



CITY OF SALISBURY

125 N. Division Street, Salisbury, MD 21801

LEGISLATIVE SESSION

125 N. Division Street, Room 301, Salisbury, MD 21801

Monday, December 15, 2025 7:30 PM

VACANT
Council President

ANGELA M. BLAKE
Council Vice President

APRIL R. JACKSON
Councilwoman

MICHELE R. GREGORY
Councilwoman

SHARON C. DASHIELL
Councilwoman

CALL TO ORDER

PRESENTATION AND ADOPTION OF LEGISLATIVE AGENDA

PRESENTATIONS

- Acceptance of Financial Audit

PUBLIC COMMENT

ADJOURNMENT

City Council Meetings are conducted in Open Session unless otherwise indicated. All or part of the Council's meetings can be held in Closed Session under the authority of the Maryland Open Meetings Law, Annotated Code of Maryland General Provisions Article § 3-305(b) by vote of the City Council.

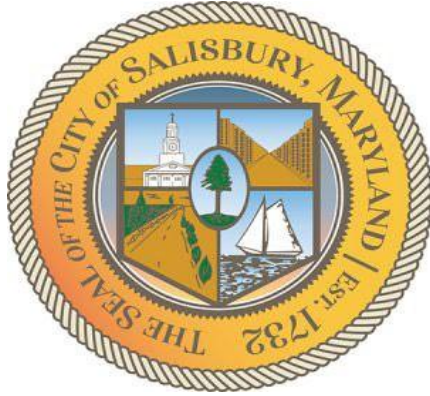


NOTICE OF SPECIAL LEGISLATIVE SESSION

The Salisbury City Council will convene in a Special Legislative Session on Monday, December 15, 2025 at approximately 7:30 p.m. in Council Chambers of the Government Office Building located at 125 N. Division Street. The Special Legislative Session will be for the acceptance of the financial audit.

Council reserves the right to adjust the agenda as circumstances warrant. The Council reserves the right to convene in Closed Session as permitted under the Annotated Code of Maryland 3-305(b).

Hannah Long
Deputy City Clerk
12/10/2025



CITY OF SALISBURY, MARYLAND

AUDIT REPORT

JUNE 30, 2025

City of Salisbury, Maryland

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City of Salisbury, Maryland

**Organization
Serving as of June 30, 2025**

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 Arts, Business, and Culture
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
Allen Swiger
Julie English
Cockey, Brennan, Maloney
Victoria Idoni
Sandra Green
Michael Lowe
Megan Caton
Scott Roberts
Nicholas Voitiuc
Corinne Cameron
Michael Dryden
Steven Dickerson
Muir Boda
David Meienschein
William Frampton

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE FINANCIAL STATEMENTS

To the Honorable Mayor, Members of the City Council and City Manager
City of Salisbury, Maryland

Opinion

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, Maryland (the City), as of and for the year ended June 30, 2025, 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, as of June 30, 2025, 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 opinion.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls 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 opinion. 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 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 controls. 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, 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 controls 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 controls. 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 controls 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, budgetary comparison schedule – general fund, schedule of the City's proportionate share of the net pension liability – employee plan, schedule of the City pension contributions – employee plan, schedule of the City's proportionate share of the net pension liability – LEOPS, schedule of the City pension contributions – LEOPS, and the schedule of the City's net OPEB liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 an opinion on the basic financial statements that collectively comprise the City's basic financial statements. The general fund schedule of revenue- budget and actual, general fund schedule of expenditures compared with appropriations, combining balance sheet-nonmajor governmental funds, combining statement of revenues, expenditures, and changes in fund balances- nonmajor governmental funds, statement of revenues, expenditures, and changes in fund balance- grant fund, combining statement of net position-nonmajor proprietary funds, combining statement of revenues, expenses, and changes in net position- nonmajor proprietary funds, combining statement of cash flows- nonmajor proprietary funds, combining statement of revenues, expenses, and changes in net position – water and sewer fund, and schedules of revenues and expenses-budget and actual for the water department, sewer department, city marina, parking authority, and stormwater utility (collectively, the Supplementary Information), as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information, as 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 Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the report. The other information comprise the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Owings Mills, Maryland
November 21, 2025

SB & Company, LLC



City of Salisbury, Maryland
Management's Discussion and Analysis
June 30, 2025

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, 2025. 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 as of June 30, 2025 was **\$109,816,634**. Net position of our governmental activities increased by **\$6,400,826 (or 30.7%)** while net position of our business-type activities increased by **\$3,880,494 (or 4.9%)**.
- The General Fund reported revenues other financing sources over expenditures and other financing uses resulting in a **\$4,339,509** increase in fund balance, bringing its fund balance this year to **\$26,071,353**.

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

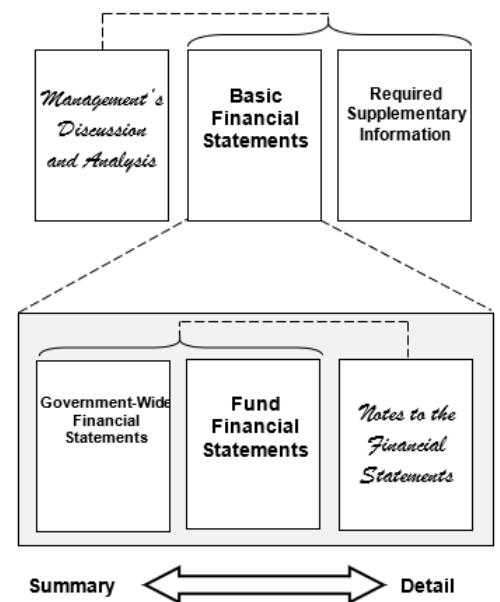


Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

City of Salisbury, Maryland
Management's Discussion and Analysis
June 30, 2025

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	• Statement of net position	• Balance sheet	• Statement of net position	• Statement of fiduciary net position
	• Statement of activities	• Statement of revenues, expenditures, and changes in fund balances	• Statement of revenues, expenses, and changes in fund net position • Statement of cash flows	• 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.

City of Salisbury, Maryland
Management's Discussion and Analysis
June 30, 2025

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, 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.

City of Salisbury, Maryland
Management's Discussion and Analysis
June 30, 2025

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City's combined net position as of June 30, 2025 was \$109,816,634.

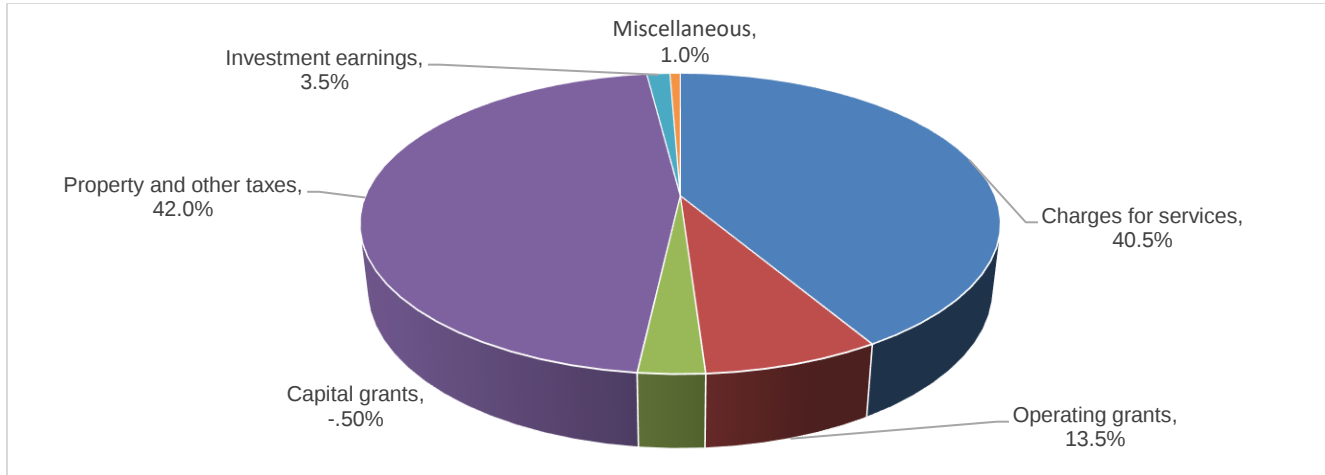
	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
CURRENT ASSETS:						
Cash and cash equivalents	\$ 30,304	\$ 24,879	\$ 4,961	\$ 4,800	\$ 35,265	\$ 29,679
Accounts receivable, net	4,612	4,748	3,838	3,844	8,450	8,592
Due from other governmental units	3,655	2,800	174	173	3,829	2,973
Internal balances	602	727	(602)	(727)	-	-
Inventories	1,005	794	536	461	1,541	1,255
TOTAL CURRENT ASSETS	40,178	33,948	8,907	8,551	49,085	42,499
NONCURRENT ASSETS:						
Restricted cash	15,743	15,382	15,848	14,981	31,591	30,363
Capital assets at cost	116,051	113,497	199,158	196,913	315,209	310,410
Less accumulated depreciation	(50,348)	(47,164)	(73,462)	(69,321)	(123,810)	(116,485)
TOTAL NONCURRENT ASSETS	81,446	81,715	141,544	142,573	222,990	224,288
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflow - pensions	16,634	18,061	1,345	2,609	17,979	20,670
Deferred outflow - OPEB	1,640	2,194	410	548	2,050	2,742
Total deferred outflows of resources	18,274	20,255	1,755	3,157	20,029	23,412
TOTAL ASSETS and deferred outflows of resources	139,898	135,918	152,206	154,281	292,104	290,199
CURRENT LIABILITIES:						
Accounts payable and accrued expenses	2,939	3,021	1,195	1,031	4,134	4,052
Bonds, notes and capital leases payable	4,124	3,905	4,526	4,293	8,650	8,198
Other	5,426	6,203	2,427	1,449	7,853	7,652
TOTAL CURRENT LIABILITIES	12,489	13,129	8,148	6,773	20,637	19,902
NONCURRENT LIABILITIES:						
Compensated absences	2,693	2,490	393	387	3,086	2,877
Post-employment benefits	4,042	6,017	1,011	1,504	5,053	7,521
Net pension liability	46,110	41,365	5,728	5,031	51,838	46,396
Bonds, notes and capital leases payable	25,360	29,439	50,450	55,578	75,810	85,017
TOTAL NONCURRENT LIABILITIES	78,205	79,311	57,582	62,500	135,787	141,811
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - pensions	6,967	6,949	144	1,322	7,111	8,271
Deferred inflows - OPEB	15,003	15,695	3,751	3,924	18,754	19,619
Total Deferred Inflows	21,970	22,644	3,895	5,246	25,865	27,890
Total liabilities and deferred inflows of resources	112,664	115,084	69,625	74,519	182,289	189,603
NET POSITION:						
Invested in capital assets, net of related debt	36,218	32,989	70,720	67,721	106,938	100,710
Restricted	15,743	15,611	15,848	14,981	31,591	30,592
Unrestricted	(24,727)	(27,766)	(3,987)	(2,940)	(28,714)	(30,706)
TOTAL NET POSITION	\$ 27,234	\$ 20,834	\$ 82,581	\$ 79,762	\$ 109,815	\$ 100,596

City of Salisbury, Maryland
Management's Discussion and Analysis
June 30, 2025

Net position of the City's governmental activities increased by 30.7% to \$27,234,816 due to increases in assets not offset by increases in liabilities. Net position of the City's business-type activities increased by 3.6% to \$82,581,819 due to increases in assets not offset by increases in liabilities.

The City's total revenues were \$91,600,313. A significant portion (42.0%) of the City's revenue comes from property and other taxes (See Figure A-3). A portion (40.5%) comes from charges for services, 13.5% is derived from operating grants, and 1.50% is derived from capital grants and contributions. The remaining 4.5% comes from miscellaneous and investment earnings. The total cost of all programs and services was \$82,380,103.

Figure A-3, City's Sources of Revenues



City of Salisbury, Maryland
Management's Discussion and Analysis
June 30, 2025

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Program revenues:						
Charges for services	\$ 12,143	\$ 12,477	\$ 24,644	\$ 23,271	\$ 36,787	\$ 35,748
Operating grants	11,166	8,131	-	-	11,166	8,131
Capital grants	166	131	402	442	568	573
General revenues:						
Property & other taxes	38,105	35,621	-	-	38,105	35,621
Investment earnings	2,584	1,083	694	422	3,278	1,505
Miscellaneous	952	1,102	746	2	1,698	1,104
Total revenues	<u>\$ 65,116</u>	<u>\$ 58,545</u>	<u>\$ 26,486</u>	<u>\$ 24,137</u>	<u>\$ 91,602</u>	<u>\$ 82,682</u>

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

	Total Cost of Services			Net (Revenue) Cost of Services	
	2025	2024	% Change	2025	2024
Governmental activities					
General government	\$ 7,880	\$ 7,582	3.9%	\$ 3,555	\$ 3,644
Public safety	38,744	35,588	8.9%	24,580	24,328
Public works	6,589	6,337	4.0%	2,402	1,875
Recreation and culture	4,131	3,516	17.5%	3,331	2,437
Miscellaneous	1,473	1,117	31.9%	1,473	1,117
Interest on long-term debt	960	888	8.1%	960	888
Total governmental activities	<u>59,777</u>	<u>55,028</u>		<u>36,301</u>	<u>34,289</u>
Business-type activities					
Water and sewer	21,467	20,189	6.3%	(1,803)	(1,561)
Other	1,138	1,521	-25.2%	(638)	(435)
Total business-type activities	<u>22,605</u>	<u>21,710</u>		<u>(2,441)</u>	<u>(1,996)</u>
Total	<u>\$ 82,382</u>	<u>\$ 76,738</u>		<u>\$ 33,860</u>	<u>\$ 32,293</u>

City of Salisbury, Maryland
Management's Discussion and Analysis
June 30, 2025

Governmental Activities

Property and other tax revenues increased by approximately \$2.5 million due to improvements in economic conditions. The cost of all *governmental* activities this year was \$59.8 million. However, the amount that the City's taxpayers paid for these activities through taxes was only \$38.1 million. Some of the cost was paid by those who directly benefited from the programs, \$12.1 million, or by grants and contributions, \$12.4 million. The total cost of governmental activities increased by \$4.7 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 \$24.6 million in FY 2025, an increase from \$23.9 million in FY 2024 (see Table A-2), while expenses were \$22.6 million in FY 2025 versus \$21.7 million in FY 2024. The overall revenues increase is primarily due to more revenue related to charges for services earned by the City in FY 2025. Overall costs increased by \$.9 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 2025, the City's governmental funds reported a combined fund balance of \$43.4 million, a \$5.9 million increase from the previous year. At year end, the General Fund had a fund balance of \$26.1 million, and the Capital Improvements Fund had a fund balance of \$15.5 million. The fund balance for other governmental funds reported an ending in fund balance of \$1.9 million. Revenues and other financing sources collections were greater than expenditures and other financing uses by \$6.4 million for the year for all governmental funds. General Fund Revenue and other financing sources collections were greater than expenditures and other financing uses by \$4.3 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 \$59.0 million (including operating transfers), versus an original budget of \$56.3 million. The variance is largely due to a \$1.1 million carry forward of encumbrances from FY 2024 and \$1.6 million by other ordinances passed during the year. Actual expenditures including operating transfers were \$4.5 million below final budget amounts. All departments were under budget during the year.

City of Salisbury, Maryland
Management's Discussion and Analysis
June 30, 2025

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2025, the City had invested \$191.4 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 %
	2025	2024	2025	2024	2025	2024	Change
Land and art	\$ 8,454	\$ 8,278	\$ 764	\$ 878	\$ 9,218	\$ 9,156	0.7%
Construction-in-progress	6,375	6,394	11,640	9,475	18,015	15,869	13.5%
Buildings and improvements	30,544	30,016	51,348	52,614	81,892	82,630	-0.9%
Improvements, non-buildings	38,897	37,554	119,189	118,879	158,088	156,433	1.1%
Machinery and equipment	31,744	31,219	16,217	15,067	47,961	46,286	3.6%
Zoo animals	36	36	-	-	36	36	0.0%
Totals at historical cost	116,050	113,497	199,158	196,913	315,206	310,410	1.5%
Total accumulated depreciation	50,348	47,164	73,462	69,320	123,810	116,484	6.3%
Net Capital Assets	<u>\$ 65,702</u>	<u>\$ 66,333</u>	<u>\$ 125,696</u>	<u>\$ 127,593</u>	<u>\$ 191,398</u>	<u>\$ 193,926</u>	-1.3%

The City's governmental capital purchases for fiscal year 2025 included the purchase of an armored vehicle and nine additional police vehicles, radios for the Police and Fire Departments, Doverdale Park playground equipment, downtown parking garage security cameras, and other equipment and vehicles for the Zoo, Neighborhood Services, Field Operations, and other departments. The business-type activities additions to capital assets included a sewer truck, a dump truck, a boom lift, and three additional vehicles to be used in the water and sewer division. Projects completed included E Main Street Sewer/Water Valves, Park WTP Building Improvements, WWTP Filter Cloth Socks, Community Center Truitt Improvements, and Parking Automation. Continuing projects include Bicycle Master Plan, City Park Master Plan, Service Center, Naylor Mill Raw Water Line, 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 \$84.5 million in bonds, notes, and leases outstanding, a decrease of \$8.8 million over the previous year. No new bonds were issued by the City during fiscal year 2025.

The City is limited to a maximum general obligation bond limit of \$69.2 million. Debt in enterprise funds is not subject to the maximum bond limit, thus of the total bonds, notes, and leases outstanding of \$84.5 million only \$29.5 million of such debt would be subject to the bond limit. More detailed information about the City's long-term liabilities is presented in Note 6 to the financial statements.

City of Salisbury, Maryland
Management's Discussion and Analysis
June 30, 2025

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>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	
Leases payable	\$ 965	\$ 1,547	\$ 867	\$ 231	\$ 1,832	\$ 1,778	3%
Bonds payable	25,844	28,836	52,723	56,655	78,567	85,491	-8%
Mortgages and notes payable	-	-	-	1,382	-	1,382	-100%
Bond premium	2,675	2,961	1,385	1,602	4,060	4,563	-11%
 Total Bonds, Mortgages, and Notes Payable, net	 <u>\$ 29,484</u>	 <u>\$ 33,344</u>	 <u>\$ 54,975</u>	 <u>\$ 59,870</u>	 <u>\$ 84,459</u>	 <u>\$ 93,214</u>	 -9%

ECONOMIC FACTORS

- The City collected \$662,540 in building permit revenues for FY 2025 vs. \$429,793 for FY 2024.
- The City received \$2.7 million more in real estate property tax revenue in FY 2025. The total of other tax revenues was \$1.0 million more in FY 2025.
- The City's has a three-year reassessment cycle. The adjusted assessed value of all real properties in the City increased by \$242 million over the prior year.
- The local (Wicomico County) unemployment rate as of July 2025 was 3.8%, up from 3.6% a year ago. For July 2025, the State of Maryland and the U.S. had an unemployment rate of 3.4% and 4.2%, respectively.

WATER SEWER FUND

The water and sewer fund adopted budget increased from \$21.6 million in FY 2024 to \$23.2 million in FY 2025.

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 Finance 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
As of June 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investment pool	\$ 30,303,900	\$ 4,960,733	\$ 35,264,633
Taxes receivable net	838,742	-	838,742
Accounts receivable, net	3,773,527	3,837,947	7,611,474
Due from other governmental units	3,655,802	173,655	3,829,457
Due from other funds	601,883	(601,883)	-
Inventories	1,004,560	536,016	1,540,576
Total current assets	40,178,414	8,906,468	49,084,882
Noncurrent assets:			
Restricted cash	15,743,304	15,848,444	31,591,748
Construction -in-progress	6,375,283	11,639,942	18,015,225
Land and art	8,454,177	764,493	9,218,670
Capital assets at cost	101,221,113	186,753,290	287,974,403
Less accumulated depreciation	(50,348,250)	(73,461,658)	(123,809,908)
Total noncurrent assets	81,445,627	141,544,511	222,990,138
Total assets	121,624,041	150,450,979	272,075,020
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow - pensions	16,633,940	1,345,287	17,979,227
Deferred outflows - OPEB	1,639,874	409,969	2,049,843
Total deferred outflows of resources	18,273,814	1,755,256	20,029,070
Total assets and deferred outflows of resources	139,897,855	152,206,235	292,104,090
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	2,639,567	1,150,823	3,790,390
Unearned revenue	4,959,571	807,148	5,766,719
Due to other governmental units	5	-	5
Deposits and advance payments of taxes	158,199	1,480,464	1,638,663
Compensated absences	299,181	43,698	342,879
Accrued interest payable	307,885	139,556	447,441
Bonds, notes and capital leases payable (short term)	4,124,469	4,526,091	8,650,560
Total current liabilities	12,488,877	8,147,780	20,636,657
Noncurrent liabilities:			
Compensated absences	2,692,633	393,279	3,085,912
Post-employment health benefits	4,042,068	1,010,517	5,052,585
Net pension liability	46,109,691	5,728,073	51,837,764
Bonds, notes, and capital leases payable	25,359,800	50,449,608	75,809,408
Total noncurrent liabilities	78,204,192	57,581,477	135,785,669
Total liabilities	90,693,069	65,729,257	156,422,326
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pensions	6,966,801	144,367	7,111,168
Deferred Inflows - OPEB	15,003,171	3,750,793	18,753,964
Total deferred inflows of resources	21,969,972	3,895,160	25,865,132
Total liabilities and deferred inflows of resources	112,663,041	69,624,417	182,287,458
NET POSITION			
Net investment in capital assets	36,218,054	70,720,368	106,938,422
Restricted	15,743,304	15,848,444	31,591,748
Unrestricted	(24,726,544)	(3,986,994)	(28,713,538)
Total net position	\$ 27,234,814	\$ 82,581,818	\$ 109,816,632

The accompanying notes are an integral part of this financial statement.

City of Salisbury, Maryland
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 7,879,501	\$ 2,187,946	\$ 1,976,864	\$ 159,905	\$ (3,554,786)	\$ -	\$ (3,554,786)
Public safety	38,743,604	5,064,193	9,094,940	4,000	(24,580,471)	-	(24,580,471)
Public works	6,588,871	4,106,285	78,246	2,156	(2,402,184)	-	(2,402,184)
Recreation & culture	4,130,788	784,256	15,586	-	(3,330,946)	-	(3,330,946)
Non departmental	1,472,872	-	-	-	(1,472,872)	-	(1,472,872)
Debt service - Interest	959,547	-	-	-	(959,547)	-	(959,547)
Total governmental activities	59,775,183	12,142,680	11,165,636	166,061	(36,300,806)	-	(36,300,806)
Business-type activities:							
Parking Authority	478,528	733,916	-	-	-	255,388	255,388
Water & Sewer Fund	21,467,266	22,868,012	-	401,953	-	1,802,699	1,802,699
City Marina	100,601	41,237	-	-	-	(59,364)	(59,364)
Mitchell Landing	10,817	-	-	-	-	(10,817)	(10,817)
Storm Water Utility	547,708	1,000,725	-	-	-	453,017	453,017
Total business-type activities	22,604,920	24,643,890	-	401,953	-	2,440,923	2,440,923
Total primary government	\$ 82,380,103	\$ 36,786,570	\$ 11,165,636	\$ 568,014	(36,300,806)	2,440,923	(33,859,883)
General revenues:							
Real and personal property taxes					26,701,547	-	26,701,547
Ordinary business corporations and utilities					7,882,101	-	7,882,101
State shared income tax					3,317,632	-	3,317,632
Other taxes					203,773	-	203,773
Investment earnings					2,583,902	693,969	3,277,871
Gain on sale of fixed assets					10,826	745,601	756,427
Miscellaneous					940,740	-	940,740
Transfers					1,061,109	(1,061,109)	-
Total general revenues, special items, and transfers					42,701,630	378,461	43,080,091
Change in net position					6,400,824	2,819,384	9,220,208
Net position - beginning					20,833,990	79,762,434	100,596,424
Net position - ending					\$ 27,234,814	\$ 82,581,818	\$ 109,816,632

The accompanying notes are an integral part of this financial statement.

City of Salisbury, Maryland
Balance Sheet – Governmental Funds
As of June 30, 2025

	General Fund	Grants Fund	Capital Improvements Fund	Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash	\$ 6,011,254	\$ 7,340	\$ -	\$ 1,376,803	\$ 7,395,397
Investment pool	18,866,541	4,005,671	-	36,291	22,908,503
Accounts receivable	-	-	-	115,974	115,974
Taxes Receivable	1,665,460	-	-	-	1,665,460
Less allowance for uncollectible	(826,718)	-	-	-	(826,718)
Due from other governmental units	2,654,727	1,001,076	-	-	3,655,803
Due from other funds	601,883	-	-	-	601,883
Sundry accounts receivable	9,149,132	122,790	-	113,677	9,385,599
Less allowance for uncollectibles	(5,728,044)	-	-	-	(5,728,044)
Inventory	1,004,560	-	-	-	1,004,560
Restricted cash	238,608	-	1,760,060	-	1,998,668
Restricted investment pool	-	-	13,744,636	-	13,744,636
Total assets	<u>33,637,403</u>	<u>5,136,877</u>	<u>15,504,696</u>	<u>1,642,745</u>	<u>55,921,721</u>
LIABILITIES					
Accounts payable and accrued expenses	2,343,824	274,876	17,928	2,939	2,639,567
Unearned revenue	339,589	4,619,982	-	-	4,959,571
Due to other governmental units	5	-	-	-	5
Compensated absences	299,181	-	-	-	299,181
Deposits and advance payment of taxes	158,199	-	-	-	158,199
Total liabilities	<u>3,140,798</u>	<u>4,894,858</u>	<u>17,928</u>	<u>2,939</u>	<u>8,056,523</u>
Deferred Inflows					
Unavailable revenue	<u>4,425,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,425,250</u>
FUND BALANCE					
Nonspendable	1,004,560	-	-	-	1,004,560
Restricted	-	-	15,486,768	-	15,486,768
Committed	3,339,000	-	-	1,582,863	4,921,863
Assigned	1,559,905	242,018	-	56,943	1,858,866
Unassigned	20,167,888	-	-	-	20,167,888
Total fund balances (deficits)	<u>26,071,353</u>	<u>242,018</u>	<u>15,486,768</u>	<u>1,639,806</u>	<u>43,439,945</u>
Total liabilities and fund balances (deficits)	<u>\$ 29,212,151</u>	<u>\$ 5,136,876</u>	<u>\$ 15,504,696</u>	<u>\$ 1,642,745</u>	<u>\$ 51,496,468</u>

The accompanying notes are an integral part of this financial statement.

City of Salisbury, Maryland
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
As of June 30, 2025

Fund balances of governmental funds	\$	43,439,945
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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.

65,702,323

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.

4,425,250

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 lease obligations	\$ (29,484,269)	
Compensated absences	(2,692,633)	
Post-employment benefits	(4,042,068)	
Net pension liability	(46,109,691)	
Accrued interest on bonds	<u>(307,885)</u>	(82,636,546)

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	16,633,940	
Deferred outflows - OPEB plan	1,639,874	
Deferred inflows - pension plan	(6,966,801)	
Deferred inflows - OPEB plan	<u>(15,003,171)</u>	<u>(3,696,158)</u>

Net position of governmental activities	\$	<u>27,234,814</u>
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The accompanying notes are an integral part of this financial statement.

City of Salsibury, Maryland

**Statement of Revenues, Expenditures, and Changes
In Fund Balances – Governmental Funds
For the Year Ended June 30, 2025**

	General Fund	Grants Fund	Capital Improvements Fund	Nonmajor Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 37,812,297	\$ -	\$ -	\$ -	\$ 37,812,297
Other revenue	5,338,241	34,215	759,840	786,074	6,918,370
Intergovernmental revenues	7,723,484	3,494,686	-	-	11,218,170
Charges for services	7,041,058	-	-	252,251	7,293,309
Total revenues	<u>57,915,080</u>	<u>3,528,901</u>	<u>759,840</u>	<u>1,038,325</u>	<u>63,242,146</u>
EXPENDITURES					
Current:					
General government	5,545,506	868,571	-	453,721	6,867,798
Public safety	32,567,934	1,406,055	-	-	33,973,989
Public works	4,895,775	5,891	-	28,094	4,929,760
Recreation & culture	2,770,694	10,000	-	-	2,780,694
Non departmental	1,472,872	-	-	-	1,472,872
Capital outlays	1,375,687	1,715,686	876,046	43,274	4,010,693
Debt service:					
Interest	920,135	-	2,189	-	922,324
Principal retirement	3,573,477	-	-	-	3,573,477
Total expenditures	<u>53,122,080</u>	<u>4,006,203</u>	<u>878,235</u>	<u>525,089</u>	<u>58,531,607</u>
Excess (deficiency) of revenues over expenditures	<u>4,793,000</u>	<u>(477,302)</u>	<u>(118,395)</u>	<u>513,236</u>	<u>4,710,539</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers in (out)	(599,180)	443,180	1,131,109	86,000	1,061,109
Proceeds from sale of fixed assets	145,689	-	-	-	145,689
Total other financing sources (uses)	<u>(453,491)</u>	<u>443,180</u>	<u>1,131,109</u>	<u>86,000</u>	<u>1,206,798</u>
Net change in fund balances	4,339,509	(34,122)	1,012,714	599,236	5,917,337
Fund balances - beginning	21,731,844	276,140	14,474,054	1,040,570	37,522,608
Fund balances - ending	<u>\$ 26,071,353</u>	<u>\$ 242,018</u>	<u>\$ 15,486,768</u>	<u>\$ 1,639,806</u>	<u>\$ 43,439,945</u>

The accompanying notes are an integral part of this financial statement.

City of Salsibury, Maryland

**Reconciliation of the Statement of Revenues, Expenditures, and Changes
In Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025**

Net change in fund balances - total government funds	\$	5,917,337
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Amounts reported for governmental activities in the statement of activities 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.	(630,683)
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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 increases by this amount this year.	1,571,828
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Governmental funds report repayment of debt principal as an expenditure. In contract, the statement of net position treats such repayment as a reduction on long-term liabilities.	3,573,477
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Some items reported in 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	\$ (203,090)	
Increase in post-employment benefits	(3,790,819)	
Increase in accrued interest payable	<u>(37,226)</u>	<u>(4,031,135)</u>

Change in net position of governmental activities	\$	<u><u>6,400,824</u></u>
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The accompanying notes are an integral part of this financial statement.

City of Salisbury, Maryland
Statement of Net Position – Proprietary Funds
June 30, 2025

	Enterprise Funds			
	Water & Sewer Fund	Mitchell Landing	Total Nonmajor Funds	Total Enterprise Funds
ASSETS				
Current assets:				
Cash	\$ 1,663,445	\$ -	\$ 1,149,366	\$ 2,812,811
Investment pool	2,115,699	-	60,631	2,176,330
Accounts receivable, net	3,557,212	-	280,736	3,837,948
Due from other governmental units	173,655	-	-	173,655
Inventory	536,016	-	-	536,016
Total current assets	8,046,027	-	1,490,733	9,536,760
Noncurrent assets:				
Restricted cash	5,390,816	-	-	5,390,816
Restricted investment pool	10,176,722	-	280,906	10,457,628
Construction-in-progress	10,325,117	-	1,314,825	11,639,942
Land	301,703	-	462,790	764,493
Buildings, equipment, and improvements	179,091,913	-	7,661,377	186,753,290
Less accumulated depreciation	(67,437,547)	-	(6,024,111)	(73,461,658)
Total noncurrent assets	137,848,724	-	3,695,787	141,544,511
Total assets	145,894,751	-	5,186,520	151,081,271
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows pension	1,278,327	-	66,960	1,345,287
Deferred outflows OPEB	409,969	-	-	409,969
Total deferred outflows of resources	1,688,296	-	66,960	1,755,256
Total assets and deferred outflows of resources	\$ 147,583,047	\$ -	\$ 5,253,480	\$ 152,836,527
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	\$ 719,036	\$ -	\$ 124,944	\$ 843,980
Cash overdraft	-	-	28,407	28,407
Accrued payroll	283,633	-	23,210	306,843
Accrued interest payable	128,145	-	11,411	139,556
Unearned revenue	807,148	-	-	807,148
Due to other funds	-	-	601,883	601,883
Bonds, notes and leases payable	4,331,040	-	195,051	4,526,091
Compensated absences	43,698	-	-	43,698
Deposits	1,479,539	-	926	1,480,465
Total current liabilities	7,792,239	-	985,832	8,778,071
Noncurrent liabilities:				
Bonds, notes and leases payable	49,596,256	-	853,352	50,449,608
Net OPEB liability	1,010,517	-	-	1,010,517
Net pension liability	5,442,965	-	285,108	5,728,073
Compensated absences	393,279	-	-	393,279
Total noncurrent liabilities	56,443,017	-	1,138,460	57,581,477
Total liabilities	64,235,256	-	2,124,292	66,359,548
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows pension	137,181	-	7,186	144,367
Deferred inflows - OPEB	3,750,793	-	-	3,750,793
Total deferred inflows of resources	3,887,974	-	7,186	3,895,160
Total liabilities and deferred inflows of resources	68,123,230	-	2,131,478	70,254,708
NET POSITION				
Net investment in capital assets	68,353,890	-	2,366,478	70,720,368
Restricted	15,567,538	-	280,906	15,848,444
Unrestricted	(4,461,611)	-	474,618	(3,986,993)
Total net position	\$ 79,459,817	\$ -	\$ 3,122,002	\$ 82,581,819

The accompanying notes are an integral part of this financial statement.

City of Salisbury, Maryland

**Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
For the Year Ended June 30, 2025**

	Enterprise Funds			
	Water & Sewer Fund	Mitchell Landing	Total Nonmajor Funds	Total Enterprise Funds
OPERATING REVENUES				
Penalties	\$ 146,812	\$ -	\$ -	\$ 146,812
Other revenue	217,780	-	-	217,780
Charges for services	22,037,520	-	1,775,878	23,813,398
Pretreatment monitoring fee	269,270	-	-	269,270
Impact Fees	196,630	-	-	196,630
Total operating revenues	22,868,012	-	1,775,878	24,643,890
OPERATING EXPENSES				
Salaries	5,538,353	-	202,313	5,740,666
Personnel benefits	2,445,291	-	99,739	2,545,030
Professional and skilled services	2,538,470	7,750	151,662	2,697,882
Supplies	3,112,969	-	17,677	3,130,646
Other operating expenses	2,009,709	3,067	377,447	2,390,223
Equipment	353,992	-	17,020	371,012
Depreciation	5,152,384	-	234,781	5,387,165
Total operating expenses	21,151,168	10,817	1,100,639	22,262,624
Operating income (loss)	1,716,844	(10,817)	675,239	2,381,266
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	648,050	-	45,919	693,969
Interest expense	(316,099)	-	(26,198)	(342,297)
(Loss) Gain on sale of fixed assets	(32,094)	777,696	-	745,602
Transfers out	(1,061,109)	-	-	(1,061,109)
Grant revenue	401,953	-	-	401,953
Total nonoperating revenues (expenses)	(359,299)	777,696	19,721	438,118
Income (loss) before contributions and transfers	1,357,545	766,879	694,960	2,819,384
Change in net position	1,357,545	766,879	694,960	2,819,384
Total net position - beginning	78,102,272	(766,879)	2,427,042	79,762,435
Total net position - ending	\$ 79,459,817	\$ -	\$ 3,122,002	\$ 82,581,819

The accompanying notes are an integral part of this financial statement.

City of Salisbury, Maryland
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2025

	Enterprise Funds			
	Water & Sewer Fund	Mitchell Landing	Total Nonmajor Funds	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 23,896,547	\$ (4,038)	\$ 1,736,278	\$ 25,628,787
Payments to suppliers	(8,043,655)	(19,494)	(506,429)	(8,569,578)
Payments to employees	(7,747,961)	-	(251,596)	(7,999,557)
NET CASH FROM OPERATING ACTIVITIES	8,104,931	(23,532)	978,253	9,059,652
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash overdraft	-	-	16,333	16,333
Transfer of assets to third party	-	(159,836)	-	(159,836)
Transfers to other funds	(1,061,109)	-	(125,000)	(1,186,109)
CASH FROM NONCAPITAL FINANCING ACTIVITIES	(1,061,109)	(159,836)	(108,667)	(1,329,612)
CASH FLOWS FROM CAPTAL AND RELATED FINANCING ACTIVITIES				
Principal paid on bonds, notes, and leases	(3,290,873)	-	(222,392)	(3,513,265)
Interest paid on bonds, notes and mortgages	(274,006)	-	(27,112)	(301,118)
Payments for capital acquisitions	(3,063,752)	-	(903,568)	(3,967,320)
Capital grants	401,953	-	-	401,953
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(6,226,678)	-	(1,153,072)	(7,379,750)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	648,050	-	45,918	693,968
Net change in cash and cash equivalents	1,465,194	(183,368)	(237,568)	1,044,258
Cash and cash equivalents, beginning of year	17,881,488	183,368	1,728,471	19,793,327
Cash and cash equivalents, end of year	\$ 19,346,682	\$ -	\$ 1,490,903	\$ 20,837,585
Cash	\$ 1,663,445	\$ -	\$ 1,149,366	\$ 2,812,811
Investment pool	2,115,699	-	60,631	2,176,330
Restricted cash	5,390,816	-	-	5,390,816
Restricted investment pool	10,176,722	-	280,906	10,457,628
Total	\$ 19,346,682	\$ -	\$ 1,490,903	\$ 20,837,585
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 1,716,844	\$ (10,817)	\$ 675,240	\$ 2,381,267
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation	5,152,384	-	234,781	5,387,165
Changes in assets and liabilities:				
Accounts receivable, net	45,313	-	(39,600)	5,713
Due from other governmental units	(857)	-	-	(857)
Inventory	(74,997)	-	-	(74,997)
Deferred outflows and inflows	46,399	-	4,878	51,277
Accounts payable and accrued expenses	46,482	-	57,376	103,858
Accrued payroll	10,990	(7,001)	13,250	17,239
Unearned revenue	807,148	(1,676)	-	805,472
Compensated absences	7,400	-	-	7,400
Deposits	176,931	(4,038)	-	172,893
Net OPEB liability	(493,649)	-	-	(493,649)
Net pension liability	664,543	-	32,328	696,871
Net cash from operating activities	\$ 8,104,931	\$ (23,532)	\$ 978,253	\$ 9,059,652

The accompanying notes are an integral part of this financial statement.

City of Salisbury, Maryland
Statement of Net Position – Custodial Funds
June 30, 2025

	<u>Health Care Trust</u>	<u>Custodial Funds</u>
ASSETS		
Cash	\$ -	\$ 515,908
Investment pool	-	85,817
Investments	2,750,118	-
Accounts receivable	-	218,520
Total assets	<u>2,750,118</u>	<u>820,245</u>
 NET POSITION		
Restricted	<u>\$ 2,750,118</u>	<u>\$ 820,245</u>

The accompanying notes are an integral part of this financial statement.

City of Salisbury, Maryland
Statement of Changes in Net Position – Custodial Funds
For the Year Ended June 30, 2025

	<u>Health Care Trust</u>	<u>Custodial Funds</u>
ADDITIONS		
Investment earnings	\$ 110,132	\$ 4,126
Contributions- police	509,654	30,525
Contributions- bay restoration	-	1,243,320
Gain on sale of investments	158,495	-
Total additions	<u>778,281</u>	<u>1,277,971</u>
DEDUCTIONS		
Benefit payments	509,654	9,600
Deductions- police	-	2,996
Deductions- bay restoration	-	1,240,942
Total deductions	<u>509,654</u>	<u>1,253,538</u>
Net increase (decrease) in fiduciary net position	268,627	24,433
Total net position - beginning	2,481,491	795,812
Total net position - ending	<u>\$ 2,750,118</u>	<u>\$ 820,245</u>

The accompanying notes are an integral part of this financial statement.

CITY OF SALISBURY, MARYLAND

NOTES TO THE 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 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.

CITY OF SALISBURY, MARYLAND

NOTES TO THE FINANCIAL STATEMENTS

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

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.

Proprietary Funds

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

CITY OF SALISBURY, MARYLAND

NOTES TO THE FINANCIAL STATEMENTS

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

Enterprise Funds

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

Water and Sewer Fund – The Water and Sewer Fund is used to account for all financial transactions, including the acquisition or construction of major capital facilities, related to the operations of the City's water and sewer services.

Mitchell Landing Fund – The Mitchell Landing Fund is used to account for all financial transactions related to the operations of the Mitchell Landing Apartments, a low-income housing project which operates under the guidelines of the Maryland Department of Housing and Community Development. During the year ended June 30, 2025, Mitchell Landing was transferred to a third party whereby the City transferred all assets to the third party and the third party assumed all liabilities.

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 THE 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 THE 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 THE 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. As of June 30, 2025, 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 maintenance and repairs that do not add value to the asset or materially extend an asset's life are not capitalized.

CITY OF SALISBURY, MARYLAND

NOTES TO THE FINANCIAL STATEMENTS

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

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, 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.

CITY OF SALISBURY, MARYLAND

NOTES TO THE FINANCIAL STATEMENTS

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

Net Position (Deficit) (cont'd)

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, 2025 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 THE 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

As of June 30, 2025, the carrying amount of the City's cash deposits was \$18,085,192 and the bank balance was \$18,702,524. Of the bank balance, \$1,238,608 was covered by federal depository insurance, and \$16,874,992 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 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, 2025, MLGIP was rated AAA by a nationally recognized statistical rating organization. As of June 30, 2025, the City had \$49,372,914 invested in MLGIP.

CITY OF SALISBURY, MARYLAND

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 CASH AND INVESTMENTS (cont'd)

Restricted Cash

Restricted cash in the governmental funds represents funds held in escrow by a local financial institution relating to the 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 as of June 30, 2025 was \$2,750,118.

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, 2025:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Money markets	\$ 29,407	\$ 29,407	\$ -
Mutual funds	2,345,108	2,345,108	-
Exchange traded products	375,603	375,603	-
TOTAL	\$ 2,750,118	\$ 2,750,118	\$ -

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, 2025, appropriate due from/to other funds have been established. The composition of interfund balances as of June 30, 2025 is as follows:

<u>Receivable By</u>	<u>Amount</u>	<u>Payable From</u>	<u>Amount</u>
General Fund	\$ 601,883	Nonmajor Proprietary Funds	\$ 601,883

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

CITY OF SALISBURY, MARYLAND

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 **INTERFUND RECEIVABLES AND PAYABLES** (cont'd)

Interfund transfers for the year ended June 30, 2025 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,061,109	\$ 1,660,289
Capital Improvements Fund	1,131,109	-
Grant Fund	443,180	-
Water and Sewer Fund	-	1,061,109
Nonmajor Governmental Funds	<u>86,000</u>	<u>-</u>
TOTAL	<u>\$ 2,721,398</u>	<u>\$ 2,721,398</u>

NOTE 5 **CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2025 was as follows:

	<u>July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2025</u>
GOVERNMENTAL ACTIVITIES					
Capital assets not being depreciated:					
Land and art	\$ 8,277,516	\$ 265,212	\$ (90,000)	\$ 1,450	\$ 8,454,178
Construction-in-progress	<u>6,394,040</u>	<u>1,353,749</u>	<u>(311,858)</u>	<u>(1,060,648)</u>	<u>6,375,283</u>
Total Capital Assets Not Being Depreciated	<u>14,671,556</u>	<u>1,618,961</u>	<u>(401,858)</u>	<u>(1,059,198)</u>	<u>14,829,461</u>
Capital assets being depreciated:					
Land improvements	767,410	-	-	-	767,410
Buildings and improvements	29,249,062	210,963	-	317,057	29,777,082
Improvements, non-buildings	37,554,208	599,851	-	742,141	38,896,201
Machinery and equipment	31,219,091	1,724,378	(1,199,048)	-	31,744,421
Zoo animals	<u>36,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,000</u>
Total Capital Assets Being Depreciated	<u>98,825,771</u>	<u>2,535,192</u>	<u>(1,199,048)</u>	<u>1,059,198</u>	<u>101,221,114</u>
Accumulated depreciation	<u>(47,164,320)</u>	<u>(4,338,116)</u>	<u>1,154,186</u>	<u>-</u>	<u>(50,348,250)</u>
Total Capital Assets Being Depreciated, Net	<u>51,661,451</u>	<u>(1,802,924)</u>	<u>(44,862)</u>	<u>1,059,198</u>	<u>50,872,864</u>
Governmental Activities Capital Assets, Net	<u>\$ 66,333,007</u>	<u>\$ (183,963)</u>	<u>\$ (446,720)</u>	<u>\$ -</u>	<u>\$ 65,702,325</u>

CITY OF SALISBURY, MARYLAND

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

Depreciation was charged to governmental functions as follows:

General government	\$ 347,382
Public safety	1,925,876
Public works	1,026,816
Recreation and culture	<u>1,038,042</u>

Total Depreciation Expense	<u>\$ 4,338,116</u>
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	<u>July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2025</u>
BUSINESS-TYPE ACTIVITIES					
<i>Water and Sewer Fund</i>					
Capital assets not being depreciated:					
Land	\$ 301,703	\$ -	\$ -	\$ -	\$ 301,703
Construction-in-progress	<u>8,919,551</u>	<u>2,720,252</u>	<u>(332,555)</u>	<u>(982,131)</u>	<u>10,325,117</u>
Total Capital Assets Not Being Depreciated	<u>9,221,254</u>	<u>2,720,252</u>	<u>(332,555)</u>	<u>(982,131)</u>	<u>10,626,820</u>
Capital assets being depreciated:					
Land improvements	430,636	-	-	-	430,636
Buildings and improvements	45,047,758	-	(52,930)	151,794	45,146,622
Improvements, non-buildings	118,878,923	-	-	309,115	119,188,038
Machinery and equipment	<u>13,230,443</u>	<u>697,689</u>	<u>(122,737)</u>	<u>521,222</u>	<u>14,326,617</u>
Total Capital Assets Being Depreciated	<u>177,587,760</u>	<u>697,689</u>	<u>(175,667)</u>	<u>982,131</u>	<u>179,091,913</u>
Accumulated depreciation	<u>(62,407,102)</u>	<u>(5,152,384)</u>	<u>121,939</u>	<u>-</u>	<u>(67,437,547)</u>
Total Capital Assets Being Depreciated, Net	<u>115,180,658</u>	<u>(4,454,695)</u>	<u>(53,728)</u>	<u>982,131</u>	<u>111,654,366</u>
 <i>Water and Sewer Fund</i>					
Capital Assets, Net	<u>\$124,401,912</u>	<u>\$ (1,734,443)</u>	<u>\$ (386,283)</u>	<u>\$ -</u>	<u>\$122,281,186</u>
 <i>Parking Authority Fund</i>					
Capital assets not being depreciated:					
Land	\$ 462,790	\$ -	\$ -	\$ -	\$ 462,790
Construction-in-progress	<u>554,948</u>	<u>890,072</u>	<u>-</u>	<u>(130,194)</u>	<u>1,314,826</u>
Total Capital Assets Not Being Depreciated	<u>1,017,738</u>	<u>890,072</u>	<u>-</u>	<u>(130,194)</u>	<u>1,777,616</u>

CITY OF SALISBURY, MARYLAND

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

	<u>July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2025</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	<u>284,326</u>	<u>13,495</u>	<u>-</u>	<u>130,194</u>	<u>428,015</u>
Total Capital Assets Being Depreciated	4,427,580	13,495	-	130,194	4,571,269
Accumulated depreciation	<u>(3,339,924)</u>	<u>(84,834)</u>	<u>-</u>	<u>-</u>	<u>(3,424,758)</u>
Total Capital Assets Being Depreciated, Net	<u>1,087,656</u>	<u>(71,339)</u>	<u>-</u>	<u>130,194</u>	<u>1,146,511</u>
 Parking Authority Fund					
Capital Assets, Net	<u>\$ 2,105,394</u>	<u>\$ 818,733</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,924,127</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	<u>150,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,803</u>
Total Capital Assets Being Depreciated	1,778,552	-	-	-	1,778,552
Accumulated depreciation	<u>(1,609,259)</u>	<u>(20,717)</u>	<u>-</u>	<u>-</u>	<u>(1,629,976)</u>
Total Capital Assets Being Depreciated, Net	<u>169,293</u>	<u>(20,717)</u>	<u>-</u>	<u>-</u>	<u>148,576</u>
 City Marina Fund					
Capital Assets, Net	<u>\$ 169,293</u>	<u>\$ (20,717)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,576</u>
 <i>Stormwater Utility Fund</i>					
Capital assets being depreciated:					
Machinery and equipment	\$ 1,311,556	\$ -	\$ -	\$ -	\$ 1,311,556
Total Capital Assets Being Depreciated	1,311,556	-	-	-	1,311,556
Accumulated depreciation	<u>(840,148)</u>	<u>(129,230)</u>	<u>-</u>	<u>-</u>	<u>(969,378)</u>
Total Capital Assets Being Depreciated, Net	<u>471,408</u>	<u>(129,230)</u>	<u>-</u>	<u>-</u>	<u>342,178</u>
 Stormwater Utility Fund					
Capital Assets, Net	<u>\$ 471,408</u>	<u>\$ (129,230)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 342,178</u>

CITY OF SALISBURY, MARYLAND

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

	<u>July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2025</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>(114,010)</u>	<u>-</u>	<u>-</u>
Capital assets being depreciated:					
Land improvements	7,862	-	(7,862)	-	-
Buildings and improvements	1,357,051	-	(1,357,051)	-	-
Machinery and equipment	<u>89,405</u>	<u>-</u>	<u>(89,405)</u>	<u>-</u>	<u>-</u>
Total Capital Assets Being Depreciated	1,454,318	-	(1,454,318)	-	-
Accumulated depreciation	<u>(1,124,054)</u>	<u>-</u>	<u>1,124,054</u>	<u>-</u>	<u>-</u>
Total Capital Assets Being Depreciated, Net	<u>330,264</u>	<u>-</u>	<u>(330,264)</u>	<u>-</u>	<u>-</u>
Mitchell Landing Fund Capital Assets, Net	<u>\$ 444,274</u>	<u>\$ -</u>	<u>\$ (444,274)</u>	<u>\$ -</u>	<u>\$ -</u>

The majority of the construction-in-progress relates to the Bicycle Master Plan, City Park Master Plan, Service Center, Alpine Rail Trail, and Andean Bear Exhibit for the governmental activities. Business-type projects included Paleo Well, Naylor Mill Raw Water Line, and Park Well Field. 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 as of June 30, 2025 totaled \$69,170,262. After considering general obligations, including mortgages and notes outstanding of \$25,843,558, the available additional debt margin was \$43,326,704.

CITY OF SALISBURY, MARYLAND

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (cont'd)

Long-term liability activity for the year ended June 30, 2025, was as follows:

	July 1, 2024	Additions	Retirements	June 30, 2025	Due Within One Year
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds	\$ 28,835,818	\$ -	\$ (2,992,260)	\$ 25,843,558	\$ 3,329,421
Bond premium	2,961,312	-	(286,099)	2,675,213	286,099
Lease obligations	1,546,715	-	(581,217)	965,498	508,949
	33,343,845		(3,859,576)	29,484,269	4,124,469
Compensated absences	2,766,159	225,657	-	2,911,814	299,181
Net OPEB liability	6,016,664	-	(1,974,596)	4,042,068	-
Net pension liability	41,365,120	4,744,571	-	46,109,691	-
Governmental Activities Long-term Liabilities	<u>\$ 83,491,786</u>	<u>\$ 4,970,228</u>	<u>\$ (5,834,172)</u>	<u>\$ 82,627,842</u>	<u>\$ 4,423,650</u>
BUSINESS-TYPE ACTIVITIES					
General Obligation Bonds	\$ 56,655,156	\$ -	\$ (3,931,729)	\$ 52,723,427	\$ 4,069,499
Bond premium	1,602,330	-	(217,530)	1,384,800	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	231,480	920,000	(284,008)	867,472	239,062
	59,870,773	920,000	(5,815,074)	54,975,699	4,526,091
Compensated absences	429,577	7,399	-	436,976	43,698
Net OPEB liability	1,504,166	-	(493,649)	1,010,517	-
Net pension liability	5,031,202	696,871	-	5,728,073	-
Business-type Activities Long-term Liabilities	<u>\$ 66,835,718</u>	<u>\$ 1,624,270</u>	<u>\$ (6,308,723)</u>	<u>\$ 62,151,265</u>	<u>\$ 4,569,789</u>

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

<u>Balance Outstanding</u>	
<u>Governmental</u>	<u>Business-type</u>
<u>Activities</u>	<u>Activities</u>

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 THE FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (cont'd)

	Balance Outstanding	
	Governmental Activities	Business-type Activities
(cont'd)		
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.	\$ -	\$ 6,229,083
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, 2025 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.	-	24,955
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.	-	912,822
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.	12,661	-

CITY OF SALISBURY, MARYLAND

NOTES TO THE 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, 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.	\$ -	\$ 34,659,303
 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.	 409,864	 109,923
 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.	 2,386,077	 2,673,923
 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.	 2,831,609	 174,195

CITY OF SALISBURY, MARYLAND

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (cont'd)

	Balance Outstanding	
	Governmental Activities	Business-type Activities
(cont'd)		
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.	\$ 7,622,200	\$ 662,800
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.	6,445,000	-
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.	-	1,720,000
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.	-	72,570

CITY OF SALISBURY, MARYLAND

NOTES TO THE 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.	 6,136,147	 5,453,853
	<u>\$ 25,843,558</u>	<u>\$ 52,723,427</u>

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

	<u>Governmental Activities</u>		
<u>Year(s) Ending June 30,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2026	\$ 3,329,421	\$ 866,758	\$ 4,196,179
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	2,044,906	451,053	2,495,959
2031 - 2035	9,260,173	1,325,590	10,585,763
2036 - 2040	3,458,641	354,819	3,913,460
2041 - 2042	-	-	-
	<u>\$ 25,843,558</u>	<u>\$ 4,912,169</u>	<u>\$ 30,755,727</u>

CITY OF SALISBURY, MARYLAND

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (cont'd)

<u>Year(s) Ending June 30,</u>	<u>Business-type Activities</u>		
	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2026	\$ 4,069,499	\$ 540,504	\$ 4,610,003
2027	3,983,976	467,897	4,451,873
2028	3,286,452	416,898	3,703,350
2029	4,832,198	274,660	5,106,858
2030	4,238,508	240,376	4,478,884
2031 - 2035	20,829,139	872,868	21,702,007
2036 - 2040	11,383,299	324,675	11,707,974
2041 - 2042	100,356	6,700	107,056
	<u>\$ 52,723,427</u>	<u>\$ 3,144,578</u>	<u>\$ 55,868,005</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 power of the City have not been pledged to pay these bonds. These bonds are payable over 30 years, with semi-annual interest payments on July 1 and January 1, starting on July 1, 2012 (or such earlier date as the bonds are converted and remarketed); and principal payments on July 1 in the years 2013 to 2036, inclusive, with a final principal and interest payment on January 1, 2037. These bonds initially bear interest at the rate of 7.9% per annum and are not subject to the debt limit set forth in the City's Charter. These bonds were issued as drawdown bonds and sold to the then current owner of the property located in the prescribed development/special taxing district. These bonds are subject to conversion and reoffering if certain conditions set forth in the Indenture of Trust relating to such bonds are met. Until any such conversion and reoffering, the bond holder will advance proceeds of the bonds to pay project costs. Until any such conversion and reoffering (and, potentially, even thereafter), interest on such bonds will be includable in gross income of the holders thereof for federal income tax purposes.

CITY OF SALISBURY, MARYLAND

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 **LONG-TERM DEBT** (cont'd)

Lease Obligations

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

The original cost of assets acquired under these leases for the general fund is \$2,868,723 with accumulated depreciation of \$1,471,456; for the water and sewer fund, the original cost is \$565,033 with accumulated depreciation of \$65,921; for the parking fund, the original cost is \$39,147 with accumulated depreciation of \$30,759; and for the storm water fund, the original cost is \$362,046 with accumulated depreciation of \$172,403 at June 30, 2025.

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

Year(s) Ending June 30,	Principal				
	General	Water and Sewer	Stormwater Utility	Parking	Interest
2026	\$ 508,949	\$ 146,639	\$ 75,372	\$ 17,051	\$ 58,111
2027	398,646	122,666	-	-	38,800
2028	57,903	126,831	-	-	22,217
2029	-	131,136	-	-	13,814
2030	-	135,588	-	-	9,363
2031	-	112,190	-	-	4,759
Total	<u>\$ 965,498</u>	<u>\$ 775,050</u>	<u>\$ 75,372</u>	<u>\$ 17,051</u>	<u>\$ 147,064</u>

NOTE 7 **PENSION PLAN**

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

Benefits Provided

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

CITY OF SALISBURY, MARYLAND

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 PENSION PLAN (cont'd)

Member Contributions

During fiscal year 2025, 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

As of June 30, 2025, the City reported a liability of \$51,837,764 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2023 to June 30, 2024. 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. As of June 30, 2024, the City's proportion for the Employee plan was 0.0535%, a increase of 0.002% from the prior year, and the LEOPS plan was 0.1435%, a decrease of 0.065% from the prior year.

For the year ended June 30, 2025, the City recognized pension expense of \$5,957,389. As of June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Employees Plan</u>		<u>LEOPS Plan</u>		<u>Total</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Changes in assumptions	\$ 351,289	\$ -	\$ 2,313,645	\$ -	\$ 2,664,934	\$ -
Changes in proportion	-	-	-	981,209	-	981,209
Contributions subsequent to the measurement date	1,583,240	-	4,455,495	-	6,038,735	-
Differences between actual and expected experience	1,205,797	2,331,691	3,705,885	3,798,449	4,911,681	6,130,139
Differences between actual and expected returns	<u>1,016,813</u>	<u>-</u>	<u>3,347,064</u>	<u>-</u>	<u>4,363,877</u>	<u>-</u>
Total	<u>\$ 4,157,139</u>	<u>\$ 2,331,691</u>	<u>\$13,822,089</u>	<u>\$ 4,779,477</u>	<u>\$17,979,227</u>	<u>\$ 7,111,168</u>

CITY OF SALISBURY, MARYLAND

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 PENSION PLAN (cont'd)

An amount of \$6,038,735 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 ending June 30, 2026. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to pensions, and will be recognized in pension expense as follows:

<u>Year(s) Ending June 30,</u>	
2026	\$ 363,276
2027	3,975,939
2028	1,085,525
2029	124,347
2030	<u>(719,760)</u>
	<u>\$ 4,829,327</u>

Actuarial Assumptions

The total pension liability as of June 30, 2024 for each of the defined benefit cost-sharing plans was determined by an actuarial valuation as of June 30, 2023.

- 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, 2024 valuation were based on the experience study that was performed for the five-year period ended June 30, 2010. The assumptions derived from the experience study were adopted by the Board of Trustees for first use in the actuarial valuation as of June 30, 2012.

Discount Rate

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

CITY OF SALISBURY, MARYLAND

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 PENSION PLAN (cont'd)

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

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

	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
City's proportionate share:			
Employee plan	\$ 20,460,327	\$ 14,078,094	\$ 8,758,054
LEOPS plan	54,877,826	37,759,670	23,490,484
	<u>\$ 75,338,153</u>	<u>\$ 51,837,764</u>	<u>\$ 32,248,538</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 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.

NOTES TO THE FINANCIAL STATEMENTS

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

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, 2025
Measurement period	July 1, 2024 - June 30, 2025

CITY OF SALISBURY, MARYLAND

NOTES TO THE FINANCIAL STATEMENTS

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

Actuarial Assumptions

The net OPEB liability in the June 30, 2025 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 6.25% 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.

	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
Total OPEB liability	\$ 8,765,093	\$ 7,802,703	\$ 6,999,512
Fiduciary net position	2,750,118	2,750,118	2,750,118
Net OPEB liability	\$ 6,014,975	\$ 5,052,585	\$ 4,249,394

CITY OF SALISBURY, MARYLAND

NOTES TO THE FINANCIAL STATEMENTS

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

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.

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 6,832,089	\$ 7,802,703	\$ 8,997,481
Fiduciary net position	<u>2,750,118</u>	<u>2,750,118</u>	<u>2,750,118</u>
Net OPEB liability	<u>\$ 4,081,971</u>	<u>\$ 5,052,585</u>	<u>\$ 6,247,363</u>

Changes in Net OPEB Liability

Total OPEB liability as of June 30, 2024	\$ 10,002,321
Service cost	331,607
Interest cost	388,677
Difference between expected and actual experience	85,729
Changes of assumptions	(2,495,977)
Benefit payments	<u>(509,654)</u>
Total OPEB liability as of June 30, 2025	<u>7,802,703</u>
Contributions- employer	509,654
Net investment income	268,627
Benefit payments and other expenses	<u>514,554</u>
Net change in fiduciary net position	268,627
Fiduciary net position, beginning of year	<u>2,481,491</u>
Fiduciary net position, end of year	<u>2,750,118</u>
Net OPEB liability	<u>\$ 5,052,585</u>

The amount of OPEB expense recognized by the City was \$(2,131,563) for the year ended June 30, 2025.

CITY OF SALISBURY, MARYLAND

NOTES TO THE FINANCIAL STATEMENTS

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

As of 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	\$ 416,637	\$13,470,122
Changes of assumptions	1,633,206	5,230,343
Difference between actual and expected expected earnings	<u>-</u>	<u>53,499</u>
Total	<u><u>\$ 2,049,843</u></u>	<u><u>\$18,753,964</u></u>

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

<u>Year(s) Ending June 30,</u>	
2025	\$ (2,593,639)
2026	(2,677,102)
2027	(3,092,872)
2028	(3,315,527)
2029	(1,644,612)
Thereafter	<u>(3,380,369)</u>
	<u><u>\$ (16,704,121)</u></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 THE 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, 2025, the City had infrastructure projects yet to be completed. The commitments and amounts completed are as follows:

	<u>Project Amount</u>	<u>Completed as of 06/30/2025</u>	<u>Outstanding Commitments</u>
<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
	<u>\$ 7,887,147</u>	<u>\$ 5,366,402</u>	<u>\$ 2,520,745</u>
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, 2025.

	<u>Project Amount</u>	<u>Completed as of 06/30/2025</u>	<u>Outstanding Commitments</u>
<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 THE FINANCIAL STATEMENTS

NOTE 11 **COMMITMENTS AND CONTINGENT LIABILITIES** (cont'd)

	<u>Project Amount</u>	<u>Completed as of 06/30/2025</u>	<u>Outstanding Commitments</u>
(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, 2025.

NOTE 12 **RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the State to form the Local Government Insurance Trust ("LGIT"), a public entity risk pool currently operating as a common risk management and insurance program for member municipalities. The City pays an annual premium to LGIT for its building and contents, commercial general liability, environmental liability, business automobile, and excess liability coverage. The agreement for formation of the LGIT provides that it will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for liability claims. The City continues to carry separate commercial insurance for its workers' compensation and health insurance coverage. Settled claims resulting from the above risks have not exceeded coverage in any of the past three fiscal years.

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

CITY OF SALISBURY, MARYLAND

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 FUND BALANCES

As of June 30, 2025 fund balances are composed of the following:

	General Fund	Capital Improvements Fund	Grant Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:					
Inventory	\$ 1,004,560	\$ -	\$ -	\$ -	\$ 1,004,560
Restricted:					
Capital improvements	-	15,486,768	-	-	15,486,768
Grant fund	-	-	-	-	242,018
Committed:					
Health care	2,811,116	-	-	-	2,811,116
General impact	10,328	-	-	-	10,328
Curb, gutter, and sidewalk	-	-	-	269,131	269,131
Trash container sales and demolition	-	-	-	1,224,504	1,224,504
National Folk Festival	-	-	-	89,228	89,228
Zoo Commission	517,556	-	-	-	517,556
Assigned:					
Encumbrances	1,559,905	-	-	-	1,559,905
Community development	-	-	242,018	56,943	298,961
Unassigned	20,167,888	-	-	-	20,167,888
Total Fund Balances	<u>\$ 26,071,353</u>	<u>\$ 15,486,768</u>	<u>\$ 242,018</u>	<u>\$ 1,639,806</u>	<u>\$ 43,439,945</u>

NOTE 14 TAX ABATEMENT

Enterprise Zone Credit

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

This 10-year property tax credit is available to companies that locate, expand, or substantially improve business properties in the Enterprise Zone. The property tax credit is equal to 80% of the difference between the base year value of the property (the assessment in the year prior to new construction, expansion, or substantial improvement) and the assessed value 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 THE 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, 2025, the City abated property taxes totaling \$101,150 under this program.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SALISBURY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original	Final	Actual	Variance Positive (Negative)
RESOURCES (INFLOWS):				
Tax revenue	\$ 36,267,811	\$ 36,267,811	\$ 37,812,297	\$ 1,544,486
Other revenue	4,159,941	4,205,898	5,937,723	1,731,826
Charges for services	5,818,810	5,818,810	6,451,575	632,765
Intergovernmental revenues	6,656,012	7,717,121	8,774,593	1,057,472
AMOUNTS AVAILABLE FOR APPROPRIATION	52,902,574	54,009,640	58,976,188	4,966,548
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
General government				
City council	93,616	89,200	84,942	4,258
City clerk	208,809	213,272	209,349	3,923
Mayor's office	789,741	799,648	789,325	10,323
Elections	-	-	-	-
Development Office	763,317	989,777	931,217	58,560
Finance	1,032,021	1,040,302	902,559	137,743
Procurement	396,599	413,452	400,870	12,582
City attorney	355,000	425,000	420,098	4,902
Information services	915,237	880,364	754,869	125,495
Human resources	652,941	664,587	621,808	42,779
Planning and zoning	114,348	131,210	121,555	9,655
Municipal buildings	370,750	629,279	337,287	291,992
Poplar Hill	57,606	60,472	51,626	8,846
Public safety				
Police	17,609,724	18,130,263	17,546,259	584,004
Fire	12,883,317	13,149,805	12,410,371	739,434
Traffic	1,858,086	1,893,890	1,687,397	206,493
Buildings, permits and inspections	510,752	496,275	458,334	37,941
Neighborhood services and code compliance	1,548,042	1,651,579	1,428,678	222,901
Public works				
Resource Management	432,806	474,040	442,030	32,010
Engineering	1,870,742	2,021,475	1,309,358	712,117
Roadways	912,329	1,294,062	842,698	451,364
Highway lighting				-
Street cleaning				-
Waste collection and disposal	1,937,677	1,640,684	1,619,934	20,750
Recycling	173,519	176,026	155,744	20,282
Fleet maintenance	566,476	493,472	473,578	19,894
Carpenter shop	309,153	303,614	291,910	11,704
Recreation and culture				
Municipal zoo	2,114,834	2,172,389	2,081,696	90,693
Park maintenance	1,028,286	800,593	782,103	18,490
Nondepartmental	1,228,000	1,228,000	1,472,872	(244,872)
Debt Payments	4,915,579	4,915,579	4,493,611	421,968
TOTAL CHARGES TO APPROPRIATION	55,649,307	57,178,309	53,122,078	4,056,231
EXCESS OF REVENUES OVER EXPENDITURES	(2,746,733)	(3,168,669)	5,854,110	9,022,779
OTHER FINANCING SOURCES (USES)				
Operating transfers in	125,000	125,000		(125,000)
Operating transfers out	(685,923)	(1,837,032)	(1,660,289)	176,743
Proceeds from sale of fixed asset		127,454	145,688	18,234
TOTAL OTHER FINANCING SOURCES(USES)	(560,923)	(1,584,578)	(1,514,601)	69,977
NET CHANGE IN FUND BALANCE	(3,307,656)	(4,753,247)	4,339,509	9,092,756
FUND BALANCE, BEGINNING OF YEAR	21,731,844	21,731,844	21,731,844	-
FUND BALANCE, END OF YEAR	\$ 18,424,188	\$ 16,978,597	\$ 26,071,353	\$ 9,092,756

CITY OF SALISBURY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – 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>
City's proportion net pension liability	0.054%	0.05139%	0.05134%	0.05300%	0.04880%	0.04748%	0.04370%	0.04077%	0.04381%	0.03618%
City's proportion net pension liability - City's covered-employee payroll	\$ 14,078,094	\$ 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
Contributions as a percentage of 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
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	113.72%	103.21%	93.37%	73.41%	107.28%	98.63%	95.40%	97.56%	114.53%	102.22%
Plan's fiduciary net position as a percentage of the total pension liability	72.08%	73.81%	76.27%	81.84%	70.72%	72.34%	71.18%	69.38%	65.79%	68.78%

CITY OF SALISBURY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY PENSION CONTRIBUTIONS – EMPLOYEE PLAN

	<u>June 30, 2025</u>	<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>
Contractually required contribution	\$ 1,583,240	\$ 1,253,320	\$ 1,171,926	\$ 1,167,784	\$ 1,045,629	\$ 974,969	\$ 871,477	\$ 838,434	\$ 761,119	\$ 800,742
Contributions in relation to the contractually required contribution	1,583,240	1,253,320	1,171,926	1,167,784	1,045,629	974,969	871,477	838,434	761,119	800,742
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 13,226,730	\$ 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
Contributions as a percentage of covered-employee payroll	11.97%	10.12%	10.22%	10.61%	9.65%	9.49%	8.78%	8.72%	8.42%	8.87%

CITY OF SALISBURY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – 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>
City's proportion net pension liability	0.14355%	0.15010%	0.13890%	0.14180%	0.12900%	0.11901%	0.11618%	0.10909%	0.11458%	0.09806%
City's proportion net pension liability - City's covered-employee payroll	\$ 37,759,670	\$ 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
Contributions as a percentage of 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
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	348.59%	320.83%	278.84%	222.05%	339.11%	287.83%	285.52%	276.63%	320.06%	251.10%
Plan's fiduciary net position as a percentage of the total pension liability	72.08%	73.81%	76.27%	81.84%	70.72%	72.34%	71.18%	69.38%	65.79%	68.78%

CITY OF SALISBURY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY PENSION CONTRIBUTIONS – LEOPS PLAN

	<u>June 30, 2025</u>	<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>
Contractually required contribution	\$ 4,455,495	\$ 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
Contributions in relation to the contractually required contribution	4,455,495	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
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 11,703,428	\$ 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
Contributions as a percentage of covered-employee payroll	38.07%	33.79%	29.42%	31.40%	28.96%	28.33%	27.17%	30.71%	29.16%	28.63%

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

	June 30, 2025	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	\$ 331,607	\$ 859,342	\$ 853,173	\$ 1,634,584	\$ 1,399,469	\$ 855,590	\$ 721,012	\$ 700,469
Interest	388,677	729,288	683,320	575,597	648,775	742,609	750,575	713,494
Changes in benefit terms	-	1,043,373	-	-	-	-	-	-
Differences between expected and actual experiences	85,729	(11,915,165)	(348,792)	(5,554,286)	2,239,684	404,933	1,998,381	(149,048)
Changes of assumptions	(2,495,977)	318,869	(357,861)	(7,661,139)	(336,372)	1,278,128	(100,801)	188,093
Benefit payments	(509,654)	(343,290)	(434,073)	(461,089)	(439,785)	(386,249)	(359,991)	(648,885)
Net Changes in Total OPEB Liability	(2,199,618)	(9,307,583)	395,767	(11,466,333)	3,511,771	2,895,011	3,009,176	804,123
Total OPEB liability - beginning	10,002,321	19,309,904	18,914,137	30,380,470	26,868,699	23,973,688	20,964,512	20,160,389
Total OPEB liability - ending (a)	<u>\$ 7,802,703</u>	<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	\$ 509,654	\$ 343,290	\$ 434,073	\$ 461,089	\$ 439,785	\$ 386,249	\$ 359,991	\$ 648,885
Net investment income	268,627	233,647	172,532	(233,956)	545,938	(25,811)	84,829	99,515
Benefit payments	(509,654)	(343,290)	(434,073)	(461,089)	(439,785)	(386,249)	(359,991)	(648,885)
Net Changes in Plan Fiduciary Net Position	268,627	233,647	172,532	(233,956)	545,938	(25,811)	84,829	99,515
Plan fiduciary net positions - beginning	2,481,491	2,247,844	2,075,312	2,309,268	1,763,330	1,789,141	1,704,312	1,604,797
Plan fiduciary net positions - ending (b)	<u>\$ 2,750,118</u>	<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 - Ending (a) - (b)	\$ 5,052,585	\$ 7,520,830	\$ 17,062,060	\$ 16,838,825	\$ 28,071,202	\$ 25,105,369	\$ 22,184,547	\$ 19,260,200
Plan fiduciary net position as a percentage of total pension liability	35.25%	24.81%	11.64%	10.97%	7.60%	6.56%	7.46%	8.13%
Expected average remaining service years of all participants	9	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.

OTHER SUPPLEMENTARY INFORMATION

GENERAL FUND

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION – GENERAL FUND
SCHEDULE OF REVENUE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Final Budget	Actual	Variance Positive (Negative)
Taxes			
Real Property	\$ 25,476,652	\$ 25,696,280	\$ 219,628
Personal Property	30,000	5,895	(24,105)
Ordinary business corporations and utilities	7,100,000	7,882,101	782,101
Payments in lieu of tax	501,159	498,201	(2,958)
Admissions and amusement	150,000	203,773	53,773
State shared income tax	2,850,000	3,317,632	467,632
Total taxes	36,107,811	37,603,882	1,496,071
 Interest and penalties on delinquent taxes	 160,000	 208,415	 48,415
Total taxes, interest and penalties	36,267,811	37,812,297	1,544,486
 Other Revenue			
Amusement licenses	3,000	500	(2,500)
Billboard licenses	23,000	23,006	6
Building and inspection permits	450,000	662,540	212,540
Business licenses	152,300	168,237	15,937
Franchise Fees	325,000	292,292	(32,708)
Landlord licenses	892,000	983,667	91,667
Plumbing licenses and permits	45,000	34,435	(10,565)
Towing companies	4,500	3,120	(1,380)
MDOT	51,570	10,000	(41,570)
Other miscellaneous permits	35,100	61,719	26,619
Fire Permits	350,500	594,982	244,482
Municipal Infraction violations	95,000	42,200	(52,800)
Other Misc Receipts	5,500	-	(5,500)
Interest on investment of idle funds	26,000	1,590,525	1,564,525
Insurance proceeds	23,575	79,505	55,930
Donations	5,700	5,700	-
Zoo reimbursement	352,000	322,846	(29,154)
Zoo	193,171	167,022	(26,149)
Damages to city property	-	1,800	1,800
Bad debt collections	1,000	-	(1,000)
Red Light Camera	239,000	-	(239,000)
Speed Camera Revenue	575,000	501,149	(73,851)
Health Care Rebate	-	17,166	17,166
Other miscellaneous receipts	357,982	375,311	17,329
Total Other Revenue	4,205,898	5,937,722	1,731,824

Continued on next page.

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION – GENERAL FUND
SCHEDULE OF REVENUE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Final Budget	Actual	Variance Positive (Negative)
Charges for Services			
Administrative fees	\$ 713,879	\$ 713,879	\$ -
Ambulance call fees	2,442,720	2,933,439	490,719
Filing fees	100	-	(100)
Garbage disposal fee	2,465,411	2,603,434	138,023
Inspection Fees	54,000	87,665	33,665
Plan review fee	40,000	75,892	35,892
Police alarm system	27,200	18,630	(8,570)
Weed removal	65,500	14,191	(51,309)
Hazmat Special Operations	10,000	3,944	(6,056)
Zoning Appeal fees	-	501	501
Total Charges for Services	<u>5,818,810</u>	<u>6,451,575</u>	<u>632,765</u>
Intergovernmental			
State of Maryland			
Police protection	1,111,797	1,147,181	35,384
Enterprise Zone	100,000	101,150	1,150
EMS Medicaid Gap Reimbursement	811,733	593,212	(218,521)
Highway user	2,096,182	2,074,036	(22,146)
Wicomico County			
Financial Corporations	18,300	18,302	2
Fire department	2,000,000	3,500,000	1,500,000
Room tax	325,000	279,603	(45,397)
Fire Service Contribution SU	193,000	-	(193,000)
American Recover Program	1,061,109	1,061,109	-
Total Intergovernmental	<u>7,717,121</u>	<u>8,774,593</u>	<u>1,057,472</u>
Total Revenues	<u>54,009,640</u>	<u>58,976,187</u>	<u>4,966,547</u>
Other Financing Sources			
Operating Transfers (in)	125,000	-	(125,000)
Sale of Fixed Assets	127,454	145,688	18,234
Total Other Financing Sources	<u>252,454</u>	<u>145,688</u>	<u>(106,766)</u>
Total Revenue and Other Financing Sources	<u>\$ 54,262,094</u>	<u>\$ 59,121,875</u>	<u>\$ 4,859,781</u>

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION – GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General Government				
Legislative (City Council)				
Salaries	\$ 63,339	\$ 63,339	\$ 63,000	\$ 339
Personnel Benefits	11,068	11,245	11,177	68
Other Operating	18,509	13,916	10,686	3,230
Community Promotions	700	700	80	620
Total Legislative (City Council)	93,616	89,200	84,942	4,258
City Clerk				
Salaries	141,434	157,360	157,360	-
Personnel Benefits	53,229	41,653	41,477	176
Other Operating	12,346	12,459	10,262	2,197
Capital Outlay	1,800	1,800	250	1,550
Total City Clerk	208,809	213,272	209,349	3,923
Development Services				
Salaries	264,095	420,973	408,979	11,994
Personnel Benefits	88,459	154,614	151,958	2,656
Professional Services	10,000	9,386	9,136	250
Other Operating	182,813	173,956	156,642	17,314
Community Promotions	175,500	157,370	144,438	12,932
Capital Outlay	42,450	73,476	60,065	13,411
Total Development Services	763,317	989,777	931,217	58,560
Executive (Mayor)				
Salaries	573,703	512,140	512,140	-
Personnel Benefits	141,431	158,004	157,496	508
Professional Services	-	15,000	15,000	-
Other Operating	74,607	114,503	104,689	9,814
Total Executive (Mayor)	789,741	799,648	789,325	10,323
Internal Services - Finance				
Salaries	633,257	626,147	547,504	78,643
Personnel Benefits	198,773	205,434	192,218	13,216
Professional Services	98,000	87,819	67,099	20,720
Other Operating	101,990	112,990	110,087	97,893
Capital Outlay	-	6,363	-	6,363
Total Internal Services - Finance	1,032,021	1,040,302	902,559	137,743
Internal Services -Procurement				
Salaries	268,389	272,418	272,418	-
Personnel Benefits	74,510	83,433	83,183	250
Professional Services	20,000	23,165	20,580	2,585
Other Operating	33,700	34,435	24,688	9,747
Total Internal Services -Procurement	396,599	413,452	400,870	12,582
City Attorney				
Professional Services	355,000	425,000	420,098	4,902
Total City Attorney	355,000	425,000	420,098	4,902
Information Technology				
Salaries	557,982	517,323	459,651	57,672
Personnel Benefits	185,488	185,488	152,273	33,215
Professional Services	27,000	30,773	9,798	20,975
Other Operating	124,767	126,780	119,998	6,782
Capital Outlay	20,000	20,000	19,776	224
Total Information Technology	915,237	880,364	754,868	125,496

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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Human Resources				
Salaries	\$ 347,896	\$ 359,831	\$ 353,326	\$ 6,505
Personnel Benefits	216,928	220,475	200,966	19,509
Professional Services	29,000	22,300	10,159	12,141
Other Operating	59,116	61,980	57,357	4,623
Total Human Resources	652,941	664,587	621,808	42,779
Planning & Zoning				
Salaries	88,254	88,254	84,166	4,088
Personnel Benefits	16,094	32,956	30,705	2,251
Professional Services	5,500	5,500	2,558	2,942
Other Operating	4,500	4,500	4,126	374
Total Planning & Zoning	114,348	131,210	121,555	9,655
Municipal Buildings				
Other Operating	370,750	629,279	354,339	274,940
Total Municipal Buildings	370,750	629,279	337,287	291,992
Poplar Hill Mansion				
Salaries	29,146	29,146	28,188	958
Personnel Benefits	5,765	5,765	3,134	2,631
Other Operating	22,695	25,561	20,304	5,257
Total Poplar Hill Mansion	57,606	60,472	51,626	8,846
Total General Government	5,749,985	6,336,563	5,625,504	711,059
Public Safety				
Police Services				
Salaries	9,335,805	8,896,269	8,845,882	50,387
Personnel Benefits	5,066,314	5,164,976	4,976,741	188,235
Professional Services	84,607	83,419	59,666	23,753
Other Operating	1,584,611	1,974,277	1,879,643	94,634
Community Promotions	6,000	13,000	12,695	305
Capital Outlay	-	508,386	521,562	(13,176)
Total Police Services	16,077,337	16,640,327	16,145,655	494,672
Police Communications				
Salaries	863,623	730,353	677,008	53,345
Personnel Benefits	202,750	245,023	240,791	4,232
Professional Services	7,200	7,200	-	7,200
Other Operating	149,182	191,071	144,876	46,195
Capital Outlay	-	-	32,770	(32,770)
Total Police Communications	1,222,755	1,173,647	1,095,445	78,202
Police Animal Control				
Salaries	91,574	91,574	89,141	2,433
Personnel Benefits	46,239	52,896	51,056	1,840
Professional Services	5,100	7,600	6,341	1,259
Other Operating	166,719	164,219	158,619	5,600
Total Police Animal Control	309,632	316,289	305,158	11,131
Total Police Department	17,609,724	18,130,263	17,546,258	584,005
Traffic Control				
Salaries	235,457	223,154	223,154	-
Personnel Benefits	102,083	93,261	90,244	3,017
Professional Services	450	950	710	240
Other Operating	1,268,631	1,324,198	1,199,703	124,495
Capital Outlay	-	1,250	1,057	193
Total Traffic Control	1,606,621	1,642,813	1,500,060	142,753

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CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION – GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Traffic DID				
Salaries	\$ 108,157	\$ 55,313	\$ 55,028	\$ 285
Personnel Benefits	58,932	36,256	34,010	2,246
Professional Services	200	5,200	3,695	1,505
Other Operating	84,175	154,307	94,603	59,704
Total Traffic DID	251,464	251,077	187,337	63,740
Fire Fighting				
Salaries	6,632,730	6,560,754	6,446,415	114,339
Personnel Benefits	4,167,167	4,204,246	3,943,750	260,496
Professional Services	189,170	181,821	180,631	1,190
Other Operating	1,117,946	1,546,842	1,465,402	81,440
Capital Outlay	347,771	261,408	261,408	-
Total Fire Fighting	12,454,784	12,755,071	12,073,899	681,172
Fire Volunteer				
Salaries	8,751	1	-	1
Personnel Benefits	293,910	284,272	229,073	55,199
Professional Services	37,600	27,600	24,539	3,061
Other Operating	8,272	2,860	2,860	-
Community Promotions	80,000	80,000	80,000	-
Total Fire Volunteer	428,533	394,733	336,472	58,261
Total Fire Department	12,883,317	13,149,804	12,410,371	739,433
Building Permits & Inspection				
Salaries	315,348	270,729	268,060	2,669
Personnel Benefits	140,929	140,929	117,913	23,016
Professional Services	7,050	7,050	-	7,050
Other Operating	17,425	17,567	12,361	5,206
Capital Outlay	30,000	60,000	60,000	-
Total Building Permits & Inspection	510,752	496,275	458,334	37,941
Housing and community development				
Salaries	896,855	875,337	744,721	130,616
Personnel Benefits	289,780	294,698	273,118	21,580
Professional Services	500	500	478	22
Other Operating	233,907	354,044	262,828	91,216
Community Promotions	62,000	62,000	61,314	686
Capital Outlay	65,000	65,000	86,218	(21,218)
Total housing and community development	1,548,042	1,651,579	1,428,678	222,901
Total Public Safety	34,409,920	35,321,811	33,531,038	1,790,773
Public Works				
Resource Management				
Salaries	243,508	227,251	220,082	7,169
Personnel Benefits	107,954	107,693	101,751	5,942
Professional Services	500	500	440	60
Other Operating	80,843	138,596	119,757	18,839
Total Resource Management	432,806	474,040	442,030	32,010
Engineering				
Salaries	530,516	505,170	429,298	75,872
Personnel Benefits	131,448	162,755	156,959	5,796
Professional Services	15,500	19,501	7,250	12,251
Other Operating	1,077,278	1,189,813	606,816	582,997
Capital Outlay	116,000	144,236	109,035	35,201
Total Engineering	1,870,742	2,021,475	1,309,358	712,117

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CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION – GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Streets				
Salaries	\$ 481,961	\$ 456,283	\$ 455,776	\$ 507
Personnel Benefits	212,948	199,375	198,370	1,005
Professional Services	1,000	2,200	2,180	20
Other Operating	216,420	226,204	237,685	(11,481)
Capital Outlay	-	410,000	34,036	375,964
Total Streets	912,329	1,294,062	842,697	451,365
Sanitation				
Salaries	477,717	485,862	481,872	3,990
Personnel Benefits	190,201	202,465	201,846	619
Professional Services	1,000	2,295	2,200	95
Other Operating	860,759	902,061	964,067	(62,006)
Capital Outlay	408,000	48,000	46,601	1,399
Total Sanitation	1,937,677	1,640,683	1,619,934	20,749
Recycling				
Salaries	94,142	92,148	92,148	-
Personnel Benefits	46,724	44,324	40,240	4,084
Professional Services	250	400	345	55
Other Operating	32,403	39,153	23,011	16,142
Total Recycling	173,519	176,026	155,744	20,282
Fleet Management				
Salaries	314,625	252,820	248,826	3,994
Personnel Benefits	94,751	104,621	98,106	6,515
Professional Services	600	600	600	-
Other Operating	156,500	135,431	126,046	9,385
Total Fleet Management	566,476	493,472	473,578	19,894
Carpenter Shop				
Salaries	195,197	152,496	152,295	201
Personnel Benefits	36,716	63,536	58,024	5,512
Professional Services	200	200	-	200
Other Operating	28,040	38,381	31,788	6,593
Capital Outlay	49,000	49,000	49,803	(803)
Total Carpenter Shop	309,153	303,614	291,910	11,704
Total Public Works	6,202,702	6,403,372	5,135,251	1,268,121
Recreation and Culture				
Zoo				
Salaries	1,125,882	1,182,364	1,160,934	21,430
Personnel Benefits	291,634	316,371	314,028	2,343
Professional Services	80,727	72,140	72,140	-
Other Operating	577,991	565,491	498,471	67,020
Community Promotions	8,600	-	-	-
Capital Outlay	30,000	36,022	36,122	(100)
Total Zoo	2,114,834	2,172,388	2,081,695	90,693
Park Maintenance				
Salaries	376,333	369,811	367,955	1,856
Personnel Benefits	157,642	159,999	154,957	5,042
Professional Services	560	1,560	1,530	30
Other Operating	209,592	214,223	252,862	(38,639)
Capital Outlay	55,000	55,000	56,982	(1,982)
Total Park Maintenance	799,127	800,593	782,102	18,491

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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Parks and Rec				
Salaries	\$ 187,243	\$ -	\$ -	\$ -
Personnel Benefits	41,916	-	-	-
Total Parks and Rec	229,159	-	-	-
Total Recreation and Culture	3,143,120	2,972,981	2,863,797	109,184
Non-Departmental				
Insurance				
Health Insurance Claims	-	-	277,398	(277,398)
Personnel Benefits	552,400	547,400	528,272	19,128
Other Operating	423,500	428,500	427,845	655
Total Insurance	975,900	975,900	1,233,515	(257,615)
Miscellaneous				
Personnel Benefits	252,100	252,100	239,356	12,744
Total Miscellaneous	252,100	252,100	239,357	12,743
Total Non-Departmental	1,228,000	1,228,000	1,472,872	(244,872)
Debt Payments				
Debt Service - Principal	2,992,259	2,992,277	3,573,477	(581,200)
Debt Service - Interest	1,923,320	1,923,303	920,136	1,003,167
Total Debt Payments	4,915,579	4,915,580	4,493,613	421,967
TOTAL EXPENDITURES	55,649,306	57,178,307	53,122,075	4,056,232
Other Financing Uses				
Transfers to Other Funds	685,923	1,837,032	1,660,289	176,743
Total Other Financing Uses	685,923	1,837,032	1,660,289	176,743
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 56,335,229	\$ 59,015,339	\$ 54,782,364	\$ 4,232,975

NONMAJOR GOVERNMENTAL FUNDS

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION – NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025

	Special Revenue				Total Nonmajor Governmental Funds
	Curb Gutter & Sidewalk	Special Revenue Fund	Comm Development Project Fund	National Folk Festival	
ASSETS					
Cash	\$ 209,835	\$ 1,018,098	\$ 56,943	\$ 91,928	\$ 1,376,804
Investment pool	33,143	3,148	-	-	36,291
Accounts Receivable	-	115,930	-	44	115,974
Sundry accounts receivable	26,153	87,524	-	-	113,677
Total assets	<u>\$ 269,131</u>	<u>\$ 1,224,700</u>	<u>\$ 56,943</u>	<u>\$ 91,972</u>	<u>\$ 1,642,746</u>
LIABILITIES					
Accounts payable and accrued expenses	\$ -	\$ 195	\$ -	\$ 2,744	\$ 2,939
Total liabilities	<u>-</u>	<u>195</u>	<u>-</u>	<u>2,744</u>	<u>2,939</u>
FUND BALANCES					
Committed	\$ 269,131	\$ 1,224,505	\$ -	\$ 89,228	\$ 1,582,864
Assigned	-	-	56,943	-	56,943
Total fund balances	<u>269,131</u>	<u>1,224,505</u>	<u>56,943</u>	<u>89,228</u>	<u>1,639,807</u>
Total liabilities and fund balances	<u>\$ 269,131</u>	<u>\$ 1,224,700</u>	<u>\$ 56,943</u>	<u>\$ 91,972</u>	<u>\$ 1,642,746</u>

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION – NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
JUNE 30, 2025

	Special Revenue				Total Nonmajor Governmental Funds
	Curb Gutter & Sidewalk	Special Revenue Fund	Comm Development Project Fund	National Folk Festival	
REVENUES					
Other revenue	\$ 65,856	\$ 704,632	\$ -	\$ 15,586	\$ 786,074
Charges for services	-	-	-	252,251	252,251
Total revenues	65,856	704,632	-	267,837	1,038,325
EXPENDITURES					
Current:					
General government	-	34,280	-	419,441	453,721
Public works	-	28,094	-	-	28,094
Capital outlays	-	41,816	1,458	-	43,274
Total expenditures	-	104,190	1,458	419,441	525,089
Excess (deficiency) of revenues over expenditures	65,856	600,442	(1,458)	(151,604)	513,236
OTHER FINANCING SOURCES					
Operating Transfers in (out)	-	-	-	86,000	86,000
Total other financing sources	-	-	-	86,000	86,000
Net change in fund balances	65,856	600,442	(1,458)	(65,604)	599,236
Fund balances - beginning	203,275	624,062	58,401	154,832	1,040,570
Fund balances - ending	\$ 269,131	\$ 1,224,504	\$ 56,943	\$ 89,228	\$ 1,639,806

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION – GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GRANT FUND
JUNE 30, 2025

REVENUES

Federal	\$ 1,068,726
State	2,411,237
Other	<u>48,939</u>
Total revenues	<u>3,528,902</u>

EXPENDITURES

General government	
Salaries	84,614
Personnel Benefits	1,397
Other Operating Expenses	782,559
Public safety	
Salaries	689,252
Personnel Benefits	401,494
Other Operating Expenses	315,309
Public works	
Salaries	
Other Operating Expenses	5,891
Recreation	
Other Operating Expenses	10,000
Capital outlays	<u>1,715,686</u>
Total Expenditures	<u>4,006,202</u>

Excess (deficiency) of revenues over expenditures	(477,300)
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OTHER FINANCING SOURCES (USES)

Net change in fund balances	(34,120)
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Fund balances - beginning	<u>276,138</u>
Fund balances - ending	<u>\$ 242,018</u>

NONMAJOR PROPRIETARY FUNDS

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION – NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2025

	Parking Authority	City Marina	Storm Water Utility	Total Nonmajor Enterprise Funds
ASSETS				
Current assets:				
Cash	\$ 154,250	\$ -	\$ 995,116	\$ 1,149,366
Investment pool	60,434	197	-	60,631
Accounts Receivable	637,507	42,668	103,917	784,092
Less allowance for uncollectible	(503,356)	-	-	(503,356)
Total current assets	348,835	42,865	1,099,033	1,490,733
Noncurrent assets:				
Restricted investment pool	280,906	-	-	280,906
Construction-in-progress	1,314,825	-	-	1,314,825
Land	462,790	-	-	462,790
Buildings, equipment, and improvements	4,571,269	1,778,552	1,311,556	7,661,377
Less accumulated depreciation	(3,424,758)	(1,629,976)	(969,377)	(6,024,111)
Total noncurrent assets	3,205,032	148,576	342,179	3,695,787
Total assets	3,553,867	191,441	1,441,212	5,186,520
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension contributions	46,002	-	17,142	63,144
Deferred outflows pension	2,696	-	1,120	3,816
Total deferred outflows of resources	48,698	-	18,262	66,960
Total assets and deferred outflows of resources	\$ 3,602,565	\$ 191,441	\$ 1,459,474	\$ 5,253,480
LIABILITIES				
Current liabilities:				
Cash overdraft	-	28,407	-	28,407
Accounts payable and accrued expenses	10,301	842	113,801	124,944
Accrued payroll	3,960	13,937	5,313	23,210
Accrued interest payable	11,411	-	-	11,411
Due to other funds	381,319	220,564	-	601,883
Bonds, notes and capital leases payable	119,677	-	75,374	195,051
Deposits and advance payment of taxes	-	926	-	926
Total current liabilities	526,668	264,676	194,488	985,832
Noncurrent liabilities:				
Bonds, notes and capital leases payable	853,352	-	-	853,352
Net Pension Liability	207,351	-	77,757	285,108
Total noncurrent liabilities	1,060,703	-	77,757	1,138,460
Total liabilities	1,587,371	264,676	272,245	2,124,292
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows pension	5,226	-	1,960	7,186
Total deferred inflows of resources	5,226	-	1,960	7,186
Total liabilities and deferred inflows of resources	1,592,597	264,676	274,205	2,131,478
NET POSITION				
Net investment in capital assets	1,951,097	148,576	266,805	2,366,478
Restricted	280,906	-	-	280,906
Unrestricted	(222,035)	(221,811)	918,464	474,618
Total net position	\$ 2,009,968	\$ (73,235)	\$ 1,185,269	\$ 3,122,002

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION – NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
JUNE 30, 2025

	Parking Authority	City Marina	Storm Water Utility	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	\$ 733,916	\$ 41,237	\$ 1,000,725	\$ 1,775,878
Total operating revenues	<u>733,916</u>	<u>41,237</u>	<u>1,000,725</u>	<u>1,775,878</u>
OPERATING EXPENSES				
Salaries	75,670	22,348	104,295	202,313
Personnel benefits	56,766	3,059	39,914	99,739
Professional and skilled services	79,439	4,230	67,994	151,663
Supplies	(9,634)	26,886	425	17,677
Other operating expenses	169,029	23,360	185,056	377,445
Equipment	-	-	17,020	17,020
Depreciation	84,834	20,717	129,230	234,781
Total operating expenses	<u>456,104</u>	<u>100,600</u>	<u>543,934</u>	<u>1,100,638</u>
Operating income (loss)	<u>277,812</u>	<u>(59,363)</u>	<u>456,791</u>	<u>675,240</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	45,918	-	-	45,918
Interest expense	(22,424)	-	(3,774)	(26,198)
Total nonoperating revenues (expenses)	<u>23,494</u>	<u>-</u>	<u>(3,774)</u>	<u>19,720</u>
Income (loss) before contributions and transfers	<u>301,306</u>	<u>(59,363)</u>	<u>453,017</u>	<u>694,960</u>
Change in net position	<u>301,306</u>	<u>(59,363)</u>	<u>453,017</u>	<u>694,960</u>
Total net position - beginning	<u>1,708,662</u>	<u>(13,872)</u>	<u>732,252</u>	<u>2,427,042</u>
Total net position - ending	<u>\$ 2,009,968</u>	<u>\$ (73,235)</u>	<u>\$ 1,185,269</u>	<u>\$ 3,122,002</u>

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION – NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
JUNE 30, 2025

	Enterprise Funds			
	Parking Authority	City Marina	Storm Water Utility	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 682,722	\$ 50,949	\$ 1,002,607	\$ 1,736,278
Payments to suppliers	(249,708)	(54,681)	(202,040)	(506,429)
Payments to employees	(106,166)	(12,600)	(132,830)	(251,596)
NET CASH FROM OPERATING ACTIVITIES	326,848	(16,332)	667,737	978,253
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash overdraft	-	16,333	-	16,333
Transfers to other funds	(125,000)	-	-	(125,000)
CASH FROM NONCAPITAL FINANCING ACTIVITIES	(125,000)	16,333	-	(108,667)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on bonds, notes, and leases	(114,236)	-	(108,156)	(222,392)
Interest paid on bonds, notes and mortgages	(23,338)	-	(3,774)	(27,112)
Payments for capital acquisitions	(903,566)	-	-	(903,566)
Capital grants	-	-	-	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(1,041,140)	-	(111,930)	(1,153,070)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	45,918	-	-	45,918
Net change in cash and cash equivalents	(793,374)	1	555,807	(237,566)
Cash and cash equivalents, beginning of year	1,288,964	197	439,310	1,728,471
Cash and cash equivalents, end of year	<u>\$ 495,590</u>	<u>\$ 198</u>	<u>\$ 995,117</u>	<u>\$ 1,490,905</u>
Cash	\$ 154,250	\$ -	\$ 995,116	\$ 1,149,366
Investment pool	60,434	197	-	60,631
Restricted investment pool	280,906	-	-	280,906
Total	<u>\$ 495,590</u>	<u>\$ 197</u>	<u>\$ 995,116</u>	<u>\$ 1,490,903</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 277,812	\$ (59,363)	\$ 456,791	\$ 675,240
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation	84,834	20,717	129,230	234,781
Changes in assets and liabilities:				
Accounts receivable, net	(51,194)	9,712	1,882	(39,600)
Deferred outflows and inflows	3,718	-	1,160	4,878
Accounts payable and accrued expenses	(10,874)	(205)	68,455	57,376
Accrued payroll	(290)	12,807	733	13,250
Net pension liability	22,842	-	9,486	32,328
Net cash from operating activities	<u>\$ 326,848</u>	<u>\$ (16,332)</u>	<u>\$ 667,737</u>	<u>\$ 978,253</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
JUNE 30, 2025

	Water Department	Sewer Department	Total
OPERATING REVENUES			
Charges for services	\$ 6,280,682	\$ 15,756,837	\$ 22,037,519
Penalties	40,240	106,571	146,811
Sundry income	219,923	(2,143)	217,780
Pretreatment monitoring fee	-	269,270	269,270
Impact fees	103,810	92,820	196,630
TOTAL OPERATING REVENUES	<u>6,644,655</u>	<u>16,223,355</u>	<u>22,868,010</u>
OPERATING EXPENSES			
Salaries	2,309,795	3,228,559	5,538,354
Personnel benefits	1,007,979	1,432,087	2,440,066
Professional and skilled services	504,794	626,556	1,131,350
Other operating expenses	2,233,964	4,633,612	6,867,576
Equipment	3,893	17,544	21,437
TOTAL OPERATING EXPENSES	<u>6,060,425</u>	<u>9,938,358</u>	<u>15,998,783</u>
OPERATING INCOME BEFORE DEPRECIATION	584,230	6,284,997	6,869,227
Depreciation	<u>785,520</u>	<u>4,366,865</u>	<u>5,152,385</u>
NET OPERATING INCOME (LOSS)	<u>(201,290)</u>	<u>1,918,132</u>	<u>1,716,842</u>
NON-OPERATING REVENUES (EXPENSES)			
Federal and state grants	-	401,953	401,953
Transfers	(1,061,109)		(1,061,109)
Interest income	325,021	323,029	648,050
Loss on sale of fixed assets	(32,094)	-	(32,094)
Interest expense	(117,371)	(198,727)	(316,098)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(885,553)</u>	<u>526,255</u>	<u>(359,298)</u>
CHANGE IN NET POSITION	<u>\$ (1,086,843)</u>	<u>\$ 2,444,387</u>	1,357,544
NET POSITION, BEGINNING OF YEAR			<u>78,102,272</u>
NET POSITION, END OF YEAR			<u>\$ 79,459,816</u>

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION – ENTERPRISE FUNDS
SCHEDULE OF REVENUES AND EXPENSES – BUDGET AND ACTUAL
WATER DEPARTMENT
JUNE 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Inspection fees	\$ 30,000	\$ 30,000	\$ 48,112	\$ 18,112
Water sales	5,833,796	5,833,796	6,232,570	398,774
Penalties	22,500	22,500	40,240	17,740
Interest earned	-	-	325,021	325,021
Water income-sundry	204,000	204,000	219,923	15,923
Tapping charges and connection fees	-	-	-	-
Impact fees	-	-	103,810	103,810
Grants	-	-	(1,061,109)	(1,061,109)
Lease Proceeds	230,000	230,000	-	(230,000)
Transfer	-	-	-	-
Sale Fixed Assets	-	2,363	(32,094)	(34,457)
TOTAL REVENUES	6,320,296	6,322,659	5,876,473	(446,186)
EXPENSES				
Engineering				
Salaries	593,293	541,219	451,200	90,019
Personnel benefits	167,458	191,596	213,716	(22,120)
Professional and skilled services	34,300	49,284	3,610	45,674
Supplies	-	-	-	-
Other operating expenses	133,020	162,932	130,499	32,433
Capital Outlay	59,450	65,090	3,893	61,197
Total engineering	987,521	1,010,121	802,918	207,203
Billing and collection				
Salaries	175,152	175,152	168,327	6,825
Personnel benefits	58,851	60,543	67,466	(6,923)
Professional and skilled services	44,000	29,771	26,709	3,062
Other operating expenses	138,350	156,204	149,227	6,977
Capital Outlay	4,500	1,000	-	1,000
Total billing and collection	420,853	422,670	411,729	10,941
Water treatment				
Salaries	962,664	973,689	947,656	26,033
Personnel benefits	364,042	391,015	403,138	(12,123)
Professional and skilled services	-	-	202,423	(202,423)
Other operating expenses	1,649,001	1,688,461	1,266,545	421,916
Capital Outlay	-	60,705	-	60,705
Total water treatment	2,975,707	3,113,870	2,819,762	294,108

Continued on next page

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION – ENTERPRISE FUNDS
SCHEDULE OF REVENUES AND EXPENSES – BUDGET AND ACTUAL
WATER DEPARTMENT
JUNE 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Distribution and storage				
Salaries	\$ 685,145	\$ 641,606	\$ 571,895	\$ 69,711
Personnel benefits	241,599	284,138	252,604	31,534
Professional Services	3,000	3,000	2,718	282
Other operating expenses	722,553	841,313	493,539	347,774
Capital Outlay	230,000	230,000	-	230,000
Total distribution and storage	<u>1,882,297</u>	<u>2,000,057</u>	<u>1,320,756</u>	<u>717,621</u>
Administration				
Salaries	166,373	170,717	170,717	-
Personnel benefits	58,619	63,743	71,055	(7,312)
Professional and skilled services	272,675	272,194	269,334	2,860
Other operating expenses	215,275	215,650	194,154	21,496
Total administration	<u>712,942</u>	<u>722,304</u>	<u>705,260</u>	<u>17,044</u>
Debt payments				
Principal redemption	283,325	269,516	-	269,516
Interest	172,099	185,907	117,371	-
Total debt payments	<u>455,424</u>	<u>455,423</u>	<u>117,371</u>	<u>294,120</u>
Transfer - Capital Projects	942,000	1,827,000	-	1,827,000
TOTAL EXPENSES	<u>8,376,744</u>	<u>9,551,445</u>	<u>6,177,796</u>	<u>1,541,037</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	<u>(2,056,448)</u>	<u>(3,228,786)</u>	<u>(301,323)</u>	<u>1,094,851</u>
Depreciation	-	-	785,520	(785,520)
CHANGE IN NET POSITION	<u>\$ (2,056,448)</u>	<u>\$ (3,228,786)</u>	<u>\$ (1,086,843)</u>	<u>\$ (2,141,943)</u>

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION – ENTERPRISE FUNDS
SCHEDULE OF REVENUES AND EXPENSES – BUDGET AND ACTUAL
SEWER DEPARTMENT
JUNE 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Sewer charges	\$ 14,387,115	\$ 14,387,115	\$ 15,392,937	\$ 1,005,822
Sewer charges-urban services	345,000	345,000	363,900	18,900
Penalties	65,000	65,000	106,571	41,571
Pretreatment monitoring fees	200,000	200,000	269,270	69,270
Interest earned	-	-	323,029	323,029
Sewer income-sundry	1,500	1,500	(2,143)	(3,643)
Tapping charges and connection fees	-	-	92,820	92,820
Grants	-	401,953	401,953	-
Lease Proceeds	690,000	690,000	-	(690,000)
TOTAL REVENUES	15,688,615	16,090,568	16,948,337	857,769
EXPENSES				
Engineering				
Salaries	592,777	579,454	451,200	128,254
Personnel benefits	151,078	170,753	192,874	(22,121)
Professional and skilled services	25,817	29,567	1,140	28,427
Other operating expenses	117,815	135,315	108,197	27,118
Capital outlay	10,750	22,825	17,544	5,281
Total engineering	898,237	937,914	770,955	166,959
Billing and collection				
Salaries	269,106	265,808	257,991	7,817
Personnel benefits	93,502	95,107	103,584	(8,477)
Professional and skilled services	41,000	41,000	30,696	10,304
Other operating expenses	86,538	86,646	83,252	3,394
Total billing and collection	490,146	488,561	475,523	13,038
Wastewater treatment				
Salaries	1,915,897	1,711,636	1,576,656	134,980
Personnel benefits	639,938	683,038	707,757	(24,719)
Professional and skilled services	20,000	43,843	134,934	(91,091)
Other operating expenses	3,460,610	4,194,850	3,864,331	330,519
Equipment	90,000	118,530	-	118,530
Total wastewater treatment	6,126,445	6,751,897	6,283,678	468,219

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CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION – ENTERPRISE FUNDS
SCHEDULE OF REVENUES AND EXPENSES – BUDGET AND ACTUAL
SEWER DEPARTMENT
JUNE 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Maintenance and repair				
Personnel benefits	\$ 229,047	\$ 276,877	\$ 283,106	\$ (6,229)
Professional and skilled services	3,000	3,000	2,506	494
Other operating expenses	321,433	361,624	245,501	116,123
Lease Payments	-	-	-	99,966
Capital Outlay	600,000	600,000	-	600,000
Total maintenance and repair	<u>1,889,878</u>	<u>1,926,619</u>	<u>1,161,925</u>	<u>864,660</u>
Pretreatment monitoring				
Salaries	185,905	185,905	147,433	38,472
Personnel benefits	43,362	82,827	69,349	13,478
Other operating expenses	33,126	32,811	30,253	2,558
Total pretreatment monitoring	<u>262,393</u>	<u>301,543</u>	<u>247,035</u>	<u>54,508</u>
Administration				
Salaries	151,358	164,467	164,467	-
Personnel benefits	62,015	67,773	75,417	(7,644)
Professional and skilled services	482,492	488,296	457,280	31,016
Other operating expenses	315,252	313,301	302,078	11,223
Total administration	<u>1,011,117</u>	<u>1,033,837</u>	<u>999,242</u>	<u>34,595</u>
Debt payments				
<i>Interest calc do not print</i>	447,267	447,267	198,459	248,808
<i>Interest calc do not print</i>	123,787	123,787	268	123,519
Transfers Out				
Transfer to Capital Project				
 TOTAL EXPENSES	 <u>14,808,867</u>	 <u>15,571,022</u>	 <u>10,137,085</u>	 <u>5,433,937</u>
 OPERATING INCOME (LOSS) BEFORE TRANSFERS AND DEPRECIATION	 879,748	 519,546	 6,811,252	 (6,291,706)
 Depreciation	 <u>-</u>	 <u>-</u>	 <u>4,366,865</u>	 <u>(4,366,865)</u>
 CHANGE IN NET POSITION	 <u>\$ 879,748</u>	 <u>\$ 519,546</u>	 <u>\$ 2,444,387</u>	 <u>\$ (1,924,841)</u>

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION – ENTERPRISE FUNDS
SCHEDULE OF REVENUES AND EXPENSES – BUDGET AND ACTUAL
CITY MARINA
JUNE 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
OPERATING REVENUES				
Charges for services	\$ 56,000	\$ 56,000	\$ 41,237	\$ (14,763)
Total operating revenues	56,000	56,000	41,237	(14,763)
OPERATING EXPENSES				
Salaries	38,927	34,417	22,348	12,069
Personnel benefits	5,514	5,274	3,059	2,215
Professional and skilled services	4,490	4,880	4,230	651
Supplies	3,775	28,235	26,886	1,349
Other operating expenses	48,765	29,005	23,361	5,644
Depreciation	-	-	20,717	(20,717)
Total operating expenses	101,471	101,811	100,601	1,211
Operating income (loss)	(45,471)	(45,811)	(59,364)	(13,552)
NONOPERATING REVENUES (EXPENSES)				
Total nonoperating revenues (expenses)	-	-	-	-
Income (loss) before contributions and t	(45,471)	(45,811)	(59,364)	(13,552)
Total net position - beginning	(13,872)	(13,872)	(13,872)	-
Total net position - ending	\$ (59,343)	\$ (59,683)	\$ (73,236)	\$ (13,552)

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION – ENTERPRISE FUNDS
SCHEDULE OF REVENUES AND EXPENSES – BUDGET AND ACTUAL
PARKING AUTHORITY
JUNE 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
OPERATING REVENUES				
Charges for services	\$ 816,420	\$ 816,420	\$ 733,916	\$ (82,504)
Total operating revenues	816,420	816,420	733,916	(82,504)
OPERATING EXPENSES				
Salaries	86,152	89,736	75,670	14,066
Personnel benefits	46,124	42,540	56,766	(14,226)
Professional and skilled services	97,359	101,884	79,439	22,445
Supplies	5,650	5,478	(9,634)	15,112
Other operating expenses	221,516	217,163	169,029	48,134
Depreciation	-	-	84,834	(84,834)
Total operating expenses	456,801	456,801	456,104	697
Operating income (loss)	359,619	359,619	277,812	(81,807)
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	-	-	45,918	45,918
Principal Payment	(88,809)	(88,809)	-	88,809
Interest expense	(48,784)	(48,784)	(22,424)	26,360
Total nonoperating revenues (expenses)	(137,592)	(137,592)	23,494	161,087
Income (loss) before contributions and t	222,026	222,026	301,306	79,280
Transfers	(125,000)	(125,000)	-	125,000
Change in net position	97,026	97,026	301,306	204,280
Total net position - beginning	1,708,662	1,708,662	1,708,662	-
Total net position - ending	\$ 1,805,688	\$ 1,805,688	\$ 2,009,968	\$ 204,280

CITY OF SALISBURY, MARYLAND
OTHER SUPPLEMENTARY INFORMATION – ENTERPRISE FUNDS
SCHEDULE OF REVENUES AND EXPENSES – BUDGET AND ACTUAL
STORMWATER AUTHORITY
JUNE 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
OPERATING REVENUES				
Charges for services	\$ 980,000	\$ 980,000	\$ 1,000,725	\$ 20,725
Total operating revenues	980,000	980,000	1,000,725	20,725
OPERATING EXPENSES				
Salaries	169,713	105,987	104,295	1,693
Personnel benefits	25,692	30,186	39,914	(9,728)
Professional and skilled services	208,291	258,923	67,994	190,929
Supplies	425	425	425	-
Other operating expenses	179,935	283,935	185,057	98,877
Capital Outlay	-	17,020	17,020	-
Depreciation	-	-	129,230	(129,230)
Total operating expenses	584,057	696,476	543,934	152,542
Operating income (loss)	395,943	283,524	456,791	173,267
NONOPERATING REVENUES (EXPENSES)				
Interest expense	(111,931)	(111,931)	(3,774)	108,157
Total nonoperating revenues (expenses)	(111,931)	(111,931)	(3,774)	108,157
Change in net position	284,012	171,593	(3,774)	108,157
Total net position - beginning	732,252	732,252	732,252	-
Total net position - ending	\$ 1,016,264	\$ 903,845	\$ 728,478	\$ 108,157

STATISTICAL INFORMATION

CITY OF SALISBURY, MARYLAND
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
JUNE 30, 2025

Levy Year	Total	General Fund		
		Real Property	Personal Property	Corporations
2025	\$ 340,833	\$ 89,608	\$ 733	\$ 250,492
2024	31,524	11,290	3,405	16,829
2023	105,828	7,035	3,088	95,705
2022	91,066	659	811	89,596
2021 and prior	916,209	156,974	28,613	730,622
Total	1,485,460	265,566	36,650	1,183,244
Less: Allowance for uncollectibles	(826,718)	-	(25,931)	(800,787)
Total	<u>\$ 658,742</u>	<u>\$ 265,566</u>	<u>\$ 10,719</u>	<u>\$ 382,457</u>

Note: Included in the above are deferred taxes of \$502,085

CITY OF SALISBURY, MARYLAND
SCHEDULE OF BONDED INDEBTNESS
JUNE 30, 2025

Description of bonds and purpose of issue	Rate (Percent)	Dates Payable	Bond		Authorized Total Issue	Outstanding June 30, 2025	Requirements to June 30, 2025		Payable At
			Maturities	Date Issued			Principal	Interest	
General obligation bonds									
Water Quality Bond of 2005	0.40	F & A1	2/1/09-28	9/29/2005	42,009,341	6,229,083	2,155,112	132,648	MD Water Quality Fin.
Maryland Water Quality Bond(ARRA)	0	A & F1	8/1/11-2/1/26	12/4/2009	2,056,400	24,955	145,021	-	MD Water Quality Fin.
Series 2012A Maryland Water Quality	0.90	A & F1	5/22/12-2/1/42	5/22/2012	1,631,000	912,822	52,530	11,554	MD Water Quality Fin.
Series 2014A Maryland Water Quality Bond	1.00	A & F1	3/20/14-2/1/28	3/20/2014	66,375	12,661	4,857	331	MD Water Quality Fin.
2015 Water Quality Bond Series A	0	F & A1	8/1/15-2/1/37	6/30/2015	34,545,000	34,659,303	150,000	-	MD Water Quality Admin
2016 Public Improvements Bond	2.18	J & D1	12/1/15-6/1/26	12/1/2015	4,726,200	519,787	508,698	16,876	Bank of America
2017 Public Improvements Refunding Bond	2.00-5.00	A & O1	4/1/17-4/1/31	7/28/2016	20,030,000	5,060,000	1,585,000	198,313	Sun Trust Bank
2018 Public Improvements Bond	2.51	J & D1	6/1/18-6/1/32	12/13/2017	5,724,853	3,005,804	388,386	85,194	BB & T
2019 Public Improvements Bond	2.125-5.00	M & S1	3/1/20-6/1/35	10/8/2019	11,225,000	8,285,000	650,000	308,500	Sun Trust Bank
2020A Maryland Water Quality	0.40	A & F1	8/1/22-2/1/41	8/28/2020	90,000	72,570	4,384	464	MD Water Quality Fin.
2020B Maryland Water Quality	1.67	A & F1	8/1/22-8/28/30	8/28/2020	24,000	30,000	-	-	MD Water Quality Fin.
2022 Public Improvements Bond	1.50-4.00	M & S1	3/1/22-9/1/36	9/1/2021	8,965,000	6,445,000	875,000	190,600	Truist
2022 Public Improvements Bond	2.00-3.00	M & S1	3/1/22-9/1/28	9/1/2021	2,895,000	1,720,000	405,000	44,625	Truist
2024 Public Improvements Bond	3.03-3.31	M & S1	9/1/25-9/1/39	6/25/2024	11,590,000	11,590,000	-	395,992	M&T Bank
						\$78,566,985	\$6,923,988	1,385,097	

**CITY OF SALISBURY, MARYLAND
GENERAL FUND REVENUE BY SOURCE
FIVE YEARS ENDED JUNE 30, 2025**

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
2025	\$ 34,290,892	0 3,317,632	\$ 3,264,462	\$ 2,542,206	\$ 543,349	\$ 1,590,525	\$ 6,496,063	\$ 6,931,058	\$ 58,976,187	\$ 1,617,957
	58.14	% 5.63	% 5.54	% 4.31	% 0.92	% 2.70	% 11.01	% 11.75	100.00	%
2024	\$ 31,783,392	0 3,099,693	\$ 3,357,066	\$ 2,056,746	\$ 686,028	\$ 504,011	\$ 2,957,847	\$ 7,142,435	\$ 51,587,218	\$ 3,307,656
	61.61	% 6.01	% 6.51	% 3.99	% 1.33	% 0.98	% 5.73	% 13.85	100.00	%
2023	\$ 30,103,776	0 2,951,263	\$ 3,084,666	\$ 1,963,951	\$ 575,381	\$ 302,229	\$ 6,778,321	\$ 6,324,471	\$ 52,084,058	\$ 2,219,812
	57.80	% 5.67	% 5.92	% 3.77	% 1.10	% 0.58	% 13.01	% 12.14	100.00	%
2022	\$ 29,095,670	0 2,706,142	\$ 2,120,475	\$ 2,151,025	\$ 557,737	\$ 45,422	\$ 2,525,429	\$ 6,537,880	\$ 45,739,780	\$ -
	63.61	% 5.92	% 4.64	% 4.70	% 1.22	% 0.10	% 5.52	% 14.29	100.00	%
2021	\$ 27,989,043	0 2,334,601	\$ 1,902,515	\$ 1,417,879	\$ 707,364	\$ 22,155	\$ 5,538,545	\$ 5,617,402	\$ 45,529,504	\$ 2,475,078

CITY OF SALISBURY, MARYLAND
GENERAL FUND EXPENDITURES BY FUNCTION
FIVE YEARS ENDED JUNE 30, 2025

Fiscal Year Ended June 30	Department of Public Works										
	General Government	Police	Fire	Other Safety	Supervision & Engineering	Highways	Sanitation	Recreation	Miscellaneous & Transfers	Total	
2025	\$ 5,625,505	\$ 17,546,259	\$ 12,410,371	\$ 3,574,409	\$ 1,751,388	\$ 842,698	\$ 2,541,166	\$ 2,863,799	\$ 7,626,772	\$ 54,782,367	
	% 10.27%	% 32.03%	% 22.65%	% 6.52%	% 3.20%	% 1.54%	% 4.64%	% 5.23%	% 13.92%	% 100.00%	
2024	\$ 5,362,819	\$ 16,118,692	\$ 12,048,210	\$ 3,370,434	\$ 1,877,655	\$ 1,041,502	\$ 3,443,917	\$ 3,095,614	\$ 5,739,969	\$ 52,098,812	
	% 10.29%	% 30.94%	% 23.13%	% 6.47%	% 3.60%	% 2.00%	% 6.61%	% 5.94%	% 11.02%	% 100.00%	
2023	\$ 4,647,983	\$ 15,293,881	\$ 10,566,838	\$ 3,144,202	\$ 1,862,128	\$ 829,238	\$ 2,255,883	\$ 2,371,088	\$ 7,139,895	\$ 48,111,136	
	% 9.66%	% 31.79%	% 21.96%	% 6.54%	% 3.87%	% 1.72%	% 4.69%	% 4.93%	% 14.84%	% 100.00%	
2022	\$ 4,508,629	\$ 14,272,878	\$ 10,169,145	\$ 3,112,650	\$ 1,959,694	\$ 693,429	\$ 2,010,015	\$ 2,462,607	\$ 12,173,843	\$ 51,362,890	
	% 8.78%	% 27.79%	% 19.80%	% 6.06%	% 3.82%	% 1.35%	% 3.91%	% 4.79%	% 23.70%	% 100.00%	

CITY OF SALISBURY, MARYLAND
WATER AND SEWER DEPARTMENT OPERATIONS
FIVE YEARS ENDED JUNE 30, 2025

Fiscal Year Ended June 30	Revenue						Expenses						
	Water	Other		Sewer	Other		Surplus		Capital	Debt			
	Charges	Water		Charges	Sewer	Total	Appropriated	Operations	Outlay	Service	Depreciation	Total	
2025	\$ 6,280,682	\$ (404,209)		\$ 15,756,837	\$ 1,191,500	\$ 22,824,810	692,957	\$ 15,977,347	\$ 21,437	\$ 316,099	\$ 5,152,385	21,467,268	
2024	\$ 6,020,981	\$ 573,587		\$ 14,484,245	\$ 1,033,149	\$ 22,111,962	1,176,697	\$ 14,726,400	\$ 68,555	\$ 299,874	\$ 5,093,748	20,188,577	
2023	\$ 5,133,173	\$ 1,021,907		\$ 12,913,687	\$ 872,948	\$ 19,941,715	2,039,432	\$ 14,194,677	\$ 130,375	\$ 304,868	\$ 5,091,325	19,721,245	
2022	\$ 4,726,861	\$ 3,221,649		\$ 11,854,251	\$ 1,026,688	\$ 20,829,449	1,841,543	\$ 12,248,767	\$ 32,686	\$ 480,386	\$ 4,931,169	17,693,008	
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	

CITY OF SALISBURY, MARYLAND
GENERAL AND SINKING FUND – PROPERTY TAX LEVIES AND COLLECTIONS
FIVE YEARS ENDED JUNE 30, 2025

Fiscal Year Ended June 30	Assessable Basis	Total General Sinking Tax Levy	Current Tax Collections	Percent of Levy Collected in Year of Levy	Delinquent Tax Collections	Total Tax Collections	Total Collections as a Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percent of Current Levy
2025	\$ 2,996,729,008	\$ 44,122,673	\$ 43,548,417	98.70 %	\$ 234,834	\$ 43,783,251	99.23 %	\$ 1,577,098	3.57 %
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	\$ 27,398,849	93.90 %	\$ 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 %

CITY OF SALISBURY, MARYLAND
GENERAL AND SINKING FUND – ASSESSED VALUES AND DEBT RATIOS
FIVE YEARS ENDED JUNE 30, 2025

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 & Sewer	Ratio G. O. Debt Service to Total Expenditures
	Real Property		Corporations									
	Full and Partial Year	Personal Property	Ordinary	Railroads and Utilities	Total							
2025	\$ 2,693,559,598	\$ 800,650	\$ 215,126,140	\$ 87,242,620	\$ 2,996,729,008	\$ 78,566,985	0.0262	\$ 69,171,262	\$ 43,327,704	\$ 8,309,085	\$ 76,249,633	0.109
2024	2,452,431,174	1,164,710	216,901,640	90,932,130	2,761,429,654	85,490,973	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	89,118,661	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