637 | 1,913,637 | 838,032 | 1,075,605 |
| Issuance | 85,000 | 85,000 | - | 85,000 |
| Total Debt Payments | <u>5,024,030</u> | <u>5,024,030</u> | <u>4,501,134</u> | <u>522,896</u> |
| TOTAL EXPENDITURES | <u>52,151,510</u> | <u>55,591,340</u> | <u>51,977,570</u> | <u>3,613,770</u> |
| Other Financing Uses | | | | |
| Transfer to other funds | 400,097 | 341,751 | 121,241 | 220,510 |
| Total Other Financing Uses | <u>400,097</u> | <u>341,751</u> | <u>121,241</u> | <u>220,510</u> |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | <u>\$ 52,551,607</u> | <u>\$ 55,933,091</u> | <u>\$ 52,098,811</u> | <u>\$ 3,834,280</u> |

Nonmajor Governmental Funds

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION - NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024

| | Special Revenue Funds | | | | Total |
|--|--|--------------------------|----------------------------------|------------------------------|----------------------------|
| | Curb, Gutter, and Sidewalk Fund | Reimbursement Fund | Community Development Fund | National Folk Festival | |
| ASSETS | | | | | |
| Cash | \$ 143,904 | \$ 414,059 | \$ 58,401 | \$ 160,203 | \$ 776,567 |
| Investment pool | 33,143 | 3,148 | - | - | 36,291 |
| Accounts receivable | 26,228 | 208,275 | - | 44 | 234,547 |
| TOTAL ASSETS | <u>\$ 203,275</u> | <u>\$ 625,482</u> | <u>\$ 58,401</u> | <u>\$ 160,247</u> | <u>\$ 1,047,405</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - | \$ 1,420 | \$ - | \$ 5,415 | \$ 6,835 |
| Total Liabilities | <u>-</u> | <u>1,420</u> | <u>-</u> | <u>5,415</u> | <u>6,835</u> |
| Fund Balances: | | | | | |
| Committed | 203,275 | 624,062 | - | 154,832 | 982,169 |
| Assigned | - | - | 58,401 | - | 58,401 |
| Total Fund Balances | <u>203,275</u> | <u>624,062</u> | <u>58,401</u> | <u>154,832</u> | <u>1,040,570</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 203,275</u> | <u>\$ 625,482</u> | <u>\$ 58,401</u> | <u>\$ 160,247</u> | <u>\$ 1,047,405</u> |

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, 2024

| | Special Revenue Funds | | | | Total |
|--|--|-----------------------|----------------------------------|------------------------------|---------------------|
| | Curb, Gutter, and Sidewalk Fund | Reimbursement Fund | Community Development Fund | National Folk Festival | |
| REVENUES | | | | | |
| Charges for services | \$ - | \$ - | \$ - | \$ 323,317 | \$ 323,317 |
| Other revenue | 28,408 | 266,360 | - | 61,900 | 356,668 |
| TOTAL REVENUES | <u>28,408</u> | <u>266,360</u> | <u>-</u> | <u>385,217</u> | <u>679,985</u> |
| EXPENDITURES | | | | | |
| General government | - | 3,347 | - | 542,164 | 545,511 |
| Public works | - | 22,144 | - | - | 22,144 |
| TOTAL EXPENDITURES | <u>-</u> | <u>25,491</u> | <u>-</u> | <u>542,164</u> | <u>567,655</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>28,408</u> | <u>240,869</u> | <u>-</u> | <u>(156,947)</u> | <u>112,330</u> |
| OTHER FINANCING SOURCES | | | | | |
| Operating transfers in (out) | - | - | - | 85,012 | 85,012 |
| TOTAL OTHER FINANCING SOURCES | <u>-</u> | <u>-</u> | <u>-</u> | <u>85,012</u> | <u>85,012</u> |
| NET CHANGE IN FUND BALANCES | 28,408 | 240,869 | - | (71,935) | 197,342 |
| FUND BALANCES, BEGINNING OF YEAR | <u>174,867</u> | <u>383,193</u> | <u>58,401</u> | <u>226,767</u> | <u>843,228</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 203,275</u> | <u>\$ 624,062</u> | <u>\$ 58,401</u> | <u>\$ 154,832</u> | <u>\$ 1,040,570</u> |

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION - GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2024

| | |
|---------------------------------|--------------------------|
| REVENUES | |
| Federal | \$ 1,270,323 |
| State | 1,530,603 |
| Others | 99,163 |
| TOTAL REVENUES | <u>2,900,089</u> |
| | |
| EXPENDITURES | |
| General government: | |
| Salaries | 136,824 |
| Personnel benefits | 10,363 |
| Operating expenses | 961,144 |
| Public safety: | |
| Salaries | 625,832 |
| Personnel benefits | 375,276 |
| Operating expenses | 566,618 |
| Public works: | |
| Operating expenses | 51,650 |
| Capital outlay | 345,810 |
| TOTAL EXPENDITURES | <u>3,073,517</u> |
| | |
| OTHER FINANCING SOURCES | |
| Transfer in | <u>188,562</u> |
| | |
| NET CHANGE IN FUND BALANCE | 15,134 |
| | |
| FUND BALANCE, BEGINNING OF YEAR | <u>261,006</u> |
| | |
| FUND BALANCE, END OF YEAR | <u><u>\$ 276,140</u></u> |

Nonmajor Proprietary Funds

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION - NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2024

| | Enterprise Funds | | | Total |
|---|---------------------|---------------------------|----------------------------|---------------------|
| | City Marina Fund | Parking Authority Fund | Stormwater Utility Fund | |
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Current assets: | | | | |
| Cash and investment pool | \$ - | \$ 204,624 | \$ 439,310 | \$ 643,934 |
| Investment pool | 197 | 57,583 | - | 57,780 |
| Accounts receivable | 52,380 | 564,340 | 105,799 | 722,519 |
| Less: allowance for uncollectible | - | (481,383) | - | (481,383) |
| Total Current Assets | <u>52,577</u> | <u>345,164</u> | <u>545,109</u> | <u>942,850</u> |
| Noncurrent assets: | | | | |
| Restricted investment pool | - | 1,026,757 | - | 1,026,757 |
| Capital assets: | | | | |
| Land | - | 462,790 | - | 462,790 |
| Construction-in-progress | - | 554,948 | - | 554,948 |
| Buildings, equipment, and improvements | 1,778,552 | 4,427,580 | 1,311,556 | 7,517,688 |
| Less: accumulated depreciation | (1,609,259) | (3,339,924) | (840,148) | (5,789,331) |
| Total Noncurrent Assets | <u>169,293</u> | <u>3,132,151</u> | <u>471,408</u> | <u>3,772,852</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows - pension plan | - | 95,659 | 35,395 | 131,054 |
| Total Deferred Outflows of Resources | <u>-</u> | <u>95,659</u> | <u>35,395</u> | <u>131,054</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 221,870</u> | <u>\$ 3,572,974</u> | <u>\$ 1,051,912</u> | <u>\$ 4,846,756</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION | | | | |
| LIABILITIES | | | | |
| Due in one year: | | | | |
| Cash overdraft | \$ 12,074 | \$ - | \$ - | \$ 12,074 |
| Accounts payable | 1,047 | 21,175 | 45,346 | 67,568 |
| Accrued payroll | 1,130 | 4,250 | 4,580 | 9,960 |
| Accrued interest payable | - | 12,325 | - | 12,325 |
| Deposits | 926 | - | - | 926 |
| Due to other funds | 220,564 | 506,319 | - | 726,883 |
| Bonds, notes, and leases payable | - | 114,900 | 111,931 | 226,831 |
| Total Current Liabilities | <u>235,741</u> | <u>658,969</u> | <u>161,857</u> | <u>1,056,567</u> |
| Due in more than one year: | | | | |
| Bonds, notes, and leases payable | - | 972,365 | 71,600 | 1,043,965 |
| Net pension liability | - | 184,509 | 68,271 | 252,780 |
| Total Noncurrent Liabilities | <u>-</u> | <u>1,156,874</u> | <u>139,871</u> | <u>1,296,745</u> |
| Total Liabilities | <u>235,741</u> | <u>1,815,843</u> | <u>301,728</u> | <u>2,353,312</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows - pension | - | 48,469 | 17,933 | 66,402 |
| NET POSITION (DEFICIT) | | | | |
| Net investment in capital assets | 169,293 | 1,018,129 | 287,877 | 1,475,299 |
| Restricted | - | 1,026,757 | - | 1,026,757 |
| Unrestricted (Deficit) | (183,164) | (336,224) | 444,374 | (75,014) |
| Total Net Position | <u>(13,871)</u> | <u>1,708,662</u> | <u>732,251</u> | <u>2,427,042</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION | <u>\$ 221,870</u> | <u>\$ 3,572,974</u> | <u>\$ 1,051,912</u> | <u>\$ 4,846,756</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, 2024

| | Enterprise Funds | | | Total |
|---|---------------------|---------------------------|----------------------------|---------------------|
| | City Marina Fund | Parking Authority Fund | Stormwater Utility Fund | |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 75,982 | \$ 837,983 | \$ 983,707 | \$ 1,897,672 |
| TOTAL OPERATING REVENUES | <u>75,982</u> | <u>837,983</u> | <u>983,707</u> | <u>1,897,672</u> |
| OPERATING EXPENSES | | | | |
| Salaries | 24,675 | 90,207 | 98,274 | 213,156 |
| Personnel benefits | 3,554 | 57,289 | 23,036 | 83,879 |
| Professional and skilled services | 3,899 | 176,234 | 157,877 | 338,010 |
| Supplies | 1,513 | 2,261 | - | 3,774 |
| Other operating expenses | 26,517 | 175,939 | 88,072 | 290,528 |
| Equipment | - | - | 139,217 | 139,217 |
| TOTAL OPERATING EXPENSES | <u>60,158</u> | <u>501,930</u> | <u>506,476</u> | <u>1,068,564</u> |
| OPERATING INCOME (LOSS) BEFORE DEPRECIATION | 15,824 | 336,053 | 477,231 | 829,108 |
| Depreciation | <u>20,717</u> | <u>100,785</u> | <u>127,483</u> | <u>248,985</u> |
| NET OPERATING INCOME (LOSS) | <u>(4,893)</u> | <u>235,268</u> | <u>349,748</u> | <u>580,123</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Transfers in (out) | - | - | (253,280) | (253,280) |
| Interest income | - | 60,557 | - | 60,557 |
| Interest expense | <u>-</u> | <u>(26,693)</u> | <u>(6,128)</u> | <u>(32,821)</u> |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>-</u> | <u>33,864</u> | <u>(259,408)</u> | <u>(225,544)</u> |
| CHANGE IN NET POSITION | (4,893) | 269,132 | 90,340 | 354,579 |
| NET POSITION, BEGINNING OF YEAR | <u>(8,978)</u> | <u>1,439,530</u> | <u>641,911</u> | <u>2,072,463</u> |
| NET POSITION, END OF YEAR | <u>\$ (13,871)</u> | <u>\$ 1,708,662</u> | <u>\$ 732,251</u> | <u>\$ 2,427,042</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, 2024

| | Water Department | Sewer Department | Total |
|---|---------------------|---------------------|----------------------|
| OPERATING REVENUES | | | |
| Charges for services | \$ 6,020,985 | \$ 14,484,245 | \$ 20,505,230 |
| Penalties | 35,536 | 94,082 | 129,618 |
| Tapping charges and connection fees | - | 67,580 | 67,580 |
| Sundry income | 288,543 | 12,256 | 300,799 |
| Pretreatment monitoring fee | - | 237,005 | 237,005 |
| Impact fees | 67,105 | - | 67,105 |
| TOTAL OPERATING REVENUES | <u>6,412,169</u> | <u>14,895,168</u> | <u>21,307,337</u> |
| OPERATING EXPENSES | | | |
| Salaries | 2,178,982 | 2,998,339 | 5,177,321 |
| Personnel benefits | 876,504 | 1,230,684 | 2,107,188 |
| Professional and skilled services | 300,012 | 497,688 | 797,700 |
| Other operating expenses | 2,220,637 | 4,423,558 | 6,644,195 |
| Equipment | 31,947 | 36,609 | 68,556 |
| TOTAL OPERATING EXPENSES | <u>5,608,082</u> | <u>9,186,878</u> | <u>14,794,960</u> |
| OPERATING INCOME BEFORE DEPRECIATION | 804,087 | 5,708,290 | 6,512,377 |
| Depreciation | <u>783,087</u> | <u>4,310,661</u> | <u>5,093,748</u> |
| NET OPERATING INCOME (LOSS) | <u>21,000</u> | <u>1,397,629</u> | <u>1,418,629</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Grants and loan forgiveness | - | 442,072 | 442,072 |
| Interest income | 180,155 | 180,154 | 360,309 |
| Gain (loss) on sale of capital assets | 2,248 | - | 2,248 |
| Interest expense | <u>(12,873)</u> | <u>(287,002)</u> | <u>(299,875)</u> |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>169,530</u> | <u>335,224</u> | <u>504,754</u> |
| CHANGE IN NET POSITION | <u>\$ 190,530</u> | <u>\$ 1,732,853</u> | 1,923,383 |
| NET POSITION, BEGINNING OF YEAR | | | <u>76,178,889</u> |
| NET POSITION, END OF YEAR | | | <u>\$ 78,102,272</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, 2024

| | Budgeted Amounts | | Actual | Variance with |
|-------------------------------------|------------------|------------------|------------------|--|
| | Original | Final | | Final Budget Positive (Negative) |
| REVENUES | | | | |
| Inspection fees | \$ 20,000 | \$ 20,000 | \$ 285,304 | \$ 265,304 |
| Water sales | 5,340,713 | 5,340,713 | 5,735,681 | 394,968 |
| Penalties | 22,500 | 22,500 | 35,536 | 13,036 |
| Interest earned | - | - | 180,155 | 180,155 |
| Water income - sundry | 292,350 | 292,350 | 288,543 | (3,807) |
| Impact fees | - | - | 67,105 | 67,105 |
| Gain on sale of capital assets | - | 9,897 | 2,248 | (7,649) |
| TOTAL REVENUES | 5,675,563 | 5,685,460 | 6,594,572 | 909,112 |
| EXPENSES | | | | |
| Engineering: | | | | |
| Salaries | 554,509 | 515,913 | 404,742 | 111,171 |
| Personnel benefits | 236,652 | 236,652 | 180,080 | 56,572 |
| Professional and skilled services | 32,000 | 46,547 | 7,914 | 38,633 |
| Other operating expenses | 135,320 | 138,458 | 92,902 | 45,556 |
| Capital outlay | 8,250 | 47,907 | 9,214 | 38,693 |
| Total Engineering | 966,731 | 985,477 | 694,852 | 290,625 |
| Billing and collection: | | | | |
| Salaries | 163,845 | 181,023 | 181,023 | - |
| Personnel benefits | 62,616 | 65,328 | 62,018 | 3,310 |
| Professional and skilled services | 42,000 | 29,000 | 22,325 | 6,675 |
| Other operating expenses | 145,870 | 130,498 | 113,941 | 16,557 |
| Total Billing and Collection | 414,331 | 405,849 | 379,307 | 26,542 |
| Water treatment: | | | | |
| Salaries | 862,221 | 884,378 | 883,435 | 943 |
| Personnel benefits | 344,431 | 358,645 | 354,587 | 4,058 |
| Other operating expenses | 1,577,703 | 1,385,199 | 1,227,995 | 157,204 |
| Total Water Treatment | 2,784,355 | 2,628,222 | 2,466,017 | 162,205 |

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, 2024

| | Budgeted Amounts | | Actual | Variance with |
|--|-----------------------|-----------------------|-------------------|------------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| Distribution and storage: | | | | |
| Salaries | 631,891 | 623,095 | 569,774 | 53,321 |
| Personnel benefits | 274,485 | 274,485 | 225,589 | 48,896 |
| Professional and skilled services | 3,000 | 3,000 | 3,000 | - |
| Other operating expenses | 637,553 | 751,612 | 580,978 | 170,634 |
| Total Distribution and Storage | <u>1,546,929</u> | <u>1,652,192</u> | <u>1,379,341</u> | <u>272,851</u> |
| Administration: | | | | |
| Salaries | 139,232 | 140,008 | 140,008 | - |
| Personnel benefits | 46,053 | 52,127 | 54,230 | (2,103) |
| Professional and skilled services | 273,023 | 271,573 | 266,773 | 4,800 |
| Other operating expenses | 206,631 | 204,362 | 204,821 | (459) |
| Equipment | 25,000 | 25,000 | 22,733 | 2,267 |
| Total Administration | <u>689,939</u> | <u>693,070</u> | <u>688,565</u> | <u>4,505</u> |
| Debt payments: | | | | |
| Principal redemption | 1,188,487 | 284,199 | - | 284,199 |
| Interest | 323,328 | 180,385 | 12,873 | 167,512 |
| Total Debt Payments | <u>1,511,815</u> | <u>464,584</u> | <u>12,873</u> | <u>451,711</u> |
| TOTAL EXPENSES | <u>7,914,100</u> | <u>6,829,394</u> | <u>5,620,955</u> | <u>1,208,439</u> |
| OPERATING INCOME (LOSS) BEFORE TRANSFERS AND DEPRECIATION | (2,238,537) | (1,143,934) | 973,617 | 2,117,551 |
| TRANSFERS | | | | |
| Transfer out | (781,000) | (2,099,530) | - | 2,099,530 |
| Depreciation | - | - | (783,087) | (783,087) |
| CHANGE IN NET POSITION | <u>\$ (3,019,537)</u> | <u>\$ (3,243,464)</u> | <u>\$ 190,530</u> | <u>\$ 3,433,994</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, 2024

| | Budgeted Amounts | | Actual | Variance with |
|-------------------------------------|-------------------|-------------------|-------------------|------------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| REVENUES | | | | |
| Sewer charges | \$ 13,171,087 | \$ 13,171,087 | \$ 14,138,910 | \$ 967,823 |
| Sewer charges - urban services | 505,000 | 505,000 | 345,335 | (159,665) |
| Penalties | 50,000 | 50,000 | 94,082 | 44,082 |
| Tapping charges and connection fees | - | - | 67,580 | 67,580 |
| Pretreatment monitoring fees | 200,000 | 200,000 | 237,005 | 37,005 |
| Interest earned | - | - | 180,154 | 180,154 |
| Sewer income - sundry | 2,250 | 2,250 | 12,256 | 10,006 |
| Grants | - | 442,072 | 442,072 | - |
| TOTAL REVENUES | 13,928,337 | 14,370,409 | 15,517,394 | 1,146,985 |
| EXPENSES | | | | |
| Engineering: | | | | |
| Salaries | 547,130 | 511,730 | 404,832 | 106,898 |
| Personnel benefits | 220,018 | 220,018 | 162,225 | 57,793 |
| Professional and skilled services | 23,517 | 26,830 | 10,994 | 15,836 |
| Other operating expenses | 120,115 | 138,275 | 96,700 | 41,575 |
| Capital outlay | 10,750 | 84,806 | 7,437 | 77,369 |
| Total Engineering | <u>921,530</u> | <u>981,659</u> | <u>682,188</u> | <u>299,471</u> |
| Billing and collection: | | | | |
| Salaries | 252,433 | 282,962 | 282,962 | - |
| Personnel benefits | 95,740 | 95,004 | 99,183 | (4,179) |
| Professional and skilled services | 41,000 | 27,653 | 27,653 | - |
| Other operating expenses | 91,538 | 83,808 | 81,037 | 2,771 |
| Total Billing and Collection | <u>480,711</u> | <u>489,427</u> | <u>490,835</u> | <u>(1,408)</u> |
| Wastewater treatment: | | | | |
| Salaries | 1,664,841 | 1,641,305 | 1,505,002 | 136,303 |
| Personnel benefits | 678,148 | 680,748 | 625,646 | 55,102 |
| Professional and skilled services | 30,000 | 43,843 | - | 43,843 |
| Other operating expenses | 3,450,610 | 4,166,709 | 3,684,947 | 481,762 |
| Equipment | - | 68,544 | - | 68,544 |
| Total Wastewater Treatment | <u>5,823,599</u> | <u>6,601,149</u> | <u>5,815,595</u> | <u>785,554</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, 2024

| | Budgeted Amounts | | Actual | Variance with |
|--|-------------------|---------------------|---------------------|------------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| Maintenance and repair: | | | | |
| Salaries | 575,722 | 563,761 | 541,346 | 22,415 |
| Personnel benefits | 254,232 | 254,232 | 233,381 | 20,851 |
| Professional and skilled services | 3,000 | 3,000 | 1,275 | 1,725 |
| Other operating expenses | 301,433 | 314,658 | 234,034 | 80,624 |
| Total Maintenance and Repair | <u>1,134,387</u> | <u>1,135,651</u> | <u>1,010,036</u> | <u>125,615</u> |
| Pretreatment monitoring: | | | | |
| Salaries | 147,778 | 144,106 | 122,063 | 22,043 |
| Personnel benefits | 49,559 | 53,948 | 50,212 | 3,736 |
| Other operating expenses | 33,126 | 32,876 | 28,380 | 4,496 |
| Total Pretreatment Monitoring | <u>230,463</u> | <u>230,930</u> | <u>200,655</u> | <u>30,275</u> |
| Administration: | | | | |
| Salaries | 125,895 | 142,134 | 142,134 | - |
| Personnel benefits | 50,844 | 57,648 | 60,037 | (2,389) |
| Professional and skilled services | 464,738 | 472,464 | 457,766 | 14,698 |
| Other operating expenses | 301,039 | 298,391 | 298,460 | (69) |
| Equipment | 33,000 | 33,000 | 29,172 | 3,828 |
| Total Administration | <u>975,516</u> | <u>1,003,637</u> | <u>987,569</u> | <u>16,068</u> |
| Debt payments: | | | | |
| Principal redemption | 2,922,151 | 3,826,439 | - | 3,826,439 |
| Interest | 459,877 | 531,371 | 215,553 | 315,818 |
| Issuance | - | 71,449 | 71,449 | - |
| Total Debt Payments | <u>3,382,028</u> | <u>4,429,259</u> | <u>287,002</u> | <u>4,142,257</u> |
| TOTAL EXPENSES | <u>12,948,234</u> | <u>14,871,712</u> | <u>9,473,880</u> | <u>5,397,832</u> |
| OPERATING INCOME (LOSS) BEFORE TRANSFERS AND DEPRECIATION | 980,103 | (501,303) | 6,043,514 | 6,544,817 |
| Depreciation | - | - | (4,310,661) | (4,310,661) |
| CHANGE IN NET POSITION | <u>\$ 980,103</u> | <u>\$ (501,303)</u> | <u>\$ 1,732,853</u> | <u>\$ 2,234,156</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, 2024

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|--------------------|--------------------|-------------------|---|
| | Original | Final | | |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 56,500 | \$ 56,500 | \$ 75,982 | \$ 19,482 |
| TOTAL OPERATING REVENUES | <u>56,500</u> | <u>56,500</u> | <u>75,982</u> | <u>19,482</u> |
| OPERATING EXPENSES | | | | |
| Salaries | 38,927 | 38,927 | 24,675 | 14,252 |
| Personnel benefits | 5,514 | 5,514 | 3,554 | 1,960 |
| Professional and skilled services | 4,155 | 4,339 | 3,899 | 440 |
| Supplies | 3,775 | 3,775 | 1,513 | 2,262 |
| Other operating expenses | 48,200 | 48,016 | 26,517 | 21,499 |
| TOTAL OPERATING EXPENSES | <u>100,571</u> | <u>100,571</u> | <u>60,158</u> | <u>40,413</u> |
| OPERATING INCOME (LOSS) BEFORE DEPRECIATION | (44,071) | (44,071) | 15,824 | 59,895 |
| Depreciation | - | - | 20,717 | (20,717) |
| CHANGE IN NET POSITION | <u>\$ (44,071)</u> | <u>\$ (44,071)</u> | <u>\$ (4,893)</u> | <u>\$ 39,178</u> |

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION - ENTERPRISE FUNDS
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL -
PARKING AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2024

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|-------------------|------------------|-------------------|---|
| | Original | Final | | |
| OPERATING REVENUES | | | | |
| Parking permits, fines, state grants, meters, and Park 'n Shop | \$ 738,550 | \$ 738,550 | \$ 837,983 | \$ 99,433 |
| TOTAL OPERATING REVENUES | <u>738,550</u> | <u>738,550</u> | <u>837,983</u> | <u>99,433</u> |
| OPERATING EXPENSES | | | | |
| Salaries | 75,637 | 100,947 | 90,207 | 10,740 |
| Personnel benefits | 81,774 | 75,274 | 57,289 | 17,985 |
| Professional and skilled services | 110,177 | 191,216 | 176,234 | 14,982 |
| Supplies | 5,650 | 2,825 | 2,261 | 564 |
| Other operating expenses | 220,996 | 199,812 | 175,939 | 23,873 |
| TOTAL OPERATING EXPENSES | <u>494,234</u> | <u>570,074</u> | <u>501,930</u> | <u>68,144</u> |
| OPERATING INCOME (LOSS) BEFORE DEPRECIATION | 244,316 | 168,476 | 336,053 | 167,577 |
| Depreciation | <u>-</u> | <u>-</u> | <u>100,785</u> | <u>(100,785)</u> |
| NET OPERATING INCOME (LOSS) | <u>244,316</u> | <u>168,476</u> | <u>235,268</u> | <u>66,792</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest income | - | - | 60,557 | 60,557 |
| Principal payment | (87,711) | (87,711) | - | 87,711 |
| Interest expense | (52,692) | (52,692) | (26,693) | 25,999 |
| TOTAL NONOPERATING REVENUE (EXPENSES) | <u>(140,403)</u> | <u>(140,403)</u> | <u>33,864</u> | <u>174,267</u> |
| CHANGE IN NET POSITION | <u>\$ 103,913</u> | <u>\$ 28,073</u> | <u>\$ 269,132</u> | <u>\$ 241,059</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, 2024

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with |
|--|-------------------------|---------------------|------------------|--|
| | <u>Original</u> | <u>Final</u> | | Final Budget Positive (Negative) |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 980,000 | \$ 980,000 | \$ 983,707 | \$ 3,707 |
| TOTAL OPERATING REVENUES | <u>980,000</u> | <u>980,000</u> | <u>983,707</u> | <u>3,707</u> |
| OPERATING EXPENSES | | | | |
| Salaries | 100,865 | 97,365 | 98,274 | (909) |
| Personnel benefits | 58,818 | 32,518 | 23,036 | 9,482 |
| Professional and skilled services | 208,881 | 283,384 | 157,877 | 125,507 |
| Supplies | 200 | - | - | - |
| Other operating expenses | 179,345 | 179,345 | 88,072 | 91,273 |
| Equipment | 100,000 | 146,720 | 139,217 | 7,503 |
| Capital outlays | - | 156,237 | - | 156,237 |
| TOTAL OPERATING EXPENSES | <u>648,109</u> | <u>895,569</u> | <u>506,476</u> | <u>389,093</u> |
| OPERATING INCOME BEFORE DEPRECIATION | 331,891 | 84,431 | 477,231 | 392,800 |
| Depreciation | - | - | 127,483 | (127,483) |
| NET OPERATING INCOME (LOSS) | <u>331,891</u> | <u>84,431</u> | <u>349,748</u> | <u>265,317</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Operating transfer out | (300,000) | (253,280) | (253,280) | - |
| Interest expense | (111,931) | (111,931) | (6,128) | 105,803 |
| TOTAL NONOPERATING REVENUE (EXPENSES) | <u>(411,931)</u> | <u>(365,211)</u> | <u>(259,408)</u> | <u>105,803</u> |
| CHANGE IN NET POSITION | <u>\$ (80,040)</u> | <u>\$ (280,780)</u> | <u>\$ 90,340</u> | <u>\$ 371,120</u> |

STATISTICAL INFORMATION

CITY OF SALISBURY, MARYLAND

**SCHEDULE OF DELINQUENT TAXES RECEIVABLE (UNAUDITED)
JUNE 30, 2024**

| Levy Year | Total | General Fund | | |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|
| | | Real Property | Personal Property | Corporations |
| 2024 | \$ 621,636 | \$ 253,618 | \$ 3,664 | \$ 364,354 |
| 2023 | 159,563 | 13,497 | 3,582 | 142,484 |
| 2022 | 104,544 | 1,913 | 1,954 | 100,677 |
| 2021 | 61,951 | 8,493 | 944 | 52,514 |
| 2020 and prior | 864,149 | 178,897 | 14,390 | 670,862 |
| | 1,811,843 | 456,418 | 24,534 | 1,330,891 |
| Less allowance for uncollectibles | (818,945) | - | (24,534) | (794,411) |
| | <u>\$ 992,898</u> | <u>\$ 456,418</u> | <u>\$ -</u> | <u>\$ 536,480</u> |

NOTE: Included in the above are unearned taxes of \$500,675.

CITY OF SALISBURY, MARYLAND
STATEMENT OF BONDED INDEBTEDNESS (UNAUDITED)
JUNE 30, 2024

| Description of Bonds and Purpose of Issue | Interest | | Bond Maturities | Date Issued | Authorized Total Issue | Outstanding June 30, 2024 | 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 | \$ 8,492 | MD Dept. Enviroment |
| Water Quality Bond of 2005 | 0.40 | F & A1 | 02/01/09-02/01/28 | 09/29/05 | 42,009,341 | 8,384,196 | 2,146,526 | 141,234 | MD Water Quality Fin. |
| Maryland Water Quality Bond (ARRA) | 0 | A & F1 | 08/01/11-02/01/30 | 12/04/09 | 2,056,400 | 169,976 | 145,021 | - | MD Water Quality Fin. |
| Series 2012A Maryland Water Quality | | | | | | | | | |
| Financing Adminstration Drinking Water Bond | 0.90 | A & F1 | 05/22/12-02/01/43 | 05/22/12 | 1,631,000 | 965,352 | 52,062 | 12,023 | MD Water Quality Fin. |
| Series 2014A Maryland Water Quality | | | | | | | | | |
| Financing Adminstration Drinking Water Bond | 1.00 | On demand | 02/01/16-02/01/29 | 03/20/14 | 66,375 | 17,518 | 4,808 | 379 | MD Water Quality Fin. |
| Series 2015A Maryland Water Quality | | | | | | | | | |
| Financing Adminstration Drinking Water Bond | 0 | F & A1 | 08/01/15-02/01/37 | 06/30/15 | 34,545,000 | 34,809,303 | 150,000 | - | 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 | 1,028,485 | 497,845 | 27,847 | 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 | 6,645,000 | 1,835,000 | 290,063 | Bank of America |
| 2018 Public Improvements Bond | 2.51 | J1 | 06/01/18-06/01/32 | 12/23/17 | 5,724,853 | 3,394,190 | 378,877 | 94,704 | Truist |
| 2019 Public Improvements Bond | 2.125-5.00 | M & S1 | 03/01/20-06/01/35 | 10/08/19 | 11,225,000 | 8,935,000 | 615,000 | 340,125 | Truist |
| 2020A Maryland Water Quality | 0.40 | A & F1 | 02/01/22-02/01/41 | 8/28/20 | 90,000 | 76,954 | 4,366 | 481 | MD Water Quality Fin. |
| 2020B Maryland Water Quality | 1.67 | A & F1 | 08/01/21-02/01/41 | 8/28/20 | 24,000 | 30,000 | - | - | MD Water Quality Fin. |
| 2022 Public Improvements Bond | 1.50-4.00 | M & S1 | 03/01/22-09/01/36 | 9/01/21 | 8,965,000 | 7,320,000 | 840,000 | 224,900 | Truist |
| 2022 Public Improvements Bond | 2.00-3.00 | M & S1 | 03/01/22-09/01/28 | 9/01/21 | 2,895,000 | 2,125,000 | 390,000 | 56,550 | Truist |
| 2024 Public Improvements Bond | 3.03-3.31 | M & S1 | 09/01/25-09/01/39 | 6/25/24 | 11,590,000 | 11,590,000 | - | - | M&T Bank |
| | | | | | | <u>\$ 85,490,974</u> | <u>\$ 7,223,743</u> | <u>\$ 1,196,798</u> | |

CITY OF SALISBURY, MARYLAND
GENERAL FUND REVENUE BY SOURCE (UNAUDITED)
FIVE YEARS ENDED JUNE 30, 2024

| 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 |
|------------------------------------|-------------------------|-----------------------|-----------------------|-------------------------|--------------------------|--|-----------------------------------|---------------------------------|--------------------------|-------------------------|
| 2024 | \$ 31,783,392 61.61% | \$ 3,099,693 6.00% | \$ 3,357,066 6.51% | \$ 2,056,746 3.99% | \$ 686,028 1.33% | \$ 504,011 0.98% | \$ 2,957,847 5.73% | \$ 7,142,435 13.85% | \$ 51,587,218 100.00% | \$ 3,307,656 |
| 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 |

CITY OF SALISBURY, MARYLAND

**GENERAL FUND EXPENDITURES BY FUNCTION (UNAUDITED)
FIVE YEARS ENDED JUNE 30, 2024**

| Fiscal Year Ended June 30 | General Government | Police | Fire | Other Safety | Department of Public Works | | | Recreation | Miscellaneous and Transfers | Total |
|------------------------------------|------------------------|------------------------|------------------------|-----------------------|--------------------------------|-----------------------|-------------------------|-----------------------|--------------------------------|--------------------------|
| | | | | | Supervision and Engineering | Highways | Sanitation and Other | | | |
| 2024 | \$ 5,362,819 10.29% | \$16,118,692 30.94% | \$12,048,210 23.13% | \$ 3,370,434 6.47% | \$ 1,877,655 3.60% | \$ 1,041,502 2.00% | \$ 3,443,917 6.61% | \$ 3,095,614 5.94% | \$ 5,739,968 11.02% | \$ 52,098,811 100.00% |
| 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 14.85% | \$ 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 23.69% | \$ 51,362,892 100.00% |
| 2021 | \$ 4,192,461 9.80% | \$13,532,744 31.63% | \$ 8,462,946 19.78% | \$ 3,038,807 7.10% | \$ 1,481,233 3.46% | \$ 811,422 1.90% | \$ 2,009,949 4.70% | \$ 2,161,996 5.05% | \$ 7,091,436 16.59% | \$ 42,782,994 100.00% |
| 2020 | \$ 4,131,101 9.83% | \$12,969,356 30.87% | \$ 8,919,013 21.23% | \$ 3,014,795 7.18% | \$ 1,898,710 4.52% | \$ 1,059,568 2.52% | \$ 2,118,072 5.04% | \$ 2,089,274 4.97% | \$ 5,811,650 13.82% | \$ 42,011,539 100.00% |

CITY OF SALISBURY, MARYLAND
WATER AND SEWER DEPARTMENT OPERATIONS (UNAUDITED)
FIVE YEARS ENDED JUNE 30, 2024

| 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 |
| 2024 | \$ 6,020,985 | \$ 573,587 | \$ 14,484,245 | \$ 1,033,149 | \$ 22,111,966 | \$ 1,176,697 | \$ 14,726,404 | \$ 68,556 | \$ 299,875 | \$ 5,093,748 | \$ 20,188,583 |
| 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 |

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, 2024**

| <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> |
|----------------------------------|-------------------------|---------------------------------------|--------------------------------|--|-----------------------------------|------------------------------|---|-------------------------------------|--|
| 2024 | \$ 2,761,429,654 | \$ 41,091,693 | \$ 39,939,284 | 97.20% | \$ 530,773 | \$ 40,470,057 | 98.49% | \$ 1,694,380 | 4.12% |
| 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% |

CITY OF SALISBURY, MARYLAND
GENERAL AND SINKING FUND - ASSESSED VALUES AND DEBT RATIOS (UNAUDITED)
FIVE YEARS ENDED JUNE 30, 2024

| 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 | | | | | | | |
| 2024 | \$ 2,452,431,174 | \$1,164,710 | \$ 216,901,640 | \$ 90,932,130 | \$ 2,761,429,654 | \$ 85,490,974 | 0.0310 | \$ 64,498,547 | \$ 35,662,730 | \$ 8,332,660 | \$ 72,287,390 | 0.115 |
| 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 |