
Required Supplemental Financial Data

This section contains additional information required by accounting principles generally accepted in the United States of America.

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance.
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance.

CITY OF SALISBURY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

Last Six Fiscal Years

| Actuarial Valuation Date December 31, | (1) Actuarial Value of Assets | (2) | (3) | Funded Ratio (1) / (2) | (4) Annual Covered Payroll | UAAL as a Percentage of Covered Payroll (3) / (4) |
|--|--|--|--|---------------------------|-------------------------------------|--|
| | | Actuarial Accrued Liability (AAL) Projected Unit Credit | Unfunded AAL (UAAL) (2) - (1) | | | |
| 2007 | \$ 911,032 | \$ 1,503,627 | \$ 592,595 | 60.59% | \$ 3,306,677 | 17.92% |
| 2006 | 832,627 | 1,253,054 | 420,427 | 66.45% | 3,147,324 | 13.36% |
| 2005 | 746,287 | 1,220,368 | 474,081 | 61.15% | 3,043,907 | 15.57% |
| 2004 | 636,417 | 1,214,344 | 577,927 | 52.41% | 2,940,751 | 19.65% |
| 2003 | 543,886 | 1,185,007 | 641,121 | 45.90% | 2,980,664 | 21.51% |
| 2002 | 462,990 | 982,204 | 519,214 | 47.14% | 2,715,519 | 19.12% |

CITY OF SALISBURY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last Six Fiscal Years

| <u>Fiscal Year Ended June 30,</u> | <u>Annual Required Contribution</u> | <u>Percentage Contributed</u> |
|---|---|-----------------------------------|
| 2008 | \$ 84,075 | 102 |
| 2007 | 87,266 | 105 |
| 2006 | 100,962 | 108 |
| 2005 | 104,153 | 100 |
| 2004 | 87,696 | 101 |
| 2003 | 93,425 | 95 |

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

| | |
|-------------------------------|-----------------------------|
| Valuation date | 12/31/2007 |
| Actuarial cost method | Projected unit credit |
| Amortization method | Level percent of pay closed |
| Remaining amortization period | 23 years |
| Asset valuation method | Market value |
| Actuarial assumptions | |
| Investment rate of return* | 7.25% |
| Projected salary increases* | 4.5% - 12.3% |
| * Includes inflation at | 3.75% |
| Cost of living adjustments | N/A |

Supplementary Financial Data



General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required legally or by sound financial management to be accounted for in another fund.

B-1
CITY OF SALISBURY, NORTH CAROLINA
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Year Ended June 30, 2008
With Comparative Actual Amounts for Year Ended June 30, 2007

| | <u>2008</u> | | Variance with Budget Positive (Negative) | <u>2007</u> |
|-----------------------------------|----------------------|----------------------|---|----------------------|
| | <u>Budget</u> | <u>Actual</u> | | <u>Actual</u> |
| REVENUES: | | | | |
| Taxes: | | | | |
| General property-current | \$ 15,432,182 | \$ 15,951,173 | \$ 518,991 | \$ 14,502,024 |
| General property-prior | 377,000 | 458,427 | 81,427 | 363,194 |
| Auto tax | 215,000 | 236,064 | 21,064 | 207,395 |
| Interest on delinquent tax | 80,000 | 85,333 | 5,333 | 80,028 |
| Other tax | 300 | 220 | (80) | 347 |
| | <u>\$ 16,104,482</u> | <u>\$ 16,731,217</u> | <u>\$ 626,735</u> | <u>\$ 15,152,988</u> |
| Unrestricted intergovernmental: | | | | |
| Local option sales tax | 5,503,803 | 5,220,704 | (283,099) | 4,928,404 |
| Utilities franchise tax | 1,459,380 | 1,564,305 | 104,925 | 1,294,288 |
| Telecommunications sales tax | 600,000 | 703,275 | 103,275 | 621,344 |
| Video franchise fee | 250,000 | 265,487 | 15,487 | 113,649 |
| Wine and beer tax | 132,006 | 141,112 | 9,106 | 132,122 |
| State reimbursement hold harmless | 575,548 | 588,024 | 12,476 | 630,549 |
| Other | 177,286 | 183,919 | 6,633 | 153,828 |
| | <u>\$ 8,698,023</u> | <u>\$ 8,666,826</u> | <u>\$ (31,197)</u> | <u>\$ 7,874,184</u> |
| Restricted intergovernmental: | | | | |
| State street aid - Powell Bill | \$ 1,023,275 | \$ 1,088,187 | \$ 64,912 | \$ 932,401 |
| Other | 2,292,531 | 585,267 | (1,707,264) | 319,547 |
| | <u>\$ 3,315,806</u> | <u>\$ 1,673,454</u> | <u>\$ (1,642,352)</u> | <u>\$ 1,251,948</u> |
| Charges for services: | | | | |
| Environmental protection | \$ 1,108,793 | \$ 1,093,556 | \$ (15,237) | \$ 1,017,681 |
| Culture and recreation | 180,000 | 175,416 | (4,584) | 167,781 |
| Public safety | 454,104 | 464,189 | 10,085 | 442,550 |
| Cemetery | 150,000 | 114,685 | (35,315) | 138,710 |
| Radio antenna and paging rentals | 579,673 | 212,222 | (367,451) | 190,679 |
| Rentals and sale of property | 294,716 | 272,348 | (22,368) | 253,154 |
| Licenses and permits | 387,446 | 413,940 | 26,494 | 473,488 |
| Administrative charges | 2,417,857 | 2,417,857 | - | 2,275,159 |
| Community services | 155,000 | 157,217 | 2,217 | 168,518 |
| Other | 52,640 | 14,009 | (38,631) | 111,513 |
| | <u>\$ 5,780,229</u> | <u>\$ 5,335,439</u> | <u>\$ (444,790)</u> | <u>\$ 5,239,233</u> |
| Miscellaneous: | | | | |
| Interest earned on investments | \$ 390,000 | \$ 394,806 | \$ 4,806 | \$ 410,322 |
| Donations | 755,103 | 446,285 | (308,818) | 98,763 |
| Other | 303,230 | 172,343 | (130,887) | 184,788 |
| | <u>\$ 1,448,333</u> | <u>\$ 1,013,434</u> | <u>\$ (434,899)</u> | <u>\$ 693,873</u> |
| Total revenues | <u>\$ 35,346,873</u> | <u>\$ 33,420,370</u> | <u>\$ (1,926,503)</u> | <u>\$ 30,212,226</u> |

B-1
CITY OF SALISBURY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
For the Year Ended June 30, 2008
With Comparative Actual Amounts for Year Ended June 30, 2007

| | <u>2008</u> | | | <u>2007</u> |
|--|----------------------|----------------------|---|----------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Variance with Budget Positive (Negative)</u> | <u>Actual</u> |
| OTHER FINANCING SOURCES: | | | | |
| Long-term debt issued | \$ 1,134,759 | \$ 906,934 | \$ (227,825) | \$ 674,425 |
| Fund balance appropriated | 687,896 | - | (687,896) | - |
| Total other financing sources | <u>\$ 1,822,655</u> | <u>\$ 906,934</u> | <u>\$ (915,721)</u> | <u>\$ 674,425</u> |
| Total revenues and other financing sources | <u>\$ 37,169,528</u> | <u>\$ 34,327,304</u> | <u>\$ (2,842,224)</u> | <u>\$ 30,886,651</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government: | | | | |
| City council | \$ 168,226 | \$ 144,163 | \$ 24,063 | \$ 133,157 |
| City administration | 908,790 | 884,997 | 23,793 | 854,459 |
| Purchasing | 135,120 | 132,277 | 2,843 | 130,109 |
| Human resources | 723,784 | 657,923 | 65,861 | 691,971 |
| Finance | 1,353,758 | 1,311,254 | 42,504 | 1,251,897 |
| Fleet management | 887,380 | 879,178 | 8,202 | 809,857 |
| Public services administration | 375,135 | 371,041 | 4,094 | 269,941 |
| Facilities Maintenance | 650,114 | 635,688 | 14,426 | 569,773 |
| Telecommunication | 719,964 | 291,943 | 428,021 | 328,446 |
| Information technologies | 1,704,362 | 1,686,442 | 17,920 | 1,475,086 |
| | <u>\$ 7,626,633</u> | <u>\$ 6,994,906</u> | <u>\$ 631,727</u> | <u>\$ 6,514,696</u> |
| Public safety: | | | | |
| Police: | | | | |
| Administration | \$ 527,981 | \$ 478,257 | \$ 49,724 | \$ 612,048 |
| Services | 1,445,080 | 1,296,992 | 148,088 | 1,294,699 |
| Operations | 5,682,208 | 5,308,660 | 373,548 | 4,501,452 |
| Fire | 4,775,091 | 4,507,745 | 267,346 | 5,176,104 |
| | <u>\$ 12,430,360</u> | <u>\$ 11,591,654</u> | <u>\$ 838,706</u> | <u>\$ 11,584,303</u> |
| Transportation: | | | | |
| Traffic operations | \$ 499,771 | \$ 493,392 | \$ 6,379 | \$ 525,518 |
| Engineering | 2,381,066 | 685,809 | 1,695,257 | 657,872 |
| Streets | 3,462,109 | 3,305,353 | 156,756 | 2,610,972 |
| Street lighting | 361,387 | 359,977 | 1,410 | 348,687 |
| | <u>\$ 6,704,333</u> | <u>\$ 4,844,531</u> | <u>\$ 1,859,802</u> | <u>\$ 4,143,049</u> |
| Environmental protection: | | | | |
| Solid waste management | \$ 2,113,311 | \$ 1,955,581 | \$ 157,730 | \$ 1,774,579 |
| Cemetery | 254,878 | 242,431 | 12,447 | 219,666 |
| | <u>\$ 2,368,189</u> | <u>\$ 2,198,012</u> | <u>\$ 170,177</u> | <u>\$ 1,994,245</u> |

B-1
CITY OF SALISBURY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
For the Year Ended June 30, 2008
With Comparative Actual Amounts for Year Ended June 30, 2007

| | <u>2008</u> | | Variance with Budget Positive (Negative) | <u>2007</u> |
|--|----------------------|----------------------|---|----------------------|
| | <u>Budget</u> | <u>Actual</u> | | <u>Actual</u> |
| EXPENDITURES: | | | | |
| Current (continued): | | | | |
| Culture and recreation: | | | | |
| Landscaping | \$ 679,292 | \$ 658,566 | \$ 20,726 | \$ 655,842 |
| Recreation | <u>2,792,541</u> | <u>2,373,053</u> | <u>419,488</u> | <u>1,934,411</u> |
| | <u>\$ 3,471,833</u> | <u>\$ 3,031,619</u> | <u>\$ 440,214</u> | <u>\$ 2,590,253</u> |
| Community and economic development: | | | | |
| Community development | \$ 1,022,664 | \$ 1,034,523 | \$ (11,859) | \$ 968,858 |
| The Plaza | 205,600 | 204,459 | 1,141 | 197,424 |
| Developmental services | <u>504,586</u> | <u>433,615</u> | <u>70,971</u> | <u>436,365</u> |
| | <u>\$ 1,732,850</u> | <u>\$ 1,672,597</u> | <u>\$ 60,253</u> | <u>\$ 1,602,647</u> |
| Education | <u>\$ 42,342</u> | <u>\$ 42,342</u> | <u>\$ -</u> | <u>\$ 42,342</u> |
| Debt service: | | | | |
| Principal | \$ 2,001,896 | \$ 1,980,386 | \$ 21,510 | \$ 922,857 |
| Interest | <u>353,311</u> | <u>341,312</u> | <u>11,999</u> | <u>370,668</u> |
| | <u>\$ 2,355,207</u> | <u>\$ 2,321,698</u> | <u>\$ 33,509</u> | <u>\$ 1,293,525</u> |
| Total expenditures | <u>\$ 36,731,747</u> | <u>\$ 32,697,359</u> | <u>\$ 4,034,388</u> | <u>\$ 29,765,060</u> |
| OTHER FINANCING USES: | | | | |
| Transfers to other funds | <u>\$ 437,781</u> | <u>\$ 437,781</u> | <u>\$ -</u> | <u>\$ 1,433,225</u> |
| Total expenditures and other financing uses | <u>\$ 37,169,528</u> | <u>\$ 33,135,140</u> | <u>\$ 4,034,388</u> | <u>\$ 31,198,285</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | <u>\$ -</u> | <u>\$ 1,192,164</u> | <u>\$ 1,192,164</u> | <u>\$ (311,634)</u> |
| FUND BALANCES, BEGINNING | | <u>6,872,729</u> | | <u>7,184,363</u> |
| FUND BALANCES, ENDING | | <u>\$ 8,064,893</u> | | <u>\$ 6,872,729</u> |



Non Major Governmental Fund

Special revenue funds are used to account for the proceeds of specific revenues that are legally restricted to expenditures for particular purposes. The City has one special revenue fund, the Community Development Fund. This fund is used to account for the operations of the City's community development programs. Financing is provided by the U.S. Department of Housing and Urban Development.

C-1

CITY OF SALISBURY, NORTH CAROLINA

SPECIAL REVENUE FUND - COMMUNITY DEVELOPMENT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Year Ended June 30, 2008

With Comparative Actual Amounts for the Year Ended June 30, 2007

| | 2008 | | Variance with Budget Positive (Negative) | 2007 |
|---|-------------------|--------------------|---|--------------------|
| | Budget | Actual | | Actual |
| REVENUES: | | | | |
| Intergovernmental: | | | | |
| Federal | \$ 759,591 | \$ 368,029 | \$ (391,562) | \$ 466,524 |
| Miscellaneous: | | | | |
| Other | 75,000 | 82,374 | 7,374 | 265,104 |
| Total revenues | <u>\$ 834,591</u> | <u>\$ 450,403</u> | <u>\$ (384,188)</u> | <u>\$ 731,628</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | \$ 105,248 | \$ 92,945 | \$ 12,303 | \$ 90,208 |
| Community and economic development | 674,035 | 396,731 | 277,304 | 667,139 |
| Debt Service: | | | | |
| Principal | 32,000 | 32,000 | - | 32,000 |
| Interest | 23,308 | 23,308 | - | 24,169 |
| Total expenditures | <u>\$ 834,591</u> | <u>\$ 544,984</u> | <u>\$ 289,607</u> | <u>\$ 813,516</u> |
| NET INCREASE (DECREASE) IN FUND BALANCE | <u>\$ -</u> | <u>\$ (94,581)</u> | <u>\$ (94,581)</u> | <u>\$ (81,888)</u> |
| FUND BALANCE, BEGINNING | | <u>100,558</u> | | <u>182,446</u> |
| FUND BALANCE, ENDING | | <u>\$ 5,977</u> | | <u>\$ 100,558</u> |



Proprietary Fund Types

Proprietary Funds Types - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Water and Sewer Fund - to account for the provision of water and sewer services to the residents of the City and immediate area around the City.

Mass Transit Fund - to account for the provision of public bus services to the residents of the City.

All activities necessary to provide such services are accounted for in these funds, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

D-1
City of Salisbury, North Carolina
Combining Balance Sheet
Proprietary Funds
June 30, 2008

| | Water and Sewer Fund | Water and Sewer Capital Projects Fund | Transit Fund | Total |
|---|---------------------------------|--|---------------------|-----------------------|
| <u>ASSETS</u> | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 4,046,935 | \$ 7,237,086 | \$ 52,321 | \$ 11,336,342 |
| Accounts receivable (net) | 3,025,008 | 49,884 | 1,834 | 3,076,726 |
| Interest receivable | 7,379 | 13,948 | - | 21,327 |
| Due from other governments | 156,348 | 53,379 | 31,847 | 241,574 |
| Inventories | 327,510 | - | 11,474 | 338,984 |
| Restricted assets: | | | | |
| Cash and cash equivalents | - | 7,538,208 | - | 7,538,208 |
| Total current assets | <u>\$ 7,563,180</u> | <u>\$ 14,892,505</u> | <u>\$ 97,476</u> | <u>\$ 22,553,161</u> |
| Noncurrent assets: | | | | |
| Capital assets: | | | | |
| Land | \$ 2,072,067 | \$ - | \$ - | \$ 2,072,067 |
| Buildings and improvements | 159,800,545 | - | 467,924 | 160,268,469 |
| Equipment | 7,500,417 | - | 1,349,224 | 8,849,641 |
| Construction in progress | 8,559,800 | - | - | 8,559,800 |
| Accumulated depreciation | <u>(56,683,197)</u> | <u>-</u> | <u>(1,469,841)</u> | <u>(58,153,038)</u> |
| Total noncurrent assets | <u>\$ 121,249,632</u> | <u>\$ -</u> | <u>\$ 347,307</u> | <u>\$ 121,596,939</u> |
| Total assets | <u>\$ 128,812,812</u> | <u>\$ 14,892,505</u> | <u>\$ 444,783</u> | <u>\$ 144,150,100</u> |
| <u>LIABILITIES</u> | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 626,409 | \$ 3,366,363 | \$ 57,353 | \$ 4,050,125 |
| Interest payable | 503,519 | - | - | 503,519 |
| Bonds, notes, and loans payable | 3,574,798 | - | - | 3,574,798 |
| Compensated absences | 84,070 | - | 11,488 | 95,558 |
| Customer deposits | 545,954 | - | - | 545,954 |
| Total current liabilities | <u>\$ 5,334,750</u> | <u>\$ 3,366,363</u> | <u>\$ 68,841</u> | <u>\$ 8,769,954</u> |
| Noncurrent liabilities: | | | | |
| Bonds, notes, and loans payable | \$ 48,115,013 | \$ - | \$ - | \$ 48,115,013 |
| Compensated absences | 252,211 | - | 34,462 | 286,673 |
| Total noncurrent liabilities | <u>\$ 48,367,224</u> | <u>\$ -</u> | <u>\$ 34,462</u> | <u>\$ 48,401,686</u> |
| Total liabilities | <u>\$ 53,701,974</u> | <u>\$ 3,366,363</u> | <u>\$ 103,303</u> | <u>\$ 57,171,640</u> |
| <u>NET ASSETS</u> | | | | |
| Invested in capital assets, net of related debt | \$ 76,959,821 | \$ - | \$ 341,480 | \$ 77,301,301 |
| Restricted | - | 7,538,208 | - | 7,538,208 |
| Unrestricted | <u>(1,848,983)</u> | <u>3,987,934</u> | <u>-</u> | <u>2,138,951</u> |
| Total net assets | <u>\$ 75,110,838</u> | <u>\$ 11,526,142</u> | <u>\$ 341,480</u> | <u>\$ 86,978,460</u> |
| Total liabilities and net assets | <u>\$ 128,812,812</u> | <u>\$ 14,892,505</u> | <u>\$ 444,783</u> | <u>\$ 144,150,100</u> |

D-2
CITY OF SALISBURY, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2008
With Comparative Actual Amounts for Year Ended June 30, 2007

| | <u>2008</u> | | Variance with Budget Positive (Negative) | <u>2007</u> |
|--|-----------------------|-----------------------|---|-----------------------|
| | <u>Budget</u> | <u>Actual</u> | | <u>Actual</u> |
| OPERATING REVENUES: | | | | |
| Charges for services | \$ 18,030,207 | \$ 18,992,039 | \$ 961,832 | \$ 17,912,180 |
| Water and sewer taps | 396,100 | 722,110 | 326,010 | 478,546 |
| Other operating revenues | 989,623 | 873,017 | (116,606) | 1,038,277 |
| Total operating revenues | <u>19,415,930</u> | <u>20,587,166</u> | <u>1,171,236</u> | <u>19,429,003</u> |
| OPERATING EXPENDITURES OTHER THAN DEPRECIATION: | | | | |
| Management and administration | \$ 4,442,452 | \$ 4,442,221 | \$ 231 | \$ 4,380,803 |
| Water resources | 1,821,062 | 1,809,780 | 11,282 | 1,687,430 |
| Maintenance and construction | 4,240,782 | 4,085,348 | 155,434 | 3,689,969 |
| Wastewater collection and treatment | 2,180,425 | 2,168,395 | 12,030 | 2,176,528 |
| Environmental services | 624,544 | 624,579 | (35) | 575,880 |
| Total operating expenses other than depreciation | <u>\$ 13,309,265</u> | <u>\$ 13,130,323</u> | <u>\$ 178,942</u> | <u>\$ 12,510,610</u> |
| NONOPERATING REVENUES (EXPENDITURES): | | | | |
| Investment earnings | \$ 91,000 | \$ 191,011 | \$ 100,011 | \$ 152,087 |
| Developers' contributions | - | - | - | 7,500 |
| Capital outlay | (618,515) | (562,948) | 55,567 | (464,730) |
| Interest expense | (2,024,285) | (2,024,035) | 250 | (1,919,006) |
| Net nonoperating revenues | <u>\$ (2,551,800)</u> | <u>\$ (2,395,972)</u> | <u>\$ 155,828</u> | <u>\$ (2,224,149)</u> |
| Revenues over expenditures | <u>\$ 3,554,865</u> | <u>\$ 5,060,871</u> | <u>\$ 1,506,006</u> | <u>\$ 4,694,244</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Payment of debt principal | \$ (3,352,815) | \$ (3,352,816) | \$ (1) | \$ (3,300,924) |
| Transfer to Capital Projects Fund | (250,000) | (250,000) | - | (550,000) |
| Fund balance appropriated | 47,950 | - | (47,950) | - |
| Total other financing sources (uses) | <u>\$ (3,554,865)</u> | <u>\$ (3,602,816)</u> | <u>\$ (47,951)</u> | <u>\$ (3,850,924)</u> |
| REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES) | | | | |
| | <u>\$ -</u> | <u>\$ 1,458,055</u> | <u>\$ 1,458,055</u> | <u>\$ 843,320</u> |
| RECONCILIATION OF MODIFIED ACCRUAL BASIS WITH FULL ACCRUAL: | | | | |
| Revenues over expenditures and other financing sources (uses) | | \$ 1,458,055 | | |
| Capital outlay | | 562,948 | | |
| Depreciation | | (4,093,514) | | |
| Loss on disposals of capital assets | | (119,389) | | |
| Bond amortization | | (119,576) | | |
| Payment of debt principal | | 3,352,816 | | |
| Interest income from Capital Projects Fund | | 625,148 | | |
| Capital contributions in Capital Project Fund | | 734,584 | | |
| Transfer to Capital Projects Fund | | 250,000 | | |
| Interest expense adjustment | | (101,236) | | |
| Inventories | | (4,180) | | |
| Vacation pay | | (20,294) | | |
| Change in net assets | | <u>\$ 2,525,362</u> | | |

CITY OF SALISBURY, NORTH CAROLINA

WATER AND SEWER CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

From Inception and for the Year Ended June 30, 2008

| | Project Authorization | Actual | | |
|--|--------------------------|--------------|----------------|----------------|
| | | Prior Years | Current Year | Total to Date |
| REVENUES | | | | |
| Miscellaneous | | | | |
| Interest on investments | \$ 919,016 | \$ 3,237,053 | \$ 625,148 | \$ 3,862,201 |
| EXPENDITURES-SEWER PROJECT | | | | |
| Construction | \$ 10,083,123 | \$ 1,107,246 | \$ 6,158,967 | \$ 7,266,213 |
| Engineering | 2,169,753 | 1,231,491 | 510,285 | 1,741,776 |
| Total expenditures-Sewer project | \$ 12,252,876 | \$ 2,338,737 | \$ 6,669,252 | \$ 9,007,989 |
| EXPENDITURES-WATER PROJECT | | | | |
| Construction | \$ 4,980,143 | \$ 1,365,063 | \$ 1,778,213 | \$ 3,143,276 |
| Engineering | 1,212,281 | 274,776 | 160,525 | 435,301 |
| Total expenditures-Water project | \$ 6,192,424 | \$ 1,639,839 | \$ 1,938,738 | \$ 3,578,577 |
| Total expenditures | \$ 18,445,300 | \$ 3,978,576 | \$ 8,607,990 | \$ 12,586,566 |
| Total revenues under expenditures | \$ (17,526,284) | \$ (741,523) | \$ (7,982,842) | \$ (8,724,365) |
| OTHER FINANCING SOURCES: | | | | |
| Proceeds from sale of bonds | \$ 13,961,700 | \$ 6,000,000 | \$ 7,400,000 | \$ 13,400,000 |
| Developer contributions | 3,314,584 | 2,051,729 | 734,584 | 2,786,313 |
| Contribution from Water and Sewer Fund | 250,000 | - | 250,000 | 250,000 |
| Total other financing sources | \$ 17,526,284 | \$ 8,051,729 | \$ 8,384,584 | \$ 16,436,313 |
| Unexpended revenues and receipts | \$ - | \$ 7,310,206 | \$ 401,742 | \$ 7,711,948 |

CITY OF SALISBURY, NORTH CAROLINA

MASS TRANSIT FUND

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)For the Year Ended June 30, 2008
With Comparative Actual Amounts for Year Ended June 30, 2007

| | 2008 | | 2007 | |
|---|--------------|--------------|---|--------------|
| | Budget | Actual | Variance with Budget Positive (Negative) | Actual |
| OPERATING REVENUES: | | | | |
| Charges for services | \$ 75,500 | \$ 87,258 | \$ 11,758 | \$ 79,166 |
| Other operating revenues | - | 1,375 | 1,375 | 6,669 |
| Total operating revenues | \$ 75,500 | \$ 88,633 | \$ 13,133 | \$ 85,835 |
| OPERATING EXPENDITURES OTHER THAN DEPRECIATION: | | | | |
| Management and administration | \$ 276,559 | \$ 276,802 | \$ (243) | \$ 248,497 |
| Mass transit operations | 717,983 | 740,262 | (22,279) | 714,221 |
| Total operating expenditures other than depreciation | \$ 994,542 | \$ 1,017,064 | \$ (22,522) | \$ 962,718 |
| NONOPERATING REVENUES (EXPENDITURES): | | | | |
| Intergovernmental | \$ 568,259 | \$ 516,329 | \$ (51,930) | \$ 519,794 |
| Interest on investments | 500 | 4 | (496) | 846 |
| Capital outlay | (8,286) | - | 8,286 | (8,000) |
| Total nonoperating revenues (expenditures) | \$ 560,473 | \$ 516,333 | \$ (44,140) | \$ 512,640 |
| Revenues under expenditures | \$ (358,569) | \$ (412,098) | \$ (53,529) | \$ (364,243) |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers in: | | | | |
| General fund | \$ 358,569 | \$ 437,781 | \$ 79,212 | \$ 358,569 |
| REVENUES OVER (UNDER) EXPENDITURES AND AND OTHER FINANCING SOURCES | | | | |
| | \$ - | \$ 25,683 | \$ 25,683 | \$ (5,674) |
| RECONCILIATION OF MODIFIED ACCRUAL BASIS WITH FULL ACCRUAL: | | | | |
| Excess of expenses over revenues, above | | \$ 25,683 | | |
| Depreciation | | (236,242) | | |
| Vacation pay | | (5,551) | | |
| Change in net assets | | \$ (216,110) | | |

Internal Service Funds

Internal Service Funds are used for allocating the cost of providing certain central services among the different funds.

Workers' Compensation Fund - to account for monies provided by the City and interest earnings to provide the City's reserve for Workers' Compensation.

Employee Health Care Fund - to account for monies withheld from employees' wages and charges to the City to fund the City's health insurance plan.

CITY OF SALISBURY, NORTH CAROLINA

INTERNAL SERVICE FUNDS

COMBINING BALANCE SHEET

June 30, 2008

With Comparative Totals at June 30, 2007

| <u>ASSETS</u> | <u>Workers'</u> <u>Compensation</u> | <u>Employee</u> <u>Health Care</u> | <u>Totals</u> | |
|--|--|---------------------------------------|---------------------|---------------------|
| | | | <u>2008</u> | <u>2007</u> |
| CURRENT ASSETS | | | | |
| Cash and investments | \$ 370,183 | \$ 1,165,269 | \$ 1,535,452 | \$ 1,563,435 |
| Accounts receivable | - | - | - | 8,551 |
| Interest receivable | 718 | 1,956 | 2,674 | 15,181 |
| Due from other government | - | 26 | 26 | 18 |
| Total assets | <u>\$ 370,901</u> | <u>\$ 1,167,251</u> | <u>\$ 1,538,152</u> | <u>\$ 1,587,185</u> |
| <u>LIABILITIES AND FUND EQUITY</u> | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable and accrued liabilities | \$ 16,501 | \$ 548,835 | \$ 565,336 | \$ 552,031 |
| NET ASSETS | <u>354,400</u> | <u>618,416</u> | <u>972,816</u> | <u>1,035,154</u> |
| Total liabilities and net assets | <u>\$ 370,901</u> | <u>\$ 1,167,251</u> | <u>\$ 1,538,152</u> | <u>\$ 1,587,185</u> |

CITY OF SALISBURY, NORTH CAROLINA

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2008
With Comparative Totals For The Year Ended June 30, 2007

| | Workers' Compensation | Employee Health Care | Totals | |
|--------------------------------|--------------------------|-------------------------|-------------------|---------------------|
| | | | 2008 | 2007 |
| OPERATING REVENUES: | | | | |
| Charges for services | \$ 52,000 | \$ 3,717,206 | \$ 3,769,206 | \$ 4,035,162 |
| OPERATING EXPENSES: | | | | |
| Employee benefits | <u>330,616</u> | <u>3,568,061</u> | <u>3,898,677</u> | <u>3,684,529</u> |
| OPERATING INCOME | \$ (278,616) | \$ 149,145 | \$ (129,471) | \$ 350,633 |
| NONOPERATING REVENUES | | | | |
| Interest earned on investments | <u>21,978</u> | <u>45,155</u> | <u>67,133</u> | <u>80,502</u> |
| NET INCOME (DEFICIT) | \$ (256,638) | \$ 194,300 | \$ (62,338) | \$ 431,135 |
| NET ASSETS, BEGINNING | <u>611,038</u> | <u>424,116</u> | <u>1,035,154</u> | <u>604,019</u> |
| NET ASSETS, ENDING | <u>\$ 354,400</u> | <u>\$ 618,416</u> | <u>\$ 972,816</u> | <u>\$ 1,035,154</u> |

CITY OF SALISBURY, NORTH CAROLINA
WORKERS' COMPENSATION INTERNAL SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
FINANCIAL PLAN AND ACTUAL (NON-GAAP)

For the Year Ended June 30, 2008
With Comparative Actual Amounts for Year Ended June 30, 2007

| | <u>2008</u> | | <u>2007</u> | |
|--------------------------------------|---------------------------|---------------------|---|-------------------|
| | <u>Financial Plan</u> | <u>Actual</u> | <u>Variance with Budget Positive (Negative)</u> | <u>Actual</u> |
| OPERATING REVENUES: | | | | |
| Charges for services | \$ 51,900 | \$ 52,000 | \$ 100 | \$ 355,600 |
| OPERATING EXPENDITURES: | | | | |
| Employee benefits | \$ 156,000 | \$ 330,616 | \$ (174,616) | \$ 185,241 |
| NONOPERATING REVENUES: | | | | |
| Interest on investments | \$ 12,000 | \$ 21,978 | \$ 9,978 | \$ 25,881 |
| Revenues over (under) expenditures | \$ (92,100) | \$ (256,638) | \$ (164,538) | \$ 196,240 |
| OTHER FINANCING SOURCES: | | | | |
| Appropriated fund balance | \$ 92,100 | \$ - | \$ (92,100) | \$ - |
| Total other financing sources | \$ 92,100 | \$ - | \$ (92,100) | \$ - |
| REVENUES AND OTHER FINANCING SOURCES | | | | |
| SOURCES OVER (UNDER) EXPENDITURES | <u>\$ -</u> | <u>\$ (256,638)</u> | <u>\$ (256,638)</u> | <u>\$ 196,240</u> |

CITY OF SALISBURY, NORTH CAROLINA
EMPLOYEE HEALTH CARE INTERNAL SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
FINANCIAL PLAN AND ACTUAL (NON-GAAP)

For the Year Ended June 30, 2008
With Comparative Actual Amounts for Year Ended June 30, 2007

| | 2008 | | 2007 | |
|----------------------------|---------------------|---------------------|---|---------------------|
| | Financial Plan | Actual | Variance with Budget Positive (Negative) | Actual |
| OPERATING REVENUES: | | | | |
| Charges for services | <u>\$ 3,973,846</u> | <u>\$ 3,717,206</u> | <u>\$ (256,640)</u> | <u>\$ 3,679,562</u> |
| OPERATING EXPENDITURES: | | | | |
| Employee benefits | <u>\$ 4,013,846</u> | <u>\$ 3,568,061</u> | <u>\$ 445,785</u> | <u>\$ 3,499,288</u> |
| NONOPERATING REVENUES: | | | | |
| Interest on investments | <u>\$ 40,000</u> | <u>\$ 45,155</u> | <u>\$ 5,155</u> | <u>\$ 54,621</u> |
| Revenues over expenditures | <u>\$ -</u> | <u>\$ 194,300</u> | <u>\$ 194,300</u> | <u>\$ 234,895</u> |

CITY OF SALISBURY, NORTH CAROLINA

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2008

With Comparative Totals For The Year Ended June 30, 2007

| | Workers' Compensation | Employee Health Care | Totals | |
|---|--------------------------|-------------------------|---------------------|---------------------|
| | | | 2008 | 2007 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from interfund services provided | \$ 52,000 | \$ 3,725,757 | \$ 3,777,757 | \$ 4,026,611 |
| Cash paid for goods and services | <u>(344,661)</u> | <u>(3,540,719)</u> | <u>(3,885,380)</u> | <u>(3,634,840)</u> |
| Net cash provided (used) by operating activities | <u>\$ (292,661)</u> | <u>\$ 185,038</u> | <u>\$ (107,623)</u> | <u>\$ 391,771</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Investment earnings | <u>\$ 26,771</u> | <u>\$ 52,869</u> | <u>\$ 79,640</u> | <u>\$ 70,503</u> |
| Net increase (decrease) in cash and cash equivalents | \$ (265,890) | \$ 237,907 | \$ (27,983) | \$ 462,274 |
| Balances-beginning of the year | <u>636,073</u> | <u>927,362</u> | <u>1,563,435</u> | <u>1,101,161</u> |
| Balances-end of the year | <u>\$ 370,183</u> | <u>\$ 1,165,269</u> | <u>\$ 1,535,452</u> | <u>\$ 1,563,435</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | | |
| Operating income | \$ (278,616) | \$ 149,145 | \$ (129,471) | \$ 350,633 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Changes in current assets and liabilities: | | | | |
| (Increase) decrease in accounts receivable | - | 8,551 | 8,551 | (8,551) |
| (Increase) decrease in due from other government | - | (8) | (8) | (18) |
| Increase (decrease) in accounts payable and accrued liabilities | <u>(14,045)</u> | <u>27,350</u> | <u>13,305</u> | <u>49,707</u> |
| Net cash provided (used) by operating activities | <u>\$ (292,661)</u> | <u>\$ 185,038</u> | <u>\$ (107,623)</u> | <u>\$ 391,771</u> |



Agency Funds

Agency funds are used to account for assets held by government as an agent for individuals, private organizations, other governments, and/or other funds.

AGENCY FUNDS

Boards and Commissions – to account for monies raised by the boards and commissions of the City from private sources to fund their projects.

Municipal Service District Fund – to account for tax receipts of the Municipal Service District that the City receives from the County and then remits to Downtown Salisbury, Inc.

East Spencer Utilities Fund – to account for billings and receipts of the Town of East Spencer’s utilities operations, which the City manages on a contract basis.

Firemen’s Relief Fund – to account for monies donated to help families of two firefighters who died in a fire on March 7, 2008.

CITY OF SALISBURY, NORTH CAROLINA

AGENCY FUNDS

COMBINING BALANCE SHEET

June 30, 2008

With Comparative Totals at June 30, 2007

| | Agency | | | | Totals | |
|---|---------------------------|----------------------------------|------------------------------|-------------------------------|-------------------|-------------------|
| | Boards and Commissions | Municipal Service District | East Spencer Utility Fund | Firemen's Memorial Fund | 2008 | 2007 |
| <u>ASSETS</u> | | | | | | |
| Cash and investments | \$ 4,781 | \$ 999 | \$ 66,019 | \$ 8,646 | \$ 80,445 | \$ 56,994 |
| Accounts receivable | <u>-</u> | <u>3,432</u> | <u>100,431</u> | <u>-</u> | <u>103,863</u> | <u>113,718</u> |
| Total assets | <u>\$ 4,781</u> | <u>\$ 4,431</u> | <u>\$ 166,450</u> | <u>\$ 8,646</u> | <u>\$ 184,308</u> | <u>\$ 170,712</u> |
| <u>LIABILITIES</u> | | | | | | |
| Accounts payable and accrued liabilities | <u>\$ 4,781</u> | <u>\$ 4,431</u> | <u>\$ 166,450</u> | <u>\$ 8,646</u> | <u>\$ 184,308</u> | <u>\$ 170,712</u> |

CITY OF SALISBURY, NORTH CAROLINA

AGENCY FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended June 30, 2008

| | Balance July 1, 2007 | Additions | Deductions | Balance June 30, 2008 |
|--|-------------------------|--------------|--------------|--------------------------|
| <u>BOARDS AND COMMISSIONS FUND:</u> | | | | |
| ASSETS | | | | |
| Cash and investments | \$ 4,781 | \$ - | \$ - | \$ 4,781 |
| LIABILITIES | | | | |
| Accounts payable and accrued liabilities | \$ 4,781 | \$ - | \$ - | \$ 4,781 |
| <u>MUNICIPAL SERVICE DISTRICT FUND:</u> | | | | |
| ASSETS | | | | |
| Cash and investments | \$ 1,178 | \$ 127,556 | \$ 127,735 | \$ 999 |
| Accounts receivable | 3,641 | - | 209 | 3,432 |
| Total assets | \$ 4,819 | \$ 127,556 | \$ 127,944 | \$ 4,431 |
| LIABILITIES | | | | |
| Accounts payable and accrued liabilities | \$ 4,819 | \$ - | \$ 388 | \$ 4,431 |
| <u>EAST SPENCER UTILITY FUND:</u> | | | | |
| ASSETS | | | | |
| Cash and investments | \$ 51,035 | \$ 904,456 | \$ 889,472 | \$ 66,019 |
| Accounts receivable | 110,077 | - | 9,646 | 100,431 |
| Total Assets | \$ 161,112 | \$ 904,456 | \$ 899,118 | \$ 166,450 |
| LIABILITIES | | | | |
| Accounts payable and accrued liabilities | \$ 161,112 | \$ 5,338 | \$ - | \$ 166,450 |
| <u>FIRMEN'S MEMORIAL FUND:</u> | | | | |
| ASSETS | | | | |
| Cash and investments | \$ - | \$ 39,242 | \$ 30,596 | \$ 8,646 |
| LIABILITIES | | | | |
| Accounts payable and accrued liabilities | \$ - | \$ 8,646 | \$ - | \$ 8,646 |
| <u>TOTAL AGENCY FUNDS:</u> | | | | |
| ASSETS | | | | |
| Cash and investments | \$ 56,994 | \$ 1,071,254 | \$ 1,047,803 | \$ 80,445 |
| Accounts receivable | 113,718 | - | 9,855 | 103,863 |
| Total assets | \$ 170,712 | \$ 1,071,254 | \$ 1,057,658 | \$ 184,308 |
| LIABILITIES | | | | |
| Accounts payable and accrued liabilities | \$ 170,712 | \$ 13,984 | \$ 388 | \$ 184,308 |

Other Schedules



G-1
CITY OF SALISBURY, NORTH CAROLINA
GENERAL FUND
PROPERTY TAXES RECEIVABLE
For the Year Ended June 30, 2008

| Tax Year | Fiscal Year Ended June 30 | Assessed Valuation * | Taxes Levied Prior to June 30, 2007 | Collections and Credits Prior to June 30, 2007 | Taxes Receivable June 30, 2007 | Levy Additions Year Ended June 30, 2008 | Collections and Credits Year Ended June 30, 2008 | (Note) Other Credits | Taxes Receivable June 30, 2008 |
|---|----------------------------------|-----------------------------|--|---|---------------------------------------|--|---|-----------------------------|---------------------------------------|
| 2007 | 2008 | \$2,826,097,249 | | | | \$ 16,966,505 | \$ 16,463,376 | | \$ 503,129 |
| 2006 | 2007 | 2,416,776,551 | \$ 15,352,130 | \$ 14,885,545 | \$ 466,585 | 375 | 364,215 | | 102,745 |
| 2005 | 2006 | 2,332,871,603 | 14,642,134 | 14,513,008 | 129,126 | | 52,801 | | 76,325 |
| 2004 | 2005 | 2,205,157,905 | 13,758,035 | 13,701,446 | 56,589 | | 17,568 | | 39,021 |
| 2003 | 2004 | 2,171,562,439 | 12,643,078 | 12,608,924 | 34,154 | | 5,844 | | 28,310 |
| 2002 | 2003 | 1,862,739,075 | 11,255,315 | 11,206,964 | 48,351 | | 5,074 | | 43,277 |
| 2001 | 2002 | 1,854,810,966 | 11,190,158 | 11,156,911 | 33,247 | | 5,384 | | 27,863 |
| 2000 | 2001 | 1,820,568,216 | 10,937,764 | 10,907,836 | 29,928 | | 3,471 | | 26,457 |
| 1999 | 2000 | 1,764,727,945 | 10,160,220 | 10,135,251 | 24,969 | | 2,166 | | 22,803 |
| 1998 | 1999 | 1,482,452,065 | 9,213,038 | 9,188,847 | 24,191 | | 1,359 | | 22,832 |
| 1997 | 1998 | 1,382,140,359 | 8,002,570 | 7,983,066 | 19,504 | | 536 | 18,968 | - |
| | | | <u>\$ 117,154,442</u> | <u>\$ 116,287,798</u> | <u>\$ 866,644</u> | <u>\$ 16,966,880</u> | <u>\$ 16,921,794</u> | <u>\$ 18,968</u> | <u>\$ 892,762</u> |
| | | | | | | | | | <u>230,000</u> |
| | | | | | | | | | <u>\$ 662,762</u> |
| Reconciliation of Collections and Credits with revenues | | | | | | | | | |
| Revenues per Statement B-1 | | | | | | | | | |
| | | | | | | | \$ 15,951,173 | | |
| | | | | | | | 458,427 | | |
| | | | | | | | <u>236,064</u> | | |
| | | | | | | | \$ 16,645,664 | | |
| | | | | | | | 117,523 | | |
| | | | | | | | <u>158,607</u> | | |
| | | | | | | | <u>\$ 16,921,794</u> | | |

* All taxable property is assessed at one hundred percent (100%) of its estimated value at the time of revaluation.
Note: Ten year statute of limitations write-off.

CITY OF SALISBURY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY

For the Year Ended June 30, 2008

| | City Wide | | | Total Levy | |
|---|-----------------|---------|---------------|---------------|--------------|
| | Property | Rate | Total Levy | Property | Registered |
| | Valuation | | | Excluding | Registered |
| | | | Motor | Motor | |
| | | | Vehicles | Vehicles | |
| ORIGINAL LEVY | | | | | |
| Property taxed at current year's rates | \$2,773,930,817 | \$0.590 | \$ 16,366,202 | \$ 15,547,176 | \$ 819,026 |
| Registered motor vehicles taxed at prior year's rates | 69,727,300 | 0.625 | 435,807 | | 435,807 |
| Auto registration fee | | | 245,806 | 2,439 | 243,367 |
| Penalties | | | 10,871 | 10,871 | |
| TOTAL | \$2,843,658,117 | | \$ 17,058,686 | \$ 15,560,486 | \$ 1,498,200 |
| DISCOVERY | | | | | |
| Current year rates | 2,786,889 | | 16,443 | 15,444 | 999 |
| Prior years rates | | | 11,729 | 11,729 | |
| Penalties | | | 2,646 | 2,646 | |
| TOTAL | | | \$ 30,818 | \$ 29,819 | \$ 999 |
| ABATEMENTS | (20,347,757) | | \$ (122,999) | \$ (88,544) | \$ (34,455) |
| TOTAL PROPERTY VALUATION | \$2,826,097,249 | | | | |
| NET LEVY | | | \$ 16,966,505 | \$ 15,501,761 | \$ 1,464,744 |
| Less uncollected tax at June 30, 2008 | | | 503,129 | 309,733 | 193,396 |
| CURRENT YEAR'S TAXES COLLECTED | | | \$ 16,463,376 | \$15,192,028 | \$1,271,348 |
| PERCENT OF CURRENT YEAR COLLECTED | | | 97.03% | 98.00% | 86.80% |