

CITY OF HIGH POINT NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2005





**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

CITY COUNCIL

REBECCA R. SMOTHERS..... MAYOR
LATIMER B. ALEXANDER IV MAYOR PRO-TEMPORE
JOHN FAIRCLOTH
BERNITA SIMS
RONALD B. WILKINS
JOHN LINTON
WILLIAM S. BENCINI
M. CHRISTOPHER WHITLEY
OWEN H. STRICKLAND, II

CITY MANAGER

STRIB BOYNTON

ASSISTANT CITY MANAGERS

WILLIAM P. PATE
JERRY R. YARBOROUGH

DIRECTOR OF FINANCIAL SERVICES
JEFFREY A. MOORE, CPA

PREPARED BY THE FINANCIAL SERVICES DEPARTMENT
GRAPHICS: NINA MCNEILLY, PUBLIC INFORMATION

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INTRODUCTORY SECTION

Financial Services

Jeffrey A. Moore, CPA
DIRECTOR



October 14, 2005

The Honorable Mayor Rebecca R. Smothers
Members of the City Council
And the Citizens of the
City of High Point, North Carolina

We are pleased to present the Comprehensive Annual Financial Report (Report) of the City of High Point, North Carolina for the fiscal year ended June 30, 2005. We are extremely proud that this report has been prepared in its entirety by the City's Financial Services Department. The financial statements and supplemental schedules have been audited by the independent certified public accounting firm of McGladrey & Pullen, LLP, and that firm's unqualified opinion is included in the Financial Section of this Report. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data as presented is accurate in all material aspects and that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included.

General

The financial statements have been prepared in compliance with the applicable requirements of the General Statutes of North Carolina and are consistent with the standards and guidelines recognized for governmental accounting and reporting contained in both *Audits of State and Local Governments*, an audit guide prepared by the Committee of Governmental Accounting of the American Institute of Certified Public Accountants (AICPA) and *Government Auditing Standards*, issued by the Comptroller General of the United States. Among other resources used in the preparation of the Report, the Financial Services Department has given particular attention to the *Governmental Accounting, Auditing and Financial Reporting* (GAAFR), issued by the Government Finance Officers Association of the United States and Canada (GFOA), and Governmental Accounting Standards Board (GASB) pronouncements.

The **Comprehensive Annual Financial Report** is presented in four sections: introductory, financial, statistical and compliance sections. The **Introductory Section**, which is not audited, contains this letter of transmittal and information about the City's organization and principal officials. The **Financial Section** is composed of the independent auditor's report, the management's discussion and analysis, the basic financial statements, required supplementary information and other supplemental information. The **Statistical Section**, which is also not audited, includes selected financial, demographic and economic information, generally presented on a multi-year basis.

Accounting
336.883.3240

Internal Audit
336.883.3122

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Purchasing
336.883.3219

Treasury Services
336.883.3230

The City is also required to undergo an annual compliance audit on federal and state financial assistance programs in conformity with the provisions of the Single Audit Act Amendments of 1996, the State Single Audit Implementation Act, and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. The auditor's reports and the Schedule of Expenditures of Federal and State awards, required as part of a single audit, are found in the ***Compliance Section*** of this report.

The City of High Point has participated in the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Excellence Program since 1980. The GFOA recognizes governmental units that issue their comprehensive annual financial reports substantially in conformity with the standards of the Governmental Accounting Standards Board. The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to City of High Point, North Carolina for its Comprehensive Annual Financial Report (Report) for the fiscal year ended June 30, 2004.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The Report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Reporting Entity

In conformity with the standards of the Governmental Accounting Standards Board, this report includes all funds of the City, as well as its component unit. The City of High Point (as legally defined) is considered to be a primary government. Component units are legally separate entities for which the primary government is financially accountable or for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The primary government is considered financially accountable if it appoints a voting majority of the organization's governing body; and 1) it is able to impose its will on that organization; or, 2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burden on, the primary government.

Discretely presented component units are reported in a separate column in the Government-wide financial statements to emphasize that they are legally separate from the primary government and to distinguish their financial position, results of operations, and cash flows from those of the City. The ABC Board is included as a discretely presented component unit. The ABC Board's governing members are appointed by the City Council. However, the City has no further accountability for its operations.

Description of the City

The City of High Point is centrally located in the heart of the Piedmont section of North Carolina. Most of the City is located within the southwest quadrant of Guilford County with approximately one percent of the City's area extending into neighboring Randolph, Davidson and Forsyth counties. The City is approximately 54 square miles and has a population of 93,352.

The City is empowered by State Statute to levy an ad valorem property tax on the appraised value of all real and tangible personal property located within the City. Guilford County is the only other governmental unit levying such taxes within the City's corporate limits. The City is also empowered to extend its corporate limits by annexation.

Form of Government

The City has a Council-Manager form of government. The Council is the legislative body of the City government with the Mayor as a voting member and the presiding officer. The Mayor is elected on an at-large basis for a two-year term. The remainder of City Council is composed of two at-large members and representatives from six voting wards. Council members are elected on a non-partisan basis and serve two-year terms. Elections are held in November of odd numbered years. The City Manager, the chief executive officer, is appointed by and serves at the pleasure of the Council. He is responsible for carrying out the policies and ordinances of the Council and administering the daily operations of the City through appointed department heads.

The City provides a wide range of services for its citizens, including law enforcement, fire protection, public safety, planning and developmental services, sanitation, street maintenance, cemeteries, cultural and recreational activities, general administration, community development and library services. In addition to these general government activities, the City provides and maintains water, sewer, and electrical utilities and a mass transit system for the benefit of its citizens. This report includes all the City's fiscal activities in maintaining these services. The City also extends financial support to a variety of boards, agencies and commissions to assist their efforts in serving citizens.

HIGH POINT: A CHANGING PERSPECTIVE

Business and Economic Development

The innovation of traditional industries, the cultivation of new and high tech industries, and the celebration of the entrepreneurial spirit define business in High Point.

With its strong work ethic, pro-growth business environment, civic pride, and twice-per-year International Home Furnishings Market, High Point is a globally connected city with small town roots.

High Point is at the center of it all -- centered between New York City and Miami, centered between Washington and Atlanta, centered between Charlotte and Raleigh/Durham. High Point is part of North Carolina's Piedmont Triad region, the nation's 42nd largest metro area with over 1.8 million residents. With easy access to several interstate highways and the Piedmont Triad International Airport, High Point is a great place to do business.

High Point's healthy business climate can be attributed to progressive city government in strong partnership with the local business community.

The 2004 average annual unemployment rate for High Point's Piedmont Triad Region was 6.2% and has continued to steadily decrease as the local economy recovers.

Piedmont Triad International Airport has experienced tremendous growth over the past years. The Airport is approximately 4 miles from the City and centrally located for easy access throughout the region. Currently the airport has 96 flights daily serviced by American Eagle, Continental, Delta, Independence Air, Northwest,

United, and US Airways. Annually more than 1.2 million people use the airport. The Airport is also served by 11 regional/commuter airlines as well as five air cargo airlines.

Piedmont Triad International Airport is the site of the new \$350 million Mid-Atlantic Hub for FedEx, to be operational in 2009. The Airport is now carrying out a major expansion project related to the FedEx project, including construction of an air cargo facility, construction of a new 9,000-foot public runway, related airfield improvements, and the relocation of the main access road to the Airport.

Three different economic analyses all indicate that the overall economic impact of the FedEx hub in the Triad region will be between \$800 million and \$1.6 billion during the first 10 years of operation. The total number of full-time and part-time jobs to be created by the hub and the spillover effect are estimated between 1,300 and 2,500 jobs in the first 10 years of operation.

FedEx is expected to serve as a catalyst for high-paying and high-tech jobs that will replace the loss of the traditional textile and furniture jobs in the area.

International Home Furnishings Market

High Point is the Home Furnishings Capital of the World™. The International Home Furnishings Market (The Market) is the largest wholesale home furnishings market in the world. At the Market, more than 300 home furnishing manufacturers display the largest assortment of home furnishings in the world. High Point boasts over 145 furniture and related industry manufacturers and more than 60 retail discount furniture stores.

The Market is the single largest economic event in North Carolina. An average of 164,000 retail furniture buyers, furniture factory executives, manufacturer's sales representatives, interior designers, news media, exhibitor support personnel, and suppliers to the industry attend each year. The annual economic impact of the Market on North Carolina exceeds \$1.2 billion.

The Market is the time when retail home furnishings dealers and interior designers from every state in the industry and from more than 110 foreign countries come to view and to buy at wholesale the products manufactured by the exhibitors. The Market offers the retail dealer access to the complete line of more manufacturers all in one location than can be found anywhere in the world.

The International Home Furnishings Market is where major national and international manufacturers introduce new merchandise twice annually in April and October. The Market utilizes nearly 12 million square feet of permanent and temporary exhibit space. More than 180 buildings are devoted exclusively to the display of home furnishings.

High Point and the surrounding communities provide the necessary support facilities such as hotel/motel accommodations, restaurants, transportation, and other necessities that are required to facilitate the movement of the thousands of Market participants.

Piedmont Centre

The 1,100-acre Piedmont Centre campus is a contiguous and planned corporate park. With 200 businesses in the corporate park occupying more than 5 million square feet, Piedmont Centre represents an overall capital investment of more than \$400 million. More than 10,000 employees work in the park.

Piedmont Centre is home to a wide-range of companies, such as Bank of America's customer service center, Polo Ralph Lauren's only U.S. distribution facility, Banner Pharmacaps' manufacturing facility, Ciba Specialty

Chemicals' facilities, SIGCOM's national security and communications headquarters, a nanotech company, and many more.

Mendenhall at Piedmont Centre

Mendenhall at Piedmont Centre is on 140 acres that consists of single-story and multi-story office, flex space, distribution, and school / daycare facilities -- that total more than 625,000 square feet of space.

Liberty Property Trust, the developer, plans to complete the park in the next few years with a projected total capital investment of more than \$100 million. Since the groundbreaking in 1996, many companies have located in Mendenhall, including American Express travel division's customer service center, Aetna's customer service operations, and three biotech companies: TransTech Pharma, which does accelerated compound testing for the pharmaceutical industry, PharmaCore, and MWG Biotech.

When the Mendenhall project is complete, it will total 1.3 million square feet. Mendenhall offers well-landscaped grounds, ponds, sculpture gardens, and walking paths. A lake house and select retail service providers such as a bank, restaurant and hotel are planned for future phases of the park.

Premier Center

Premier Center, under development across NC 68 from both Piedmont Centre and Mendenhall, will be a high-quality, 150-acre office park. Carolina Investment Properties has recently completed the park's first "Class A" office building.

Piedmont Corporate Park

Developed by Samet Corporation, Piedmont Corporate Park is a 112-acre mixed-use development perfect for office, light manufacturing and distribution facilities. Lot sizes are flexible and can be subdivided to meet a company's needs. Tenants include American Premium Beverage, The Quantum Group, Alfred Williams & Company, Tenn-Tex Plastics, and Custom Rigging Systems.

Kivett Drive Industrial Park

Kivett Drive Industrial Park is a 110-acre park adjacent to the US 311 expressway / Future I-74 interchange. This park is located in a State Development Zone, which provides for additional tax credits. This park is also located in Foreign Trade Zone 230. Tenants in this park include Mannington Laminate Floors.

Dell

Dell, Inc., opened a \$100 million computer manufacturing plant approximately five miles from the High Point city limits in October 2005. The 600,000-square foot facility in nearby Winston-Salem will employ 700 people in its first year, expanding to 1,700 employees in five years.

"North Carolina's International City"

"North Carolina's International City" is how High Point has become to be known. The City deserves that nickname because:

- More than 70 companies in High Point are internationally owned. They represent the continents of Asia, Europe, South America, and North America.

- **High Point's International Home Furnishings Market** brings to town approximately 10,000 foreign visitors each year. Those international guests represent more than 110 countries -- up from only 50 nations 12 years ago.
- Among the biggest, recent economic development projects was **Thomas Built Buses'** selection of High Point for its \$40 million expansion project. Thomas Built is a subsidiary of Freightliner LLC, which is a DaimlerChrysler Company based in Stuttgart, Germany. Thomas, the City's largest manufacturing employer, has opened a 250,000-square-foot, state-of-the-art bus assembly facility. The \$39.7 million project will generate 178 new jobs. The City of High Point is investing \$4.5 million in the expansion and retention project.
- Japan's **Kao Specialties Americas** added 14 jobs and constructed a \$13 million state-of-the-art polyester resin manufacturing plant on its 57-acre campus at 243 Woodbine St. The new addition opens in February 2005. Among the products made at the facility is toner binder -- resins used to manufacture toner for photocopiers, printers, and fax machines. Kao is also a leading supplier of specialty chemicals for the reprographics, personal care, pulp and paper, agricultural, petrochemical, food / fermentation, and plastics markets.
- **Banner Pharmacaps** announced the addition of 100 new jobs at its High Point facility. Owned by a Dutch parent company, Banner has its world headquarters in High Point and has plants in Canada, India, Mexico, and The Netherlands. The company is a leader in the development and manufacture of prescription, over-the-counter pharmaceuticals, and nutritional supplements sold in softgels and Soflet™ gelcaps.
- **MWG Biotech**, a German biotech company, announced an expansion in early 2005.
- **Pharmagraphics**, an international printing and packaging company, built its international headquarters in High Point. The company has three other plants in the U.S. and Puerto Rico as facilities in Poland, Mexico, and Canada.

"Where Technology & Tradition Thrive"

High Point has continued to strike a balance of maintaining an atmosphere conducive to the continued growth and expansion of more traditional industries while encouraging the growth of emerging logistics, distribution, administrative, and research industries. That is why the High Point Economic Development Corporation's slogan is "High Point USA --Where Technology & Tradition Thrive."

High Point's retail market has remained strong over the past ten years with projected retail sales for the 12 months July 2004 to June 2005 totaling \$1,882,378,866, an increase of \$239,228,755 or 14.5% over last fiscal year. The City now has 40 shopping centers with approximately 3.5 million square feet of leasable space. Occupancy rate remains approximately 95%.

High Point's traditional manufacturing base continues to be steadily augmented by high-tech and professional services companies. Overall, High Point has experienced phenomenal growth in the past few years. It shares in the prosperity of a strong region positioned for sustained economic growth.

Quality of Life

High Point's residents enjoy a wide variety of activities on a year round basis due largely to a mild climate and an abundance of natural recreation amenities. Of the City's two public golf courses, the Oak Hollow course has been consistently rated among the top 25 public courses in the country. Fourteen tennis courts, four indoor tennis courts, two public lakes and a partially completed hiking/biking and greenway trail are major attributes of the City's recreational program. The colleges and universities in the area offer residents the opportunity to attend intercollegiate contests in all sports. Additionally, the City is working in partnership with community organizations to create a world-class soccer complex to further enhance recreational sport activities in the area.

The educational needs of the citizens of High Point are served by a variety of public and private primary, secondary and post-secondary facilities. Guilford Technical Community College operates the industrial/technical-training program. GTCC has an average quarterly enrollment over 7,000 at the High Point campus.

High Point University and John Wesley College are private institutions offering a variety of baccalaureate and master degree programs in the City of High Point. Additionally, Wake Forest University, North Carolina A&T State University, the University of North Carolina at Greensboro, Guilford College, Greensboro College, and Winston-Salem State University are all located within 30 minutes of High Point.

North Carolina Shakespeare Festival

The North Carolina Shakespeare Festival, based in High Point, was founded in 1977. Its mission is to entertain the students and citizens of North Carolina with a program of professional theatre productions.

Over the years the Festival has developed a variety of programs that serve a large and diverse statewide audience. The Main Stage season presents three to four major classical productions each summer.

Augmenting the Festival's extensive production format is a series of special programs, which enhance appreciation and understanding of Theatre. The Festival has become one of North Carolina's largest professional cultural resources. The Festival performs in North Carolina (and neighboring states) for a total of twenty-six weeks, giving over 160 performances and reaching nearly 100,000 students and citizens. The local economy benefits directly from the performances through revenue from lodging, food and entertainment.

Accounting System and Budgetary Control

The diverse nature of governmental operations and the necessity of assuring legal compliance preclude recording and summarizing all governmental financial transactions and balances in a single accounting entity. Therefore, from an accounting and financial management viewpoint, a governmental unit is a combination of several distinctly different fiscal and accounting entities, each having a separate set of accounts and functioning independently of each other. Each accounting entity is accounted for in a separate "fund".

A fund is defined as a fiscal accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's utilities and other enterprises are reported on the accrual basis.

The City's accounting system is organized and operated on a "fund" basis and each fund is classified in one of three categories and further identified as one of eight major types of funds:

<u>Classification</u>	<u>Fund Type</u>
Governmental Funds	General, Special Revenues, Debt Service, Capital Projects
Proprietary Funds	Enterprise, Internal Service
Fiduciary Funds	Agency, Trust

Governmental Funds: These funds are, in essence, accounting segregations of financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are to be paid; and the differences between governmental fund assets and liabilities, the fund equity, is referred to as "Fund Balance".

The primary measurement focus is upon determination of financial position and changes in financial position, which is supported by the statement of revenues, expenditures, and changes in fund balances. It may be supported or supplemented by more detailed schedules of revenues, expenditures, transfers, and other changes in fund balance.

Proprietary Funds: These funds are sometimes referred to as "income determination," "nonexpendable," or "commercial type" funds and are used to account for a government's on-going organizations and activities which are similar to those often found in the private sector.

All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business and quasi-business activities - where net income and capital maintenance are measured - are accounted for through proprietary funds.

The generally accepted accounting principles here are those applicable to similar businesses in the private sector, and the measurement focus is upon determination of net income, financial position, and changes in financial position.

Fiduciary Funds: These funds account for assets held by the City in a trustee capacity or as an agent for other governmental units and for other funds.

Internal Control: In developing and maintaining the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Control: The City's Financial Management System provides the information for effective fiscal management. Through utilization of budgetary accounting methods, effective budgetary control and accountability can be maintained. The Annual Budget, which is adopted at the department level, authorizes and provides the basis for the City's financial management. The total adopted appropriations constitute the maximum expenditure authorization during the fiscal year and can only be amended by action of the City

Council. Expenditures are controlled at the department level for all General, Special Revenue, Debt Service, Capital Projects and Enterprise funds.

Budgetary control is maintained at this level by the encumbrance of purchase amounts prior to the release of purchase orders to vendors. Purchase orders, which would result in an overrun of line item balances, are not released until additional appropriations are made available. Open encumbrances at June 30, 2005 are treated as commitments, rather than expenditures, and such encumbered funds are appropriated for expenditure in fiscal year 2005-2006.

Cash Management

Cash during the year was invested in U.S. Government Securities and agencies, commercial paper, and certificates of deposit. Cash balances are analyzed daily to maximize interest earnings. Investment periods ranged from overnight to 4 years, and at interest rates ranging from 1.60% to 2.91%. The City's cash management program was improved to increase investment opportunities without sacrificing security of the invested principal. The enhanced investment program produced investment earnings across all funds of \$2,906,788, or an increase of \$663,370 for the year ended June 30, 2005. Interest earned represented an average yield of 2.25%. The investment management program earnings totaled \$2,243,418 for the prior fiscal year.

Risk Management

The City of High Point employs a Safety Director, an Occupational Health Nurse Practitioner and a Workers' Compensation Case Manager in its Safety Department. Their purpose is to control loss exposures. The Safety and Occupational Health division has an ongoing retraining program to help eliminate potential liability. A third party agency is used for investigation and settlement of claims.

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 protects itself from potential loss through a combination of risk-sharing participation, purchase of commercial insurance for primary and/or excess liability coverage and self-insured risk retention.

Self-insured risks are primarily for employee insurance, general, professional, law enforcement, vehicle and underground storage tank liabilities. All operating funds of the City participate in the risk management program.

Claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but have not been reported, based on actuarial computations. Settled claims have not exceeded self-retained or purchased insurance coverage in any of the past three fiscal years.

Conclusion

The City of High Point has greatly enjoyed its economic diversity and experienced very good growth in its tax base through development and annexation. This growth has been generally sufficient to accommodate expenditures during the year. The City has participated in the planning for eventual electric deregulation in North Carolina, and we are ready to embrace new opportunities this new environment may bring. While we wait, the City continues to invest in the electric system infrastructure to make it the most reliable and efficient distribution system to serve our customers, our citizens. The City recognizes the vitality and importance of the International Home Furnishings Market to the City and to the region. The City continues to actively and aggressively partner with public and private organizations to address competing interests to the Market.

The City of High Point is a rapidly growing and culturally diverse community of over 93,000 residents having a wide variety of often-competing neighborhood, business, and civic expectations. The citizens of High Point have come to expect and appreciate the high level of municipal services they enjoy. The City is facing a complex variety of rising service needs and desires, along with critically needed infrastructure repair and replacement challenges—all in an environment of trying to manage, balance and finance municipal services with minimal tax and utility rates. Mandates from federal and State government continue to impact local government operations, and not just in the enterprise funds. The management of the City of High Point is necessarily charged with managing all resources in the best possible manner to deliver those services at a cost its citizens will agree to bear.

The City's management continues to battle rising operational expenditures and to support Council's commitments and initiatives while guarding against unreasonable tax and utility rates. We feel this can be accomplished through our coordinated planning efforts using the Annual Budget, the Capital Improvement Program, and strategic business planning. As long as revenue growth rates do not decline unexpectedly; the costs of providing services do not escalate more rapidly than in previous years; and the City Council continues to evaluate all existing and potential revenue options, we can accomplish this task.

Acknowledgments

We wish to thank the Mayor and City Council for their support and interest in conducting the financial operations of the City in a responsible and progressive manner. We also thank them for the trust they have placed in the city administration. The preparation of this report could not have been accomplished without the dedicated efforts of the Accounting Division, contributions from the Desk Top Publishing division, and the assistance of the independent auditors, McGladrey & Pullen, LLP. We would like to particularly mention our appreciation to Clarence G. Grier, CPA, Accounting Manager, for his dedication and contributions to the preparation and completion of this report.

Respectfully submitted,

Strib Boynton
City Manager

Jeffrey A. Moore, CPA
Financial Services Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of High Point,
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



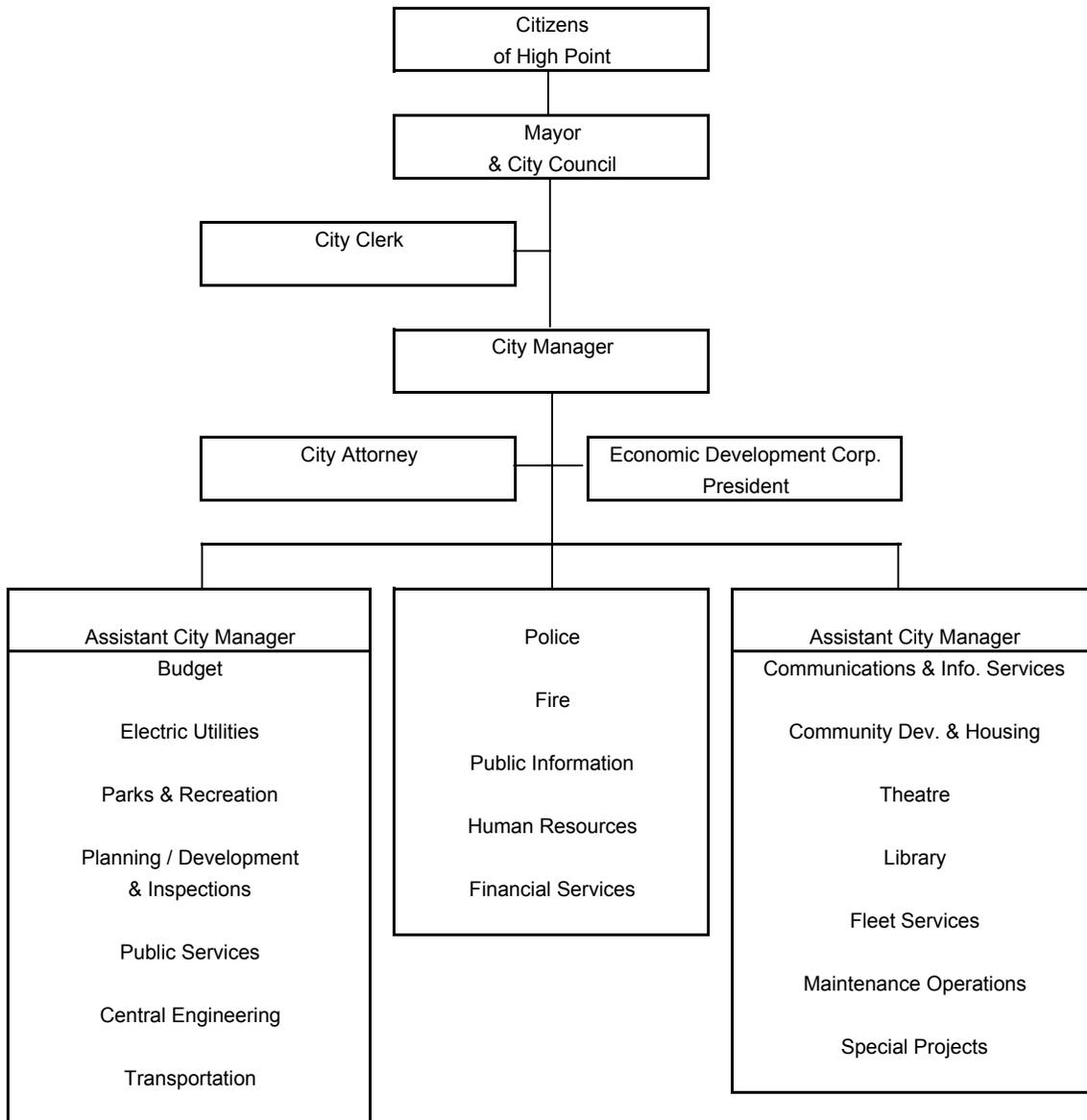
Nancy L. Zjelle

President

Jeffrey R. Emer

Executive Director

Organization Chart
CITY OF HIGH POINT
as of June 30, 2005





FINANCIAL SECTION

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the Honorable Mayor and
the Members of the City Council
City of High Point, North Carolina
High Point, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of High Point, North Carolina (the "City"), as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of High Point ABC Board, the component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of High Point ABC Board, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the City of High Point ABC Board were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of High Point, North Carolina, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2005 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the required supplementary information on pages 3 through 14 and 56 through 57 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of High Point North Carolina's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and the statistical section, as well as the accompanying schedule of expenditures of federal and State awards as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the accompanying schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Greensboro, North Carolina
October 14, 2005

MANAGEMENT DISCUSSION AND ANALYSIS

Our discussion and analysis of City of High Point's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2005. Please read it in conjunction with the transmittal letter on page i and the City's financial statements, which begin on page 15.

FINANCIAL HIGHLIGHTS

The City's net assets remained virtually unchanged as a result of this year's operations.

- The assets of the City of High Point exceeded its liabilities at the close of the fiscal year by \$506 million. Governmental net assets totaled \$253 million, while business-type net assets totaled \$253 million.
- As of the close of the current fiscal year, the City of High Point's governmental funds reported combined ending fund balances of \$33,125,774, a decrease of \$6,220,552 in comparison with the prior year. Approximately 48 percent of this total amount, or \$15,961,604, is available for spending at the government's discretion.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$15,961,604, or 20 percent of total general fund expenditures for the fiscal year.
- The City of High Point's total debt (net) increased by \$32.5 million during the current fiscal year due to the issuance of revenue bonds for the Water and Sewer Fund to finance various capital projects.
- The City's general obligation bond rating continues to carry the second highest possible rate of AA, AA and Aa3, a rating that has been assigned by the three national rating agencies to the City's debt since 1975.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 15 and 16) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 17. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 15. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. Readers must think of the City's net assets—the difference between assets and liabilities—as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into three kinds of activities:

- **Governmental activities**—Most of the City's basic services are reported here, including the general administration, police, fire, public works, and parks and recreation departments. Property taxes, sales and use taxes, intergovernmental revenues (utility franchise taxes, Powell Bill, intangible tax reimbursement, etc.), along with various State and federal grants finance most of these activities.
- **Business-type activities**—The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's utility systems (water, sewer, electric, and storm water) and other business-type activities (mass transit, parking and landfill facilities) are reported here.
- **Component units**—The City includes one separate legal entity in its report—the High Point ABC Board. Although legally separate, this “component unit” is important because the City appoints the board and is not financially accountable for them.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 17. The fund financial statements provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. The City's two kinds of funds—governmental and proprietary—use different methods of accounting.

Governmental funds—Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

Proprietary funds—When the City charges customers for the services it provides—whether to outside customers or to other units of the City—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services to the City's other programs and activities—such as the City's Fleet Maintenance Fund.

The City as Trustee

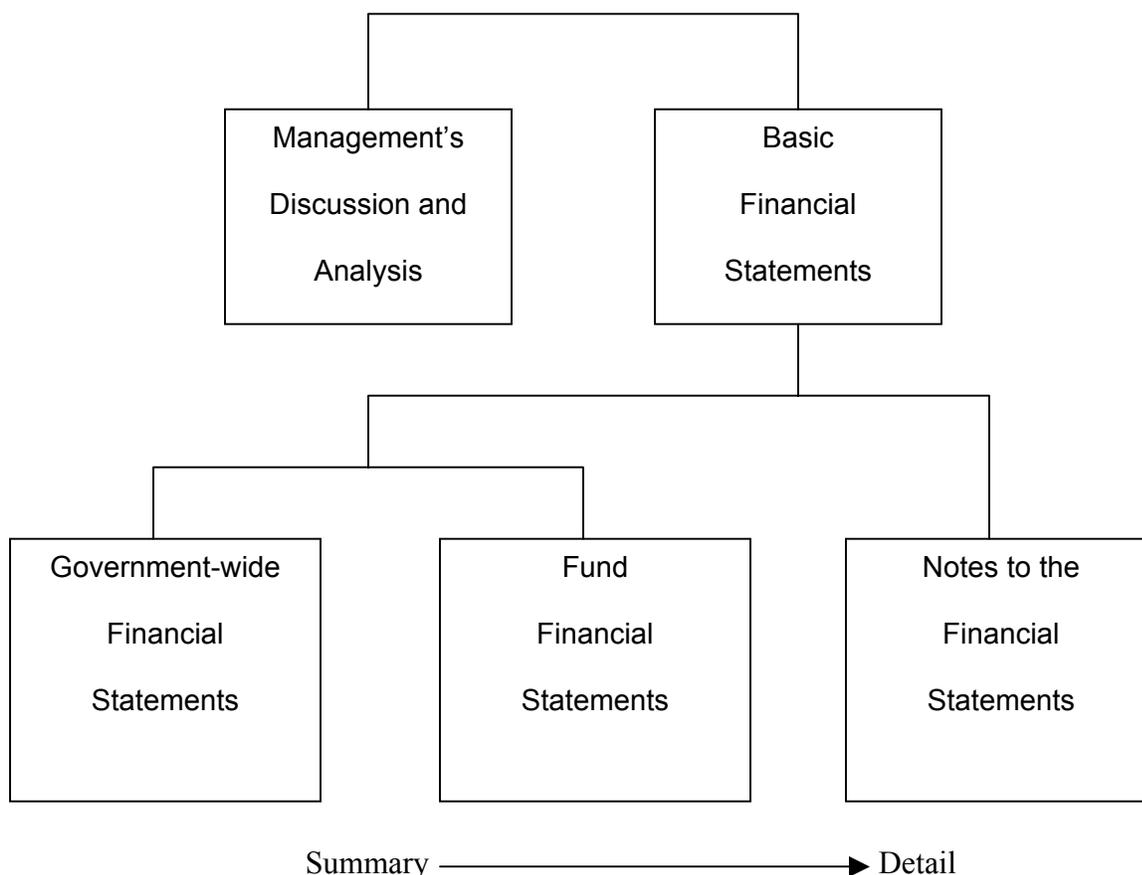
The City is a trustee responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. All of the City’s fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We excluded these activities from the City’s other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE CITY AS A WHOLE AND GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements for the fiscal year ended June 30, 2005 are presented in accordance with GASB Statement (GASBS) No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments for the fourth year. Prior to 2002, the City of High Point maintained their governmental and proprietary fund groups as two separate and very distinct methods of accounting without any type of consolidated statement that accurately reflected the operations and net assets of the government as a whole. There was a total column that appeared on the financial statements, but it was a memorandum total only. No attempt was made to adjust the statements in such a way that the total column would represent the overall financial condition of the City of High Point. These statements were basically the equivalent of the fund financial statements that appear in this report with fiduciary funds and two account groups, the long-term debt and the general fixed assets, added in.

Required Components of Annual Financial Report

Figure 1



This situation changed with the release of Governmental Accounting Standards Board (GASB) Statement 34. GASB 34 mandated monumental changes in the financial statement-reporting model. GASB Statement 34 dictated the changes you see in the City of High Point's financial reports as well as those of many other units of government.

The City's combined net assets increased nominally this year—increasing to \$506 million from \$504 million. Looking at the net assets and net expenses of governmental and business-type activities separately, however, two very different stories emerge. Our analysis below focuses on the net assets (Table 1), and changes in net assets (Table 2) of the City's governmental and business-type activities.

Table 1
Net Assets for the Year Ended June 30, 2005
(In Thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>Primary Government</u>	<u>2004</u>
Assets						
Current and other assets.....	\$ 49,300	\$ 55,846	\$ 128,394	\$ 96,461	\$ 177,694	\$ 152,307
Capital assets (net).....	253,334	261,951	276,526	257,846	529,860	519,797
Total assets.....	<u>\$ 302,634</u>	<u>\$ 317,797</u>	<u>\$ 404,920</u>	<u>\$ 354,307</u>	<u>\$ 707,554</u>	<u>\$ 672,104</u>
Liabilities						
Current liabilities and payables.....	\$ 5,629	\$ 6,407	\$ 14,632	\$ 12,748	\$ 20,261	\$ 19,155
Long-term debt.....	43,604	47,645	137,540	100,953	181,144	148,598
Total liabilities.....	<u>49,233</u>	<u>54,052</u>	<u>152,172</u>	<u>113,701</u>	<u>201,405</u>	<u>167,753</u>
Net Assets						
Invested in capital assets, net of debt.....	213,392	217,483	186,983	166,454	400,375	383,937
Restricted.....	14,141	20,775	817	22,696	14,958	43,471
Unrestricted.....	25,868	25,487	64,948	51,456	90,816	76,943
Total net assets.....	<u>\$ 253,401</u>	<u>\$ 263,745</u>	<u>\$ 252,748</u>	<u>\$ 240,606</u>	<u>\$ 506,149</u>	<u>\$ 504,351</u>

Net assets of the City's governmental activities decreased \$10 million due to increased capital investment spending. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—increased from \$25,486,747 at June 30, 2004, to a \$25,867,574 at the end of this fiscal year. The increase in unrestricted net assets was due to increased property tax and sales tax receipts received related to the prior year property tax revaluation and the continued overall economic recovery in the State. The City will use these unrestricted net assets to meet future budget needs and any potential deficits. These balances will also be used as a tool to mitigate future tax increases as the demand for increased services continues to rise.

The net assets of our business-type activities increased by 5 percent (\$253 million compared to \$241 million) in 2005. The City will use these net assets to finance the continuing operations of the enterprise operations of the City (Water, Sewer, Electric, Mass Transit, Parking, Landfill, and Storm Water), and their related capital investments.

The City's total revenues (excluding transfers and special items) increased approximately 16 percent (\$36.3 million) over the previous fiscal year. The primary reason for the increase was due higher amounts contributed by contractors developing the City's infrastructure and increased charges for services. The total cost of all programs and services increased 13 percent (\$29.3 million).

Table 2
Changes in Net Assets for the Year Ended June 30, 2005
(In Thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
City Revenues						
Program revenue						
Charges for services.....	\$ 21,517	\$ 7,800	\$ 126,569	\$ 122,932	\$ 148,086	\$ 130,732
Operating grants and contributions.....	9,113	8,546	-	115	9,113	8,661
Capital grants and contributions.....	10,350	5,940	5,281	516	15,631	6,456
General revenue:						
Property taxes.....	44,555	40,587	-	-	44,555	40,587
Sales taxes.....	16,506	13,986	-	-	16,506	13,986
Intergovernmental revenues.....	-	6,401	-	-	-	6,401
Grants, contributions not restricted	-	-	-	-	-	-
to specific programs.....	14,416	7,833	14	-	14,430	7,833
Other	983	633	3,797	1,526	4,780	2,159
Total City revenues.....	<u>117,440</u>	<u>91,726</u>	<u>135,661</u>	<u>125,089</u>	<u>253,101</u>	<u>216,815</u>
City Expenses						
General Government.....	27,915	14,098	-	-	27,915	14,098
Public Safety.....	34,759	34,254	-	-	34,759	34,254
Public Services.....	41,404	38,605	-	-	41,404	38,605
Planning and Community Development.....	6,452	2,552	-	-	6,452	2,552
Cultural and Recreation.....	14,993	14,084	-	-	14,993	14,084
Interest expenses and related debt service.....	1,968	2,073	-	-	1,968	2,073
Water and Sewer.....	-	-	29,308	25,483	29,308	25,483
Electric.....	-	-	84,257	82,480	84,257	82,480
Mass Transit.....	-	-	3,351	2,062	3,351	2,062
Parking.....	-	-	812	765	812	765
Landfill.....	-	-	5,206	4,752	5,206	4,752
Stormwater.....	-	-	878	774	878	774
Total City expenses	<u>127,491</u>	<u>105,666</u>	<u>123,812</u>	<u>116,316</u>	<u>251,303</u>	<u>221,982</u>
Increase in net assets before transfers.....	(10,051)	(13,940)	11,849	8,773	1,798	(5,167)
Transfers.....	(293)	(297)	293	612	-	315
Increase (decrease) in net assets.....	(10,344)	(14,237)	12,142	9,385	1,798	(4,852)
Net assets, beginning.....	<u>263,745</u>	<u>277,982</u>	<u>240,606</u>	<u>231,221</u>	<u>504,351</u>	<u>509,203</u>
Net assets, ending.....	<u>\$ 253,401</u>	<u>\$ 263,745</u>	<u>\$ 252,748</u>	<u>\$ 240,606</u>	<u>\$ 506,149</u>	<u>\$ 504,351</u>

Several aspects of the City's financial operations positively influenced the total unrestricted government net assets. These are highlighted as follows:

- ◆ The City's continued high collection of property taxes and continued growth of the tax base attributed to the City maintaining a tax collection percentage of 99.3, which is 1.5 percent higher than the state average. As a result of this, the overall collection exceeded the budgeted collections by approximately \$.4 million dollars.
- ◆ The net assets for business-type operations increased this year by \$10.6 million due to the issuance of revenue bonds to help finance the expenses to improve the current water and sewer system, along with increased electric rates to offset the costs incurred to improve the electric distribution system and the absorption of a 1.1 percent wholesale price increase for electricity purchases.

Governmental Activities

Net assets of the governmental activities changed for several reasons:

- ◆ Infrastructure developed by the City and contributed by developers amounted to \$10.4 million dollars.
- ◆ Restricted net assets decreased \$6.6 million dollars largely due to completing general capital projects, such as the 911 Communications System Upgrade and Expansion, and other pay-as-you go capital projects during the year.

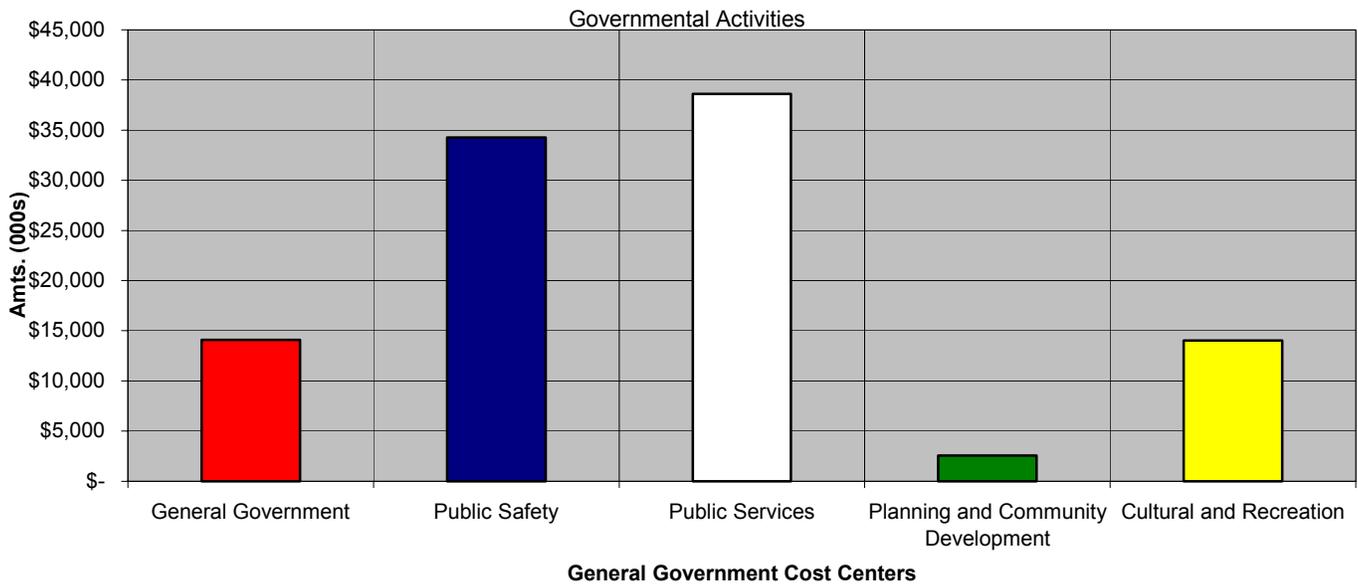
The substantial decrease in the City’s governmental net assets is partly mentioned above, but also the continued real dollar loss of \$11,894,000 in shared state and county revenues without adopting an equivalent property tax rate increase of 14.4 percent has continued to have an effect on the City, while the City must continue to provide the same level of services to its citizens. Without increasing the tax rate, property tax revenues increased \$.5 million compared to the final budget estimates because increased construction related to furniture showrooms in downtown and residential development in the northern and northwestern parts of the City.

The cost of all governmental activities this year was \$127 million. However, as shown in the Statement of Activities on page 15, the amount that our taxpayers ultimately financed for these activities through City taxes was only \$44.6 million (35%) because some of the cost was paid by those who directly benefited from the programs (\$8 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$23.5 million). The City paid for the remaining “public benefit” portion of governmental activities with \$16.5 million in sales taxes and \$14.4 million in intergovernmental revenues, grants, contributions and interest.

Table 3 presents the cost of each of the City’s programs—general government, public safety, public services, planning and community development, cultural and recreation—as well as each program’s net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City’s taxpayers by each of these functions.

Table 3
Governmental Activities

	Total Cost <u>of Services</u>	Net Cost <u>Services</u>
General Government.....	\$ 27,914,659	\$ 16,704,228
Public Safety.....	34,758,588	30,585,859
Public Services.....	41,404,266	26,589,064
Planning and Community Development.....	6,452,158	(657,268)
Cultural and Recreation.....	14,992,492	11,320,484
Total.....	<u>\$ 125,522,163</u>	<u>\$ 84,542,367</u>



Business-type Activities

Charges for services of the City’s business-type activities (see Table 2) increased over the past fiscal year (\$126.6 million in 2005 compared to \$122.9 million in 2004). This was mainly due to a combined \$4.1 million increase in operating revenues received by the Water and Sewer and Electric Funds, while all other fund operating revenues increased nominally over the prior year.

The City water and sewer utility benefited from increased rates and consumption that resulted in an increase of operating revenues of \$.7 million. The average increase in the combined water and sewer rates averaged 4.9 percent for the fiscal year. Additionally, during the summer of 2004, operating revenues increased from revenues generated from sales of abundant water supplies to other localities in the Triad area.

The Electric Fund increase was due to rate increases utilized to absorb wholesale electric rate increases and fund capital improvements.

The net assets of the nonmajor business-type funds increased \$5 million primarily due to a grant received to replace the City’s bus fleet. This represented an increase of 21 percent over the previous year.

FINANCIAL ANALYSIS OF THE CITY’S FUNDS

Governmental Funds

The focus of the City’s governmental funds is to provide information on current inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of High Point’s financing requirements. Specifically, fund balance can be a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As the City completed the year, its governmental funds (as presented in the balance sheet) reported a combined fund balance of \$33.1 million, which is 16% below last year’s total of \$39.3 million. Of this amount, \$16.0 million was unrestricted and available to finance future expenditures.

The General Fund is the primary operating fund of the City of High Point. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$15,961,604 while total fund balance reached \$23,814,234, representing a decrease of \$1,496,981 and an increase of \$688,276, respectively. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 20 percent of total General Fund expenditures, while total fund balance represents 30 percent of that same amount.

General Fund Budgetary Highlights

Over the course of the year, the City Council revised the City budget several times. Generally, budget amendments fall into one of two categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; and 2) increases in appropriations that become necessary to maintain services. Revenues were less than the budgeted amounts primarily because some grant funds that the City originally had expected to receive became unavailable. However, expenditures were held in check to compensate for the lack of funding and the City was able to comply with its budgetary requirements.

General Fund Revenues on the Governmental Fund Basis

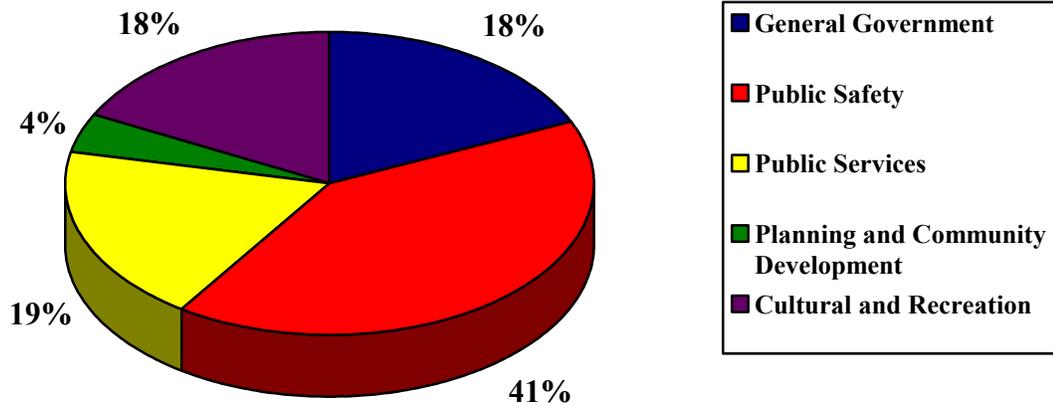
Revenue Sources	Amount	Percent of Total	Increase (Decrease) from 2004
Property taxes.....	\$ 44,189,414	51.1%	\$ 3,694,856
Sales and use taxes.....	16,505,888	19.1%	2,519,403
Intergovernmental revenues.....	10,170,307	11.8%	502,754
Licenses and Permits.....	4,629,749	5.4%	249,142
Charges for services.....	4,238,495	4.9%	659,435
Interest on investments.....	965,422	1.1%	563,569
Miscellaneous revenues.....	5,743,882	6.6%	117,805
	<u>\$ 86,443,157</u>	<u>100.0%</u>	<u>\$ 8,306,964</u>

The most significant increase in General Fund revenues occurred in property taxes. Property taxes increased due to the recent real property tax revaluation and an increase in property tax rates. While revaluation has increased the value of the tax base, the overall growth in the tax base has slowed to 3.5%. The majority of the slow down has occurred in the area of commercial and industrial development, which has slowed to a growth rate of 33% from a growth rate of 50% in the previous year.

As the local economy has rebounded from several business closings in the manufacturing sector of our region, sales tax revenues have increased to mirror the continued State and National recoveries due to the robust economy.

General Fund Expenditures on the Governmental Fund Basis

Functions	Amount	Percent of Total	Increase (Decrease) from 2004
General Government.....	\$ 14,437,822	18.5%	\$ 1,203,961
Public Safety.....	32,064,274	41.0%	1,372,489
Public Services.....	14,854,592	19.0%	1,894,615
Planning and Community Dev.....	3,114,570	4.0%	153,743
Cultural and Recreation.....	13,727,908	17.6%	833,705
	<u>\$ 78,199,166</u>	<u>100.0%</u>	<u>\$ 5,458,513</u>



Other Nonmajor Governmental Funds

Capital Projects Fund - The largest variance in resources available for appropriation occurred in the Capital Projects Fund where, as a result of timing differences in spending the lease proceeds for the 911 Communications Upgrade and Expansion, fund balance was \$7.4 million lower than in the previous year. Although the financing was received in the prior year, the funds were not expended until this fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2005, the City had \$968 million invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, and water and sewer lines. (See Table 4 below.) This amount represents a net increase (including additions and deductions) of just under \$47 million, or 5 percent, over last year. Additional information on the City’s capital assets can be found in Note 2.A.5 to the financial statements on Page 37.

Table 4
Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land and land improvements.....	\$ 12,584	\$ 12,542	\$ 23,384	\$ 25,014	\$ 35,968	37,556
Construction in progress.....	7,146	2,625	50,430	37,511	57,576	40,136
Buildings and related improvements.....	42,317	41,674	85,910	81,529	128,227	123,203
Equipment.....	60,693	57,983	139,256	248,598	199,949	306,581
Infrastructure.....	406,909	395,782	138,947	18,286	545,856	414,068
Totals.....	<u>\$ 529,649</u>	<u>\$ 510,606</u>	<u>\$ 437,927</u>	<u>\$ 410,938</u>	<u>\$ 967,576</u>	<u>\$ 921,544</u>

This years major additions included the following:

Road network (right ways, road and etc.)	\$ 10,930,000
Water and Sewer System Improvements...	\$ 17,827,521
Electric system improvements.....	\$ 6,173,266
Mass Transit Bus purchases.....	\$ 4,407,099

The City’s fiscal year 2006 capital budget calls for it to spend another \$22 million for capital projects, principally for the electrical system improvements and water and sewer improvements. These capital projects are budgeted as follows:

General Fund.....	\$ 3,458,340
Water and Sewer Fund.....	3,372,715
Electric.....	9,691,799
Miscellaneous.....	<u>5,696,315</u>
Total.....	<u>\$ 22,219,169</u>

In addition to the “pay as you go” capital projects, the City intends to issue general obligation bonds for approximately \$30 million for major general capital projects and revenue bonds for approximately \$50 million in major water and sewer capital projects in fiscal year 2005-2006.

Debt

At year-end, the City had approximately \$168 million in bonds and notes outstanding versus \$136 million last year—an increase of 24 percent—as shown in Table 5. New debt resulted mainly from issuing revenue bonds of approximately \$42 million to continue the upgrades to the City’s Water and Sewer system infrastructure.

Table 5
 Outstanding Debt
 (In Thousands)

	Governmental		Business-type		Totals	
	Activities		Activities			
	2005	2004	2005	2004	2005	2004
General Obligation Bonds.....	\$ 30,028	\$ 33,323	\$ 66,530	\$ 70,649	\$ 96,558	\$ 103,972
Revenue Bonds.....	-	-	42,032	-	42,032	-
State and Federal Revolving Bond Loans.....	-	-	18,341	19,665	18,341	19,665
Notes payable and capital leases.....	10,135	11,069	1,310	1,552	11,445	12,621
Total.....	<u>\$ 40,163</u>	<u>\$ 44,392</u>	<u>\$ 128,213</u>	<u>\$ 91,866</u>	<u>\$ 168,376</u>	<u>\$ 136,258</u>

The City’s general obligation bond rating continues to carry the second highest possible rate of AA, AA and Aa3, a rating that has been assigned by the three national rating agencies to the City’s debt since 1975. The State limits the amount of general obligation debt that cities can issue to 8 percent of the assessed value of all taxable property within the City’s corporate limits. The City’s outstanding general obligation debt is significantly below this \$667 million state-imposed limit.

Other obligations include accrued vacation pay and sick leave, and closure/post closure liabilities. More detailed information about the City’s long-term liabilities is presented in Note 2.B.7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The City’s elected and appointed officials considered many factors when setting the fiscal-year 2006 budget, tax rates, and fees that will be charged for the business-type activities. One of those factors is the economy. The City’s nonagricultural employment growth has mirrored its population growth during 1999–2005, averaging annual gains of 4.2 percent. Unemployment in the City now stands at 5.8 percent versus 5.7 percent a year ago. This compares with the State’s unemployment rate of 5.3 percent and the national rate of 5.5 percent.

Inflation in the City continues to be somewhat lower than the national Consumer Price Index (CPI) increase. The City’s CPI increase was 5 percent for fiscal year 2005 compared with the average U.S. city rate of 4 percent and the national rate of 5.0 percent.

In adopting the Annual Budget for fiscal year 2006, the above-mentioned factors were taken into account. However, the focus on maintaining the City’s exceptionally high quality residential and business life continues to be a top priority.

Additionally, encouraging responsible land use and environmental planning, and balanced economic growth, development and redevelopment throughout the City’s 94 square mile annexation agreement area is also among our highest priorities.

The total General Fund budget appropriates \$91 million, an increase of 6% over the adopted 2005 budget of \$86 million. Property taxes (benefiting from increased residential and light manufacturing development) and appropriations from fund balance were utilized to lead the increase and offset any future loss of state revenues. The City utilized this strategy to maintain the high level of quality and services that our citizens, businesses, and visitors enjoy and are accustomed to receiving.

Importantly, property in Guilford County was revalued effective January 1, 2004 to bring property values to estimated market values. This was the first revaluation since 1996. The City of High Point property values increased an average of 38% as a result of the 2004 revaluation.

The City's business-type activities are also expected to improve based on the following factors in the adoption of the Annual Budget for fiscal year 2006:

- Water and sewer rates were increased an average of 4.9% based on rate study recommendations, pay-as-you-go infrastructure and debt funded projects.
- Electric rates increased 1% effective October 1, 2005.
- There were no rate increases for the Mass Transit, Parking Facilities, Landfill Facilities and Storm Water funds.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money received. If you have questions about this report or need additional financial information, contact the Department of Financial Services, City of High Point, 211 S. Hamilton Street, High Point, NC 27261.

CITY OF HIGH POINT, NORTH CAROLINA

STATEMENT OF NET ASSETS

June 30, 2005

	PRIMARY GOVERNMENT			COMPONENT
	Governmental Activities	Business-type Activities	TOTAL	UNIT HIGH POINT ABC BOARD
ASSETS				
Cash and investments.....	\$ 30,100,429	\$ 82,356,141	\$ 112,456,570	\$ 823,799
Investments in Real Estate.....	32,041	-	32,041	-
Receivables:				
Taxes (net).....	1,413,043	-	1,413,043	-
Accounts receivable and accrued revenue (net).....	7,255,550	4,764,210	12,019,760	-
Assessments (net).....	17,497	97,359	114,856	-
Notes.....	3,949,409	-	3,949,409	-
Accrued interest.....	159,697	429,546	589,243	-
Inventory.....	2,706,447	26,590	2,733,037	607,788
Prepaid Items.....	131,928	103,660	235,588	41,130
Restricted Assets:				
Cash and investments.....	3,533,411	39,910,101	43,443,512	-
Deferred charges.....	-	705,658	705,658	-
Capital Assets:				
Land, improvements, and construction in progress.....	39,772,605	73,814,058	113,586,663	-
Other capital assets, net of related depreciation.....	213,561,842	202,712,255	416,274,097	2,120,433
Total capital assets.....	253,334,447	276,526,313	529,860,760	2,120,433
TOTAL ASSETS	302,633,899	404,919,578	707,553,477	3,593,150
Liabilities				
Accounts payable and accrued expenses.....	2,345,000	8,142,579	10,487,579	750,596
Contracts payable.....	1,773,272	2,504,074	4,277,346	-
Accrued interest payable.....	283,956	532,575	816,531	-
Other current liabilities.....	378,042	1,129,765	1,507,807	-
Deferred revenue.....	848,729	2,321,928	3,170,657	-
Long-term liabilities:				
Due in one year.....	4,717,881	5,710,620	10,428,501	-
Due in more than one year.....	38,886,521	131,829,814	170,716,335	-
TOTAL LIABILITIES	49,233,401	152,171,355	201,404,756	750,596
Net Assets				
Invested in capital assets, net of related debt.....	213,391,739	186,983,381	400,375,120	2,120,433
Restricted for:				
Capital projects.....	4,892,307	817,141	5,709,448	-
Debt service.....	3,089,942	-	3,089,942	-
Economic Development.....	420,043	-	420,043	-
Grants and Community development.....	5,738,892	-	5,738,892	-
Mass Transit.....	-	-	-	-
Unrestricted.....	25,867,575	64,947,701	90,815,276	722,121
TOTAL NET ASSETS	\$ 253,400,498	\$ 252,748,223	\$ 506,148,721	\$ 2,842,554

The notes to basic financial statements are an integral part of this statement.

City of High Point, North Carolina

Statement of Activities
For the Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets			Component Unit ABC Board
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary Government:								
Governmental activities:								
General Government.....	\$ 27,914,659	\$ 11,210,431	\$ -	\$ -	\$ (16,704,228)	\$ -	\$ (16,704,228)	\$ -
Public Safety.....	34,758,588	1,597,293	2,575,436	-	(30,585,859)	-	(30,585,859)	-
Public Services.....	41,404,266	330,518	4,134,784	10,349,900	(26,589,064)	-	(26,589,064)	-
Planning and Community Development.....	6,452,158	4,706,832	2,402,594	-	657,268	-	657,268	-
Cultural and Recreation.....	14,992,492	3,672,008	-	-	(11,320,484)	-	(11,320,484)	-
Interest on long-term debt.....	1,968,433	-	-	-	(1,968,433)	-	(1,968,433)	-
Total governmental activities.....	<u>127,490,596</u>	<u>21,517,082</u>	<u>9,112,814</u>	<u>10,349,900</u>	<u>(86,510,800)</u>	<u>-</u>	<u>(86,510,800)</u>	<u>-</u>
Business-type activities:								
Water and Sewer	29,307,657	31,155,498	-	-	-	1,847,841	1,847,841	-
Electric.....	84,256,727	86,256,922	-	-	-	2,000,195	2,000,195	-
Mass Transit.....	3,351,162	1,413,476	-	5,281,379	-	3,343,693	3,343,693	-
Parking.....	812,021	497,556	-	-	-	(314,465)	(314,465)	-
Landfill.....	5,206,416	6,107,444	-	-	-	901,028	901,028	-
Stormwater.....	877,850	1,137,594	-	-	-	259,744	259,744	-
Total business-type activities.....	<u>123,811,833</u>	<u>126,568,490</u>	<u>-</u>	<u>5,281,379</u>	<u>-</u>	<u>8,038,036</u>	<u>8,038,036</u>	<u>-</u>
Total primary government.....	<u>\$ 251,302,429</u>	<u>\$ 148,085,572</u>	<u>\$ 9,112,814</u>	<u>\$ 15,631,279</u>	<u>\$ (86,510,800)</u>	<u>\$ 8,038,036</u>	<u>\$ (78,472,764)</u>	<u>-</u>
Component unit:								
High Point ABC Board.....	\$ 2,464,231	\$ 2,584,849	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 120,618
Total component unit.....	<u>\$ 2,464,231</u>	<u>\$ 2,584,849</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,618</u>
General revenues:								
Property Taxes.....					\$ 44,555,015	\$ -	\$ 44,555,015	\$ -
Sales Taxes.....					16,505,888	-	16,505,888	-
Grants, contributions and revenues not restricted to specific programs.....					14,415,754	13,500	14,429,254	-
Investment earnings.....					1,279,438	2,034,710	3,314,148	-
Loss on the disposal of capital assets.....					(296,840)	1,762,533	1,465,693	-
Transfers.....					(293,109)	293,109	-	-
Total general revenues and transfers.....					<u>76,166,146</u>	<u>4,103,852</u>	<u>80,269,998</u>	<u>-</u>
Change in net assets.....					(10,344,654)	12,141,888	1,797,234	120,618
Net assets, beginning.....					263,745,152	240,606,335	504,351,487	2,721,936
Net assets, ending.....					<u>\$ 253,400,498</u>	<u>\$ 252,748,223</u>	<u>\$ 506,148,721</u>	<u>\$ 2,842,554</u>

The notes to basic financial statements are an integral part of this statement.

CITY OF HIGH POINT, NORTH CAROLINA

Balance Sheet
Governmental Funds
June 30, 2005

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments.....	\$ 22,198,807	\$ 5,236,477	\$ 27,435,284
Investments in Real Estate	32,041	-	32,041
Receivables:			
Taxes (net).....	1,413,043	-	1,413,043
Accounts receivable and accrued revenue (net).....	4,271,207	2,471,535	6,742,742
Assessments (net).....	17,497	-	17,497
Notes.....	-	3,949,409	3,949,409
Accrued interest.....	123,787	35,910	159,697
Due from other funds.....	738,817	-	738,817
Prepaid items.....	131,928	-	131,928
Restricted Assets:			
Cash and investments.....	-	3,533,411	3,533,411
TOTAL ASSETS	\$ 28,927,127	\$ 15,226,742	\$ 44,153,869
LIABILITIES AND FUND BALANCES			
Accounts payable and accrued expenses.....	\$ 1,743,007	\$ 190,801	\$ 1,933,808
Contracts payable.....	1,014,712	758,560	1,773,272
Due to other funds.....	-	738,817	738,817
Other current liabilities.....	-	193,965	193,965
Deferred revenue.....	2,355,174	4,033,059	6,388,233
TOTAL LIABILITIES	5,112,893	5,915,202	11,028,095
FUND BALANCES:			
Fund balances:			
Reserved for:			
Encumbrances.....	2,098,653	-	2,098,653
Prepaid items.....	131,928	-	131,928
State statute.....	4,450,833	-	4,450,833
Specific programs.....	751,173	1,038,310	1,789,483
Economic development.....	420,043	-	420,043
Debt service.....	-	3,373,898	3,373,898
Capital projects.....	-	4,899,332	4,899,332
Unreserved			
Designated for subsequent years' expenditures.....	4,999,246	-	4,999,246
Undesignated.....	10,962,358	-	10,962,358
TOTAL FUND BALANCES	23,814,234	9,311,540	33,125,774
TOTAL LIABILITIES AND FUND BALANCES	\$ 28,927,127	\$ 15,226,742	\$ 44,153,869
Fund balances as reported above			\$ 33,125,774
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			235,748,605
Other assets that are not available to pay for current-period expenditures and are deferred in the funds.			5,362,452
Internal services funds used to allocate costs among the funds are included in the statement of net assets.			21,887,545
Compensated absences are not recorded in the governmental funds			(2,986,360)
Accrued interest payable			(283,956)
Unfunded pension liability			(455,433)
Arbitrage			(7,025)
Long-term debt and capital leases			(38,991,104)
Net assets of governmental activities			<u>\$ 253,400,498</u>

The notes to basic financial statements are an integral part of this statement.

CITY OF HIGH POINT, NORTH CAROLINA

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005

	General	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Taxes.....	\$ 44,189,414	\$ -	\$ 44,189,414
Sales and use taxes.....	16,505,888	-	16,505,888
Intergovernmental Revenues.....	10,170,307	6,311,194	16,481,501
Licenses and Permits.....	4,629,749	-	4,629,749
Charges for Services.....	4,238,495	-	4,238,495
Interest on Investments.....	965,422	314,016	1,279,438
Miscellaneous Revenues.....	5,743,882	1,518,164	7,262,046
Total revenues.....	86,443,157	8,143,374	94,586,531
Expenditures			
General Government.....	14,437,822	501,990	14,939,812
Public Safety.....	32,064,274	7,650,933	39,715,207
Public Services and Transportation.....	14,854,592	4,521,227	19,375,819
Planning and Community Development.....	3,114,570	3,386,465	6,501,035
Cultural and Recreation.....	13,727,908	627,376	14,355,284
Debt Service:			
Principal Retirement.....	-	3,709,888	3,709,888
Interest and Fiscal Charges.....	-	1,935,965	1,935,965
Total Expenditures.....	78,199,166	22,333,844	100,533,010
Excess (deficiency) of revenue over expenditures	8,243,991	(14,190,470)	(5,946,479)
Other Financing Sources (Uses)			
Transfers In.....	228,600	7,307,452	7,536,052
Transfers out.....	(7,784,315)	(25,810)	(7,810,125)
Total Other Financing Sources (Uses).....	(7,555,715)	7,281,642	(274,073)
Net change in fund balances.....	688,276	(6,908,828)	(6,220,552)
Fund balances, beginning.....	23,125,958	16,220,368	39,346,326
Fund balances, ending.....	\$ 23,814,234	\$ 9,311,540	\$ 33,125,774

The notes to basic financial statements are an integral part of this statement.

CITY OF HIGH POINT, NORTH CAROLINA

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, 2005

Net change in fund balances - total governmental funds	\$	(6,220,552)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		547,101
Principal payments are not considered expenditures in the statement of activities		4,154,090
Accrued interest is recognized and an expense in the statement of activities		(16,482)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense		8,187,778
Depreciation is recognized as an expense in the statement of activities		(26,643,083)
Infrastructure contributed by developers is considered capital contribution for the statement of net asset		10,349,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds		(788,740)
Loss on the disposal of Internal Service Funds capital assets		52,635
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		33,599
Change in net assets of governmental activities	\$	<u>(10,344,654)</u>

The notes to basic financial statements are an integral part of this statement.

CITY OF HIGH POINT, NORTH CAROLINA

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2005

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes.....	\$ 43,732,175	\$ 43,732,175	\$ 44,189,414	\$ 457,239
Sales and use taxes.....	14,254,248	14,254,248	16,505,888	2,251,640
Intergovernmental revenues.....	9,602,501	9,602,501	10,170,307	567,806
Licenses and permits.....	4,256,000	4,256,000	4,629,749	373,749
Charges for services.....	4,197,021	4,197,021	4,238,495	41,474
Interest on investments.....	940,000	940,000	965,422	25,422
Miscellaneous revenues.....	2,259,380	5,140,657	5,743,882	603,225
Total revenues.....	<u>79,241,325</u>	<u>82,122,602</u>	<u>86,443,157</u>	<u>4,320,555</u>
Expenditures				
Current:				
General government.....	14,872,795	14,946,319	14,437,822	508,497
Public safety.....	32,642,724	33,135,679	32,064,274	1,071,405
Public Services and Transportation.....	8,826,214	10,560,315	9,541,883	1,018,432
Public Services - Environmental protection.....	5,397,187	5,409,572	5,312,709	96,863
Community and economic development.....	3,322,836	3,441,240	3,114,570	326,670
Cultural and recreation.....	14,395,908	14,455,816	13,727,908	727,908
Total expenditures.....	<u>79,457,664</u>	<u>81,948,941</u>	<u>78,199,166</u>	<u>3,749,775</u>
Revenues over (under) expenditures.....	<u>(216,339)</u>	<u>173,661</u>	<u>8,243,991</u>	<u>8,070,330</u>
Other financing sources (uses):				
Transfers in.....	618,600	228,600	228,600	-
Transfers out.....	(7,784,315)	(7,784,315)	(7,784,315)	-
Appropriated fund balance.....	7,382,054	7,382,054	-	(7,382,054)
Total other financing sources (uses).....	<u>216,339</u>	<u>(173,661)</u>	<u>(7,555,715)</u>	<u>(7,382,054)</u>
Revenues and other sources over expenditures and other uses.....	<u>\$ -</u>	<u>\$ -</u>	<u>688,276</u>	<u>\$ 688,276</u>
Fund balances, beginning.....			<u>23,125,958</u>	
Fund balances, ending.....			<u>\$ 23,814,234</u>	

The notes to basic financial statements are an integral part of this statement.

CITY OF HIGH POINT, NORTH CAROLINA

Statement of Net Assets
Proprietary Funds
June 30, 2005

	Business-type Activities -Enterprise Funds				Governmental Activities -
	WATER AND SEWER	ELECTRIC	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE	INTERNAL SERVICE FUNDS
ASSETS					
Current Assets					
Cash and investments.....	\$ 30,846,941	\$ 26,247,283	\$ 25,261,917	\$ 82,356,141	\$ 2,665,145
Receivables.....					
Accounts (net).....	1,057,383	3,246,543	460,284	4,764,210	512,808
Assessments (net).....	97,359	-	-	97,359	-
Accrued Interest.....	178,573	149,539	101,434	429,546	-
Inventory.....	-	-	26,590	26,590	2,706,447
Prepaid Expenses.....	-	-	103,660	103,660	-
Total current assets	32,180,256	29,643,365	25,953,885	87,777,506	5,884,400
Noncurrent assets					
Restricted Assets:					
Cash and investments.....	38,196,193	889,447	824,461	39,910,101	-
Deferred charges.....	689,018	-	16,640	705,658	-
Capital Assets:					
Land, rights of way and water rights.....	16,179,028	680,508	6,524,352	23,383,888	452,961
Buildings and System.....	210,780,764	91,591	13,984,489	224,856,844	14,275,126
Machinery and Equipment.....	7,499,348	117,345,290	14,411,399	139,256,037	33,139,715
Construction in progress.....	49,531,533	-	898,637	50,430,170	-
Less accumulated Depreciation.....	(90,282,762)	(50,940,707)	(20,177,157)	(161,400,626)	(30,281,960)
Total capital assets (net of accumulated depreciation).....	193,707,911	67,176,682	15,641,720	276,526,313	17,585,842
Total noncurrent assets	232,593,122	68,066,129	16,482,821	317,142,072	17,585,842
Total Assets	\$ 264,773,378	\$ 97,709,494	\$ 42,436,706	\$ 404,919,578	\$ 23,470,242
LIABILITIES AND NET ASSETS					
Liabilities					
Current Liabilities					
Accounts Payable and Accrued Expenses.....	\$ 384,840	\$ 7,674,126	\$ 83,613	\$ 8,142,579	\$ 411,192
Contracts Payable.....	2,504,074	-	-	2,504,074	-
Current Maturities of Long-Term Debt.....	5,494,309	-	216,311	5,710,620	78,986
Accrued interest payable.....	528,484	-	4,091	532,575	-
Deposits.....	231,437	889,447	8,881	1,129,765	-
Total current liabilities	9,143,144	8,563,573	312,896	18,019,613	490,178
Noncurrent liabilities					
Payable from Restricted Assets:					
Accrued Closure/Postclosure Costs.....	-	-	8,318,736	8,318,736	-
Arbitrage liability.....	231,478	-	-	231,478	-
Loans Payable.....	18,084,858	-	-	18,084,858	-
General Obligation Bonds Payable.....	62,034,634	-	351,493	62,386,127	-
Revenue Bonds Payable.....	42,031,741	-	-	42,031,741	-
Obligation under capital leases.....	-	-	-	-	982,445
Vacation accrual.....	302,673	279,043	195,158	776,874	110,073
Deferred Revenue.....	-	-	2,321,928	2,321,928	-
Total Noncurrent liabilities	122,685,384	279,043	11,187,315	134,151,742	1,092,518
Total Liabilities	131,828,528	8,842,616	11,500,211	152,171,355	1,582,696
Net assets					
Invested in Capital Assets, Net of Related Debt.....	104,716,143	67,176,682	15,090,556	186,983,381	16,634,238
Restricted.....	-	-	817,141	817,141	-
Unrestricted.....	28,228,707	21,690,196	15,028,798	64,947,701	5,253,308
Total Net Assets	132,944,850	88,866,878	30,936,495	252,748,223	21,887,546
Total Liabilities and Net Assets	\$ 264,773,378	\$ 97,709,494	\$ 42,436,706	\$ 404,919,578	\$ 23,470,242

The notes to basic financial statements are an integral part of this statement.

CITY OF HIGH POINT, NORTH CAROLINA

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2005

	Business-type - Enterprise Funds				Governmental
	WATER AND SEWER	ELECTRIC	NON MAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Operating revenues					
Charges for Services.....	\$ 30,944,696	\$ 84,791,637	\$ 9,013,432	\$ 124,749,765	\$ 12,648,837
Miscellaneous.....	210,802	1,465,285	142,638	1,818,725	-
Total Operating Revenues.....	<u>31,155,498</u>	<u>86,256,922</u>	<u>9,156,070</u>	<u>126,568,490</u>	<u>12,648,837</u>
Operating Expenses					
Management and administration.....	832,099	547,150	5,395,054	6,774,303	9,404,075
Maintenance and distribution.....	10,560,482	75,067,730	1,075,757	86,703,969	-
Treatment plants.....	4,972,656	-	-	4,972,656	-
Other services and charges.....	414,027	5,035,939	1,569,888	7,019,854	-
Depreciation and amortization.....	4,787,713	3,401,578	1,686,465	9,875,756	3,229,411
Total Operating Expenses.....	<u>21,566,977</u>	<u>84,052,397</u>	<u>9,727,164</u>	<u>115,346,538</u>	<u>12,633,486</u>
Operating income (loss).....	<u>9,588,521</u>	<u>2,204,525</u>	<u>(571,094)</u>	<u>11,221,952</u>	<u>15,351</u>
Nonoperating revenues (expenses)					
Interest Revenue.....	1,136,987	469,950	429,399	2,036,336	-
Interest Expense and Fiscal Charges.....	(4,040,112)	-	(29,276)	(4,069,388)	(48,950)
Amortization of Financing Costs.....	(40,351)	-	(7,930)	(48,281)	-
Intergovernmental revenues and reimbursements (net).....	(3,660,217)	(204,330)	4,796,674	932,127	-
Grants.....	13,500	-	-	13,500	-
Gain (loss) on Disposal of Fixed Assets.....	1,745,694	(3,489)	20,328	1,762,533	52,635
Total Non-operating Revenues (Expenses).....	<u>(4,844,499)</u>	<u>262,131</u>	<u>5,209,195</u>	<u>626,827</u>	<u>3,685</u>
Income (loss) before capital contributions and transfers	<u>4,744,022</u>	<u>2,466,656</u>	<u>4,638,101</u>	<u>11,848,779</u>	<u>19,036</u>
Capital contributions.....	-	-	-	-	-
Transfers in.....	-	100,000	708,895	808,895	-
Transfers out.....	(183,282)	(305,537)	(26,967)	(515,786)	(19,036)
Change in net assets.....	4,560,740	2,261,119	5,320,029	12,141,888	-
Total Net Assets - Beginning.....	<u>128,384,110</u>	<u>86,605,759</u>	<u>25,616,466</u>	<u>240,606,335</u>	<u>21,887,546</u>
Total Net Assets - Ending.....	<u>\$ 132,944,850</u>	<u>\$ 88,866,878</u>	<u>\$ 30,936,495</u>	<u>\$ 252,748,223</u>	<u>\$ 21,887,546</u>

The notes to basic financial statements are an integral part of this statement.

CITY OF HIGH POINT, NORTH CAROLINA

Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2005

	Business-Type - Enterprise Funds				GOVERNMENTAL
	WATER AND SEWER	ELECTRIC	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
Cash Flows From Operating Activities					
Receipts from customers and users.....	\$ 32,013,953	\$ 86,257,999	\$ 10,127,731	\$ 128,399,683	\$ -
Receipts from interfund services provided.....	-	-	-	-	12,464,612
Payments to employees and related fringe benefits.....	(6,610,492)	(6,500,993)	(3,810,623)	(16,922,108)	(2,101,887)
Payments to suppliers and operating costs.....	(8,182,958)	(74,137,158)	(4,777,004)	(87,097,120)	(7,799,872)
Net Cash provided by Operating Activities	<u>17,220,503</u>	<u>5,619,848</u>	<u>1,540,104</u>	<u>24,380,455</u>	<u>2,562,853</u>
Cash Flows From Non Capital Financing Activities					
Transfers in.....	-	100,000	1,976,081	2,076,081	-
Transfers out.....	(183,282)	(305,537)	(1,294,153)	(1,782,972)	(19,036)
Grants and contributions.....	13,500	-	(1,294,153)	(1,280,653)	-
Intergovernmental revenues and reimbursements.....	(3,660,217)	(204,330)	4,796,674	932,127	-
Net Cash provided (used) by Non-Capital Financing activities	<u>(3,829,999)</u>	<u>(409,867)</u>	<u>4,184,449</u>	<u>(55,417)</u>	<u>(19,036)</u>
Cash Flows From Financing Activities					
Proceeds from issuance of long-term debt	42,478,804	-	-	42,478,804	-
Principal Payments on long-term debt.....	(5,487,038)	-	(202,930)	(5,689,968)	(75,594)
Interest payments and fiscal charges on bonds and capital leases.....	(4,125,696)	-	(31,328)	(4,157,024)	(48,950)
Proceeds Collected on the sale of capital assets.....	1,745,694	-	-	1,745,694	239,814
Acquisition and construction of capital assets.....	(17,067,240)	(6,173,466)	(6,239,346)	(29,480,052)	(2,972,647)
Net Cash provided (used) by Noncapital Financing Activities	<u>17,544,524</u>	<u>(6,173,466)</u>	<u>(6,473,604)</u>	<u>4,897,454</u>	<u>(2,857,377)</u>
Cash Flows From Investing Activities					
Interest Earned on investments.....	1,165,196	510,908	488,764	2,164,868	-
Net Cash provided by Investing Activities	<u>1,165,196</u>	<u>510,908</u>	<u>488,764</u>	<u>2,164,868</u>	<u>-</u>
Net increase (decrease) in cash and investments	<u>32,100,224</u>	<u>(452,577)</u>	<u>1,054,194</u>	<u>32,701,841</u>	<u>(313,560)</u>
Cash and investments at the beginning of the year	<u>36,942,910</u>	<u>27,589,307</u>	<u>25,032,184</u>	<u>89,564,401</u>	<u>2,978,705</u>
Cash and investments at the end of the year	<u>\$ 69,043,134</u>	<u>\$ 27,136,730</u>	<u>\$ 26,086,378</u>	<u>\$ 122,266,242</u>	<u>\$ 2,665,145</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating Income (loss).....	\$ 9,588,521	\$ 2,204,525	\$ (571,094)	\$ 11,221,952	\$ 15,351
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by Operating Activities:					
Depreciation and amortization.....	4,787,713	3,401,578	1,686,465	9,875,756	3,229,411
Change in Assets and Liabilities:					
(Increase) Decrease in Receivables.....	848,002	77,560	227,849	1,153,411	(186,226)
(Increase) Decrease in Inventories.....	-	-	362	362	(628,225)
(Increase) Decrease in Prepaid Expenses and Deferred Charges.....	-	-	(78,940)	(78,940)	-
Increase (Decrease) in Payables and Accrued Expenses.....	1,934,583	21,193	(9,584)	1,946,192	121,972
Increase (Decrease) in Deposits.....	10,453	(76,683)	1,095	(65,135)	-
Increase (Decrease) in Vacation Leave Accrual.....	51,231	(8,325)	25,351	68,257	10,570
Increase (Decrease) in Deferred Revenue.....	-	-	258,600	258,600	-
Total adjustments.....	<u>7,631,982</u>	<u>3,415,323</u>	<u>2,111,198</u>	<u>13,158,503</u>	<u>2,547,502</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	<u>\$ 17,220,503</u>	<u>\$ 5,619,848</u>	<u>\$ 1,540,104</u>	<u>\$ 24,380,455</u>	<u>\$ 2,562,853</u>

The notes to basic financial statements are an integral part of this statement.

CITY OF HIGH POINT, NORTH CAROLINA

Statement Of Fiduciary Assets
Fiduciary Fund
June 30, 2005

	<u>GENERAL AGENCY FUND</u>
<u>ASSETS</u>	
Cash and investments.....	\$ 747,557
Accounts receivable.....	377
Accrued interest.....	<u>447</u>
Total assets.....	<u><u>\$ 748,381</u></u>
 <u>LIABILITIES</u>	
Liabilities:	
Accounts payable.....	<u>\$ 748,381</u>
Total liabilities.....	<u><u>\$ 748,381</u></u>

The notes to basic financial statements are an integral part of this statement.

CITY OF HIGH POINT, NORTH CAROLINA

Notes To Financial Statements
June 30, 2005

Note 1. Summary of Significant Accounting Policies

The accounting policies of the City of High Point, North Carolina, and its discretely presented component unit conform to accounting principles generally accepted in the United States of America as applicable to governments.

The City's financial statements are prepared in accordance with generally accepted accounting principles in the United States of America. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so.

The more significant accounting policies established in GAAP and used by the City are discussed below. The following is a summary of the more significant accounting policies:

A. Description of Unit and Reporting Entity

The City of High Point is located in the Piedmont area of the State and has a population of 93,352. The City is a municipal corporation which is governed by an elected mayor and an eight-member council and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component unit, a legally separate entity for which the City is financially accountable. The discretely presented component unit (City of High Point ABC Board) is reported in a separate column in the City's financial statements in order to emphasize that it is legally separate from the City.

City of High Point ABC Board

The City appoints the members of the ABC Board's governing board. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the City. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements and related information for the ABC Board may be obtained from the entity's administrative offices at City of High Point ABC Board, 201 W. Fairfield Road, High Point, NC 27265.

B. Basic Financial Statements—Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's general administrative, public services, police and fire, parks and recreation, library, and administrative services are classified as governmental activities. The City's water, sewer, electric, mass transit, parking, landfill and storm water services are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts—invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (police, fire, public works, etc.). The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, fire, public services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales, intergovernmental revenues, interest income, etc.).

The City does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

C. Basic Financial Statements—Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The City uses the following fund types:

a. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

1. General Fund. The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State shared revenues, and various other taxes and licenses. The primary expenditures are for public safety (police and fire), public works and cultural and recreation.
2. Special Revenue Fund. The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments) that are legally restricted to expenditures for specified purposes. The City maintains two special revenue funds: The Special Grants Fund and The Community Development Fund.
4. Debt Service Fund. The Debt Service Fund is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

5. Capital Projects Funds. The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The City maintains two capital project funds: the General Capital Projects Fund and the General Capital Projects Ordinance Fund.

The General Fund is the only major governmental fund.

b. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

1. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The City maintains six enterprise funds: the Water and Sewer Fund, the Electric Fund, the Mass Transit Fund, the Parking Facilities Fund, the Landfill Facilities Fund and the Storm Water Fund. For financial reporting purposes, the Water Capital Projects Ordinance Fund, the Water Capital Reserve Fund, the Sewer Capital Projects Ordinance Fund, the Sewer Capital Reserve Fund, the Transit Capital Reserve Fund, the Landfill/Recycling Facilities Capital Projects Ordinance Fund, and the Landfill Closure and Post-closure Reserve Fund, have been consolidated with their respective Enterprise Fund. The Water and Sewer Fund and the Electric Fund are the only major enterprise funds of the City.

2. Internal service funds are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the City on a cost-reimbursement basis. The City has one Internal Service Fund.
3. Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The Fiduciary Fund of the City is the General Agency Fund.

The General Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of the results of operations.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City electively added funds, as major funds, which either had debt outstanding or specific community focus. The non-major funds are combined in a column in the fund financial statements.

The City's internal service fund is presented in the proprietary funds financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (police, fire, public works, etc.).

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

D. Measurement Focus and Basis Of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City of High Point, these revenues are charges for services for the Water and Sewer Fund, Electric Fund, Mass Transit Fund, Parking Facilities Fund, the Landfill Facilities Fund and the Storm Water Fund. Operating expenses are necessary costs that have been included in order to provide the good or service that is the primary activity of the fund.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Guilford County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City of High Point.

For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the City's vehicle taxes for vehicles registered in Guilford County from March 2004 through February 2005 apply to the fiscal year ended June 30, 2005. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues. For vehicles registered under the annual system, taxes are due on May 1 of each year. For those vehicles registered and billed under the annual system, uncollected taxes are reported as a receivable on the financial statements and are offset by deferred revenues because the due date and the date upon which interest begins to accrue passed prior to June 30. The taxes for vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 2005 because they are intended to finance the City's operations during the 2006 fiscal year.

Sales taxes collected and held by the State at year-end on behalf of the City are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues that are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

As permitted by generally accepted accounting principles, the City has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

E. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General, Special Revenue, Debt Service, Enterprise and Internal Service Funds. All annual appropriations lapse at the fiscal-year end.

Capital Project Funds, including the Enterprise Capital Projects and Ordinance Funds, are budgeted on a project or an annual basis depending on the estimated life of the project. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. The City Manager is authorized by the budget ordinance to make unlimited transfers within a fund; however, the governing board must approve any revisions that alter the total expenditures of any fund.

A budget calendar is included in the North Carolina General Statutes, which prescribes the last day on which certain steps of that budget procedure are to be performed.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of an ordinance.
4. The City monitors budget performance through the Budget and Evaluation Division. The office monitors revenues and reviews expenditures against the departmental budget and prepares budget amendments as necessary.

F. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

All deposits of the City and of the ABC Board are made in board-designated official depositories and are secured as required by state law (G.S. 159-31). The City and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City and the ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

February 1, interest accrues at the rate of .75 percent per month until paid. As allowed by State law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

The City has an arrangement with Guilford County for the billing and collecting of the City's property taxes.

The City is permitted by the general statutes of the State to levy taxes up to \$1.50 per \$100 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt, and in unlimited amounts for the payment of principal and interest on long-term debt.

The combined tax rate to finance general governmental services other than the payment of principal and interest on long-term debt for the year ended June 30, 2005, was \$.540 per \$100, which means that the City has a tax margin of \$.761 per \$100.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Assessments Receivable

Assessments receivable in the general fund are not accrued as revenue because they are not considered to be both "measurable and available." The amount of the receivable is reduced by a valuation reserve equal to the average loss on assessments based upon past experience. The net receivable amount is included in deferred revenue on the liability side of the balance sheet.

Assessment principal in the water and sewer funds is recorded as capital contributed revenue and assessment interest is recorded as revenue when billed.

7. Notes Receivable

Notes receivable for the Community Development Fund represent loans made through grant programs that are collectible in future fiscal years. Recognition of this revenue is deferred until both measurable and available in the governmental funds. In the government-wide financial statements, however, these amounts are reported as revenues in the year that they are earned.

8. Inventory and Prepaid Items

Inventories of the City are valued at cost (first-in, first-out), which approximates market. Inventories in the internal service and enterprise funds consist of expendable supplies held for consumption. The costs of these inventories are recorded as an expense as the inventories are consumed. The City of High Point ABC Board values its inventory at replacement cost.

Certain payments to vendors reflect costs applicable to future accounting periods, are recorded as prepaid items in both government-wide, fund financial statements, and expensed as the items are used.

9. Capital Assets

Capital assets of the City are defined as assets with an initial individual cost of more than a certain amount and estimated useful life of more than three years. The minimum capitalization cost for all capital assets is \$1,000, except for infrastructure, which has a capitalization threshold of \$10,000. The City's purchased capital assets are recorded at original cost. Donated capital assets are listed at fair value at the time of donation. General infrastructure assets acquired prior to July 1, 2003, consist of the road network (roads, curbs and gutters, sidewalks, and bridges) that were acquired, contributed by contractors, or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Depreciation of capital assets is provided on the straight-line method over their estimated useful lives:

Infrastructure	10-25 years
Water Rights	10-25 years
Buildings	25-50 years
Improvements	10-20 years
Machinery and equipment	3-10 years

Capital assets in the proprietary funds of the City and of the ABC Board are recorded at original cost at the time of acquisition. Property, plant, and equipment donated to the proprietary fund type operations are recorded at the estimated fair value at the date of donation. Capital assets of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

Buildings	20 years
Equipment	10 years
Furniture and fixtures	5 years
Automobiles	3 years

10. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Arbitrage rebate liabilities are accounted for in the Capital Projects and Enterprise Funds as a liability of the fund. The annual increase or decrease in the obligation is recorded as an adjustment of the current year interest revenue.

11. Compensated Absences

The vacation policy of the City provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the City, the current portion of the accumulated vacation pay is not considered to be material; therefore, no expenditure or liability has been reported in the governmental funds.

Both the City and the ABC Board's sick leave policies provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither the City nor the ABC Board has any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

12. Net Assets / Fund Balances

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted.

- Invested in capital assets, net of related debt represents the portion of net assets associated with nonliquid-capital assets less the outstanding capital asset related debt.
- Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State statute.
- Unrestricted net assets represent net assets with no externally imposed restrictions on use. While the City has categorized, reserved or segmented portions of unrestricted assets for various purposes, the City has the unrestricted authority to revisit or alter the allocation with managerial or City Council decision.

Governmental Fund Financial Fund Balances are represented as follows:

In the Governmental Fund Financial Statements, reservations or restrictions of fund balance represents amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G. S. 159-13(b)(16)] restricts appropriation of fund balance or fund equity for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved

Reserved for encumbrances - portion of fund balance available to pay for commitments related to purchase orders and contracts that remained unperformed at year-end.

Reserve for prepaid items – represents that portion of fund balance in the general fund for prepaid items, such as postage and other prepaid expenses.

Reserved by State Statute - portion of fund balance, which is not available for appropriation under State law (G.S. 159-8(a)). This amount is usually comprised of accounts receivable and interfund receivables that have not been offset by deferred revenues.

Reserved for specific programs - represents that portion of fund balance in the General Fund that is reserved for health insurance; the amount in the Special Revenue Fund is reserved for use in specific programs of the Special Grants and Community Development funds.

Reserved for economic development purposes – portion of fund balance available for appropriation that has been reserved for economic development incentives and reimbursements.

Reserved for debt service – the portion of fund balance of the Debt Service Fund available to service the debt service payments of general government debt.

Reserved for capital projects – the portion of fund balance of the General Capital Projects and General Capital Projects Ordinance Funds that is available to fund general capital projects of the City.

Unreserved

Designated for subsequent year's expenditures - portion of the total fund balance available for appropriation that has been designated for the adopted 2005-2006 budget ordinance.

Undesignated - portion of total fund balance available for appropriation that is uncommitted at year-end.

G. Revenues, Expenditures and Expenses

1. Grant Revenue

The City recognizes revenues (net of estimated uncollectible amount, if any), when all applicable eligibility requirements, including time requirements, are met. Resources transmitted to the City before meeting the eligibility requirements are recorded and reported as deferred revenues.

2. Investment income

The City recognizes investment income from pooled cash and investments as revenues in the individual funds based on the percentage of a fund's average monthly investment in pooled cash and investments to the total average monthly-pooled equity in pooled cash and investments. All investment earnings are allocated and recorded monthly in each individual fund.

3. Interfund Transactions

Interfund transactions are either services provided, reimbursements or transfers. Services that are deemed to be reasonably equivalent in value are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs the cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement, if material. All other interfund transactions are presented as transfers. Transfers within governmental activities and business-type activities are eliminated upon consolidation. Also, the ABC Board makes quarterly transfers to the City's General Fund. These transfers represent the City's portion of the Board's surpluses that the ABC Board is required by State statute to distribute to the City. These transactions are considered external transactions – that is, revenues and expenses.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Detail Notes on All Funds and Account Groups

A. Assets

1. Deposits

All the deposits of the City and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City and the ABC Board, these deposits are considered to be held by the City's and the ABC Board's agents in their names.

The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City, The ABC Board or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City or the ABC Board under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City and the ABC Board have no policy regarding custodial credit risk for deposits.

At June 30, 2005, the City's deposits had a carrying amount of \$5,475,658 and a bank balance of \$7,749,945. The carrying amount of deposits for the ABC Board was \$823,799 and the bank balance was \$826,290. Of the bank balances, the City and the ABC Board had deposits covered by federal depository insurance of \$400,000 and \$136,576 respectively.

2. Investments

At June 30, 2005, the City's investment balances were as follows:

	Fair Value	Maturity	Rating
U.S. Treasuries	\$ 133,668,244	1 to 2 Years	AAA
American General Financial Commercial Paper	1,005,436	01/23/06	A1P1
North Carolina Capital Management Trust	15,750,744	N/A	AAAm
	<u>\$ 150,424,424</u>		

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits at least half of the City's investment portfolio to maturities of less than 12 months. Also, the City's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than two years.

Credit risk. The City has no formal policy regarding credit risk. The investment in the U.S. Treasuries are rated AAA by Standard and Poor's and Aaa by Moody's Investors Service. The City's investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2005. The City's investment in the American General Financial Commercial Paper is rated A1P1.

Custodial credit risk. For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's \$300,000 investments in repurchase agreements are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the City's name. The City has no policy on custodial credit risk.

Concentration of Credit Risk. The City places no limit on the amount that the City may invest in any one issuer. More than 5% of the City's investments are in U.S. Treasuries, which are primarily Federal Home Loan Bank securities. This investment is 89% of the City's total investments

3. Investments in Real Estate

Investments in real estate at June 30, 2005, consist of land available for resale in the General Fund reported at a cost of \$32,041.

4. Receivables - Allowances for Doubtful Accounts and Interfund Receivables

The amounts presented in the Statements of Net Assets, Governmental Funds Balance Sheet and Proprietary Fund Statement of Net Assets, are net of the following allowances for doubtful accounts:

<u>Fund</u>	
<u>General Fund</u>	
Taxes receivable	\$ 524,978
Assessments receivable	460
<u>Enterprise Fund</u>	
Accounts receivable	1,568,065
Assessments receivable	15,202

Interfund receivables consisted of the following and were used to advance the below funds cash to cover negative cash balances at yearend:

<u>From</u>	<u>To</u> <u>General Fund</u>
Special Grants Fund.....	\$ 416,525
Community Development Fund.....	<u>322,292</u>
Total.....	<u>\$ 738,817</u>

5. Capital Assets

A summary of changes in capital assets follows:

	Primary Government			
	Beginning Balance	Increases & Reclassifications	Decreases & Reclassifications	Ending Balance
Governmental activities:				
Capital assets not being depreciated				
Land and improvements.....	\$ 12,542,432	\$ 42,000	\$ -	\$ 12,584,432
Rights of way.....	19,628,568	413,996	-	20,042,564
Construction in progress.....	2,625,000	4,520,609	-	7,145,609
Total capital assets not being depreciated	<u>34,796,000</u>	<u>4,976,605</u>	<u>-</u>	<u>39,772,605</u>
Capital assets being depreciated				
Buildings and improvements.....	41,673,858	642,819	-	42,316,677
Equipment.....	57,983,148	5,178,882	2,468,988	60,693,042
Roads.....	338,318,905	10,712,219	-	349,031,124
Bridges.....	3,495,967	-	-	3,495,967
Curbs and Gutters.....	26,837,373	-	-	26,837,373
Sidewalks.....	7,501,677	-	-	7,501,677
Total capital assets being depreciated	<u>475,810,928</u>	<u>16,533,920</u>	<u>2,468,988</u>	<u>489,875,860</u>
Less accumulated depreciation for:				
Buildings and improvements.....	29,378,674	1,320,455	2,214,280	28,484,849
Equipment.....	34,322,604	4,841,915	-	39,164,519
Roads.....	159,755,879	21,331,114	-	181,086,993
Bridges.....	1,991,512	201,706	-	2,193,218
Curbs and Gutters.....	15,717,807	1,716,093	-	17,433,900
Sidewalks.....	7,489,328	461,211	-	7,950,539
Total accumulated depreciation	<u>248,655,804</u>	<u>29,872,494</u>	<u>2,214,280</u>	<u>276,314,018</u>
Total capital assets being depreciated (net).....	<u>227,155,124</u>	<u>(13,338,574)</u>	<u>254,708</u>	<u>213,561,842</u>
Governmental activities capital assets, net.....	<u>\$ 261,951,124</u>	<u>\$ (8,361,969)</u>	<u>\$ 254,708</u>	<u>\$ 253,334,447</u>

	Primary Government			
	Beginning Balance	Increases & Reclassifications	Decreases & Reclassifications	Ending Balance
Business-type activities:				
Capital assets not being depreciated				
Land and other nondepreciated capital assets.....	\$ 25,014,309	\$ 117,665	\$ 1,748,086	\$ 23,383,888
Construction in progress.....	37,510,817	12,919,353	-	50,430,170
Total capital assets not being depreciated.....	62,525,126	13,037,018	1,748,086	73,814,058
Capital assets being depreciated				
Infrastructure.....	133,715,576	5,231,748	-	138,947,324
Buildings and improvements.....	85,305,168	604,352	-	85,909,520
Equipment.....	129,392,721	11,437,486	1,574,170	139,256,037
Capital assets being depreciated.....	348,413,465	17,273,586	1,574,170	364,112,881
Less accumulated depreciation for:				
Infrastructure.....	57,876,787	5,845,284	-	63,722,071
Buildings and improvements.....	37,693,446	2,100,969	-	39,794,415
Equipment.....	57,522,380	1,929,503	1,567,743	57,884,140
Total accumulated depreciation.....	153,092,613	9,875,756	1,567,743	161,400,626
Total capital assets being depreciated(net).....	195,320,852	7,397,830	6,427	202,712,255
Business-type activities capital assets, net.....	\$ 257,845,978	\$ 20,434,848	\$ 1,754,513	\$ 276,526,313

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 3,422,565
Public safety.....	1,282,586
Public Services and Transportation.....	23,997,065
Planning and community development.....	36,303
Cultural and recreation.....	1,133,975
Total governmental activities depreciation expense	\$ 29,872,494
Business-type activities:	
Water and Sewer.....	\$ 4,787,713
Electric.....	3,401,578
Mass Transit.....	489,222
Parking Facilities.....	274,166
Landfill Facilities.....	919,467
Storm Water Facilities.....	3,610
Total business-type activities depreciation expense	\$ 9,875,756

A summary of proprietary fund type fixed assets for the ABC Board at June 30, 2005 follows:

	Assets
Land and buildings	\$ 2,372,494
Equipment	933,014
Leasehold improvements	31,337
Accumulated depreciation	(1,216,412)
Total ABC Board	\$ 2,120,433

B. Liabilities

1. Accounts payable and accrued expenses consisted of the following:

	<u>Accounts Payable</u>	<u>Accrued Payroll and expenses</u>	<u>Total</u>
Governmental Activities			
General Fund	\$ 817,887	\$ 961,001	\$ 1,778,888
Other nonmajor governmental funds	<u>508,610</u>	<u>57,502</u>	<u>566,112</u>
Total governmental funds	<u>1,326,497</u>	<u>1,018,503</u>	<u>2,345,000</u>
Business -Type Activities			
Water and Sewer	270,828	114,012	384,840
Electric	7,566,757	107,369	7,674,126
Other nonmajor enterprise funds	<u>18,172</u>	<u>65,441</u>	<u>83,613</u>
Total enterprise funds	<u>7,855,757</u>	<u>286,822</u>	<u>8,142,579</u>
Total Primary Government	<u>\$ 9,182,254</u>	<u>\$ 1,305,325</u>	<u>\$ 10,487,579</u>

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The City of High Point and the ABC Board contribute to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS.

That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center Salisbury Street, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The City and the ABC Board are required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.91% and 4.78%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 4.91% of annual covered payroll. The contribution requirements of members and of the City of High Point and the ABC Board are established and may be amended by the North Carolina General Assembly.

The City's contributions to LGERS for the years ended June 30, 2005, 2004 and 2003 were \$2,268,250, \$2,047,896, and \$2,018,678, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2005, 2004, and 2003 were \$38,982, \$38,672, and \$35,991, respectively. The contributions made by the City and the ABC Board equaled the required contributions for each year.

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description.

The City of High Point administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the City’s qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Separation Allowance does not issue a stand-alone financial report. Financial and trend information is presented as required supplementary information following these notes.

The Separation Allowance covers all full-time law enforcement officers of the City. At December 31, 2004, the Separation Allowance’s membership consisted of:

Retirees currently receiving benefits.....	31
Active plan members.....	<u>222</u>
Total.....	<u><u>253</u></u>

2. Summary of Significant Accounting Policies.

Basis of Accounting. The City has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they become due.

3. Contributions.

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The City’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contributions for the current year was determined as part of the December 31, 2003 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases of 5.9% to 9.8% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases.

Funding Policy. Plan members are required to contribute \$10 per month to the Fund. The State, a non-employer contributor, funds the plan through appropriations. The City does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

e. Other Post-employment Benefits

The City has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the system, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits.

Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months before the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan.

The City has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payrolls, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers.

Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. For the fiscal year ended June 30, 2005, the City made contributions to the State for death benefits of \$41,647.

The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .13% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

3. Closure and Postclosure Care Costs - Kersey Valley Landfill Facilities

State and federal laws and regulations require the City to place a final cover on its Kersey Valley Landfill Facilities when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$8,318,736 reported as landfill closure and post closure care liability at June 30, 2005 represents a cumulative amount reported to-date based on the use of 100 percent of the total estimated capacity of the first phase and second phase, and 30% of the third phase of the landfill. The City will recognize the remaining estimated cost of closure and post closure cost of \$4,806,788 as the remaining estimated capacity is filled. The estimated total current cost of the landfill closure and post closure care is \$13,125,524. These amounts are based on what it would cost to perform all closure and post closure care in 2005. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The City closed Phase I of the Kersey Valley Facilities in the fiscal year 1998 and Phase II was closed in fiscal year 2003. Phase III was opened to begin accepting waste in fiscal year 2003, and has an estimated remaining life of three years.

The City has met the requirements of a local government financial test that is one option under State and federal laws and regulations that helps determine if a unit is financially able to meet closure and post closure care requirements. At June 30, 2005, the City has accumulated \$14,202,749 for future payment of closure and post closure care costs. These are reported as restricted assets on the proprietary fund

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statement of net assets. The City expects that future inflation costs will be paid from interest earnings on these annual contributions.

However, if interest earnings are inadequate or additional post closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users.

3. Deferred Revenues

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental and enterprise funds also defer revenue recognition of resources that have been received as of the year-end, but are unearned. The balance in deferred revenues at year-end is composed of the elements that follow:

	General Fund	Non-Major Governmental		Enterprise Funds
		Special Revenue	Capital Projects	
Prepaid privilege licenses and vehicle taxes (unearned).....	\$ 765,079	\$ -	\$ -	\$ -
Taxes receivable (net) (unavailable).....	1,572,598	-	-	-
Assessments (net) (unavailable).....	17,497	-	-	-
Notes (unavailable).....	-	3,949,409	-	-
Contributions (unearned).....	-	-	83,650	-
Unexpended pond maintenance funds (unearned).....	-	-	-	2,321,928
Total.....	\$ 2,355,174	\$ 3,949,409	\$ 83,650	\$ 2,321,928

4. Commitments

Commitments for the purchase of goods and services and for the construction and acquisition of assets are as follows at June 30, 2005:

General Fund	\$ 418,169
Special Revenue	475,718
Capital Projects	4,449,884
Enterprise Funds	30,055,005
	<u>\$ 35,398,776</u>

5. 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 protects itself from potential loss through a combination of risk-sharing participation, purchase of commercial insurance for primary and/or excess liability coverage and self-insured risk retention. Self-insured risks are primarily for employee dental insurance, general, professional, law enforcement, vehicle and underground storage tank liabilities.

Claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but are not reported (IBNRs), based on actuarial computations. Settled claims have not exceeded self-retained or purchased insurance coverage in any of the past three fiscal years.

6. Claims and Judgments

At June 30, 2005, the City was a defendant to various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

7. Long-Term Obligations

a. Operating Leases

The City has commitments with entities to lease equipment. Future minimum lease payments for the equipment operating leases as of June 30, 2005 are as follows:

	Year Ending <u>June 30,</u>	Governmental <u>Fund</u>
2006		\$ 133,682
Total future minimum lease payments		<u>\$ 133,682</u>
Lease expenses for operating leases for the year ended June 30, 2005		<u>\$ 129,695</u>

b. Capital Leases

The City has entered into agreements to lease certain equipment. These lease agreements qualify as capital leases for accounting purposes (titles transfer at end of lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The majority of these leases are for a five-year term with monthly or semi-annual payments. The principal source of funding for these leases will be the General Fund and Internal Service Fund.

The assets under capital lease obligations consisted of the following:

Guaranteed Energy Contract	\$ 1,138,668
Aerial Ladder Truck	800,000
Rescue Vehicles	240,000
Fire trucks and equipment	1,245,236
911 Equipment (Construction in progress)	7,145,609
MS800 Scanner	<u>16,458</u>
Total	<u>\$ 10,585,971</u>

The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2005 were as follows:

Year Ending <u>June 30,</u>	Governmental <u>Activities</u>
2006	\$. 1,323,289
2007	1,320,060
2008	1,528,607
2009	1,338,605
2010	1,124,544
2011-2015	5,319,372
2016-2020	<u>93,408</u>
Total minimum lease payments	12,047,885
Less: amounts representing interest	<u>(1,913,336)</u>
Present value of minimum lease payments	<u>\$ 10,134,549</u>
Listing of assets under capital leases	
Equipment.....	\$. 3,440,362
Construction in progress (911 Tower).....	7,145,609
Less: accumulated amortization.....	<u>(460,339)</u>
Net asset under capital leases.....	<u>\$ 10,125,632</u>

Amortization is included in the financial statements in depreciation and amortization

c. General Obligation Indebtedness

Bonds payable at June 30, 2005 are comprised of the following individual issues:

General Obligation Bonds	
Serviced by the General Fund:	<u>\$ 30,028,059</u>
These serial bonds bear interest, payable semi-annually, at rates varying from 2.25% to 5.4%. Principal is payable annually in varying amounts through 2019	
Serviced by Enterprise Funds:	\$ 66,535,967
Deferred loss on advance refunding	<u>(5,776)</u>
	<u>\$ 66,530,191</u>
These serial bonds bear interest, payable semi-annually, at rates varying from 2.25% to 5.4%. Principal is payable annually in varying amounts through 2022	
Total general obligation bonds, net of deferred loss on advance refunding	<u>\$ 96,558,250</u>

Those general obligation bonds issued to finance the construction of facilities utilized in the operations of the enterprise funds and which its resources are retiring is reported as long-term debt in the respective enterprise fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the City. Principal and interest requirements are appropriated when due. Principal is payable annually in varying amounts through 2022. Principal and interest requirements will be provided by appropriation in the year in which they become due.

Revenue Bonds

On October 27, 2004, the City issued \$40.4 million of revenue bonds secured by water and sewer operating revenues at a premium of \$1.7 million dollars; the bonds were issued as \$21.8 million serial bonds, \$2.4 million serial – split coupons bonds, and \$16.2 were issued as term bonds. The serial bonds carry interest rates of 2.00% to 5.00% and mature between November 1, 2007 and November 1, 2024. The serial – split bonds carry interest rates of 2.25% to 3.75% and mature with dates beginning November 1, 2008 to November 1, 2019. The term bonds carry interest rates of 5.00% and mature beginning November 1, 2025 to November 1, 2031. All term bonds are subject to mandatory redemption in prescribed amounts before the maturity dates.

State and Federal Revolving and Bond Loans

Serviced by Enterprise Funds:

A state revolving loan was executed October 10, 1995 for a sewer project in the amount of \$506,839, at an interest rate of 2.89%, principal to be repaid in 10 annual installments, the first principal payment being due 6 months after completion of the project. At June 30, 2005, \$506,839 had been drawn-down and principal payments of \$405,471 had been made, leaving an outstanding balance of \$101,368. Interest expense was \$4,391 for the year ended June 30, 2005.

A loan was executed March 20, 1996 under the State Clean Water Bond Loan Program in the amount of \$2,300,000, at an interest rate of 5.3%, principal due annually for 20 years beginning in 1998. Additional amounts were granted under this loan and were drawn down during the year ended June 30, 1999, \$244,271 at 5.3% interest and \$55,407 at 5.85% interest. Principal payments are due annually for 19 years and 18 years, respectively, on these amounts. At June 30, 2005, a total of \$2,599,678 had been drawn-down and principal payments of \$1,031,542 had been made leaving an outstanding balance of \$1,568,136. Interest expense was \$59,021 for the year ended June 30, 2005.

A federal revolving loan was executed March 14, 1996 for a sewer project in the amount of \$7,500,000, at an interest rate of 3.035%, principal to be repaid in 20 annual payments, the first principal payment being due 6 months after completion of the project. At June 30, 2005, \$7,137,854 had been drawn-down and principal payments of \$3,216,135 had been made, leaving an outstanding balance of \$3,921,719. Interest expense was \$130,854 for the year ended June 30, 2005.

A federal revolving loan was executed April 6, 2001 for a sewer project in the amount of \$15,000,000, at an interest rate of 2.550%, principal to be repaid in 20 annual payments, the first principal payment being due 6 months after completion of the project. At June 30, 2005, \$15,000,000 had been drawn-down and principal payments of \$2,250,000 have been made, leaving an outstanding balance of \$12,750,000. Interest expense was \$344,065 for the year ended June 30, 2005.

Watershed Bonds Note Payable

The City has entered into bond agreements with Guilford County for providing watershed land protection. The County issued the bonds, and the City is committed to reimburse the County for 50% of the bond principal and interest repayments. The interest rates for these bonds range between

2.83% and 5.35%. The balance as of June 30, 2005 was \$1,310,190. Interest expense was \$51,348 for the year ended June 30, 2005.

Annual Debt Service Requirements:

Annual debt service requirements to maturity for General Obligation bonds, Revenue Bonds, and Loans and Notes Payable are as follows:

Year Ending June 30,	Governmental Activities - Bonds		Year Ending June 30,	Business -Type	
	General Obligation			Water and Sewer Revenue Bonds	
	Principal	Interest		Principal	Interest
2006	\$ 3,295,935	\$ 1,447,273	2006	\$ -	\$ 1,739,062
2007	3,232,494	1,302,457	2007	-	1,819,949
2008	2,366,110	1,158,711	2008	985,000	1,727,518
2009	2,340,936	1,050,406	2009	1,005,000	1,695,974
2010	2,330,015	939,712	2010	1,030,000	1,661,496
2011-2015	12,892,574	3,017,006	2011-2015	5,645,000	8,279,647
2016-2020	3,569,995	623,247	2016-2020	6,850,000	8,116,780
Total	<u>\$ 30,028,059</u>	<u>\$ 9,538,812</u>	2021-2024	8,630,000	5,178,750
			2025-2029	11,015,000	2,818,125
			2030-2031	5,215,000	263,875
			Total	<u>\$ 40,375,000</u>	<u>\$ 33,301,176</u>

Year Ending June 30,	Business -Type Activities Bonds					
	Water and Sewer		Parking Facilities		Storm Water	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 3,927,754	\$ 2,941,288	\$ 188,518	\$ 16,364	\$ 27,793	\$ 6,244
2007	3,979,873	2,786,013	175,135	7,881	27,497	5,619
2008	4,256,688	2,625,227	-	-	27,202	4,932
2009	4,279,551	2,449,821	-	-	19,514	3,764
2010	4,271,062	2,270,094	-	-	18,923	3,764
2011-2015	21,741,036	8,554,359	-	-	88,997	10,926
2016-2020	19,216,423	3,376,624	-	-	-	-
2021-2024	4,290,001	325,570	-	-	-	-
Total	<u>\$ 65,962,388</u>	<u>\$ 25,328,996</u>	<u>\$ 363,653</u>	<u>\$ 24,245</u>	<u>\$ 209,926</u>	<u>\$ 35,249</u>

Year Ending June 30,	Business Activities-Loans and Notes Payable							
	Water and Sewer							
	Note Payable		State Clean Water Bond Loan		Federal Revolving Loan		State Revolving Loan	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 242,764	\$ 58,593	\$ 130,935	\$ 49,918	\$ 1,142,172	\$ 444,149	\$ 50,684	\$ 2,930
2007	220,255	49,412	130,935	45,355	1,142,172	413,122	50,684	1,465
2008	223,841	42,377	130,935	40,788	1,142,172	422,883	-	-
2009	228,233	49,809	130,935	62,304	1,142,172	351,067	-	-
2010	395,097	37,642	130,935	36,219	1,142,172	320,040	-	-
2011-2015	-	-	654,673	91,108	5,710,859	1,134,786	-	-
2016-2020	-	-	258,788	13,213	3,750,000	1,655,430	-	-

At June 30, 2005, the City of High Point had authorized bonds of \$73,650,000 and a legal debt margin of \$639,921,583. There are limitations and restrictions contained in the various bond indentures.

Changes in Long-term Liabilities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Governmental Activities:					
Bonds and notes payable:					
General obligation bonds.....	\$ 33,323,237	\$ -	\$ 3,295,178	\$ 30,028,059	\$ 3,295,935
Capital leases.....	11,069,055	-	934,506	10,134,549	966,512
Total bonds and notes payable.....	<u>44,392,292</u>	<u>-</u>	<u>4,229,684</u>	<u>40,162,608</u>	<u>4,262,447</u>
Other liabilities:					
Compensated absences.....	2,794,989	2,986,360	2,794,989	2,986,360	-
Claims and judgments.....	104,714	-	104,714	-	-
Pension liabilities.....	353,418	353,106	251,090	455,434	455,434
Total other liabilities.....	<u>3,253,121</u>	<u>3,339,466</u>	<u>3,150,793</u>	<u>3,441,794</u>	<u>455,434</u>
Governmental activities long-term liabilities.....	<u>\$ 47,645,413</u>	<u>\$ 3,339,466</u>	<u>\$ 7,380,477</u>	<u>\$ 43,604,402</u>	<u>\$ 4,717,881</u>
Business-type Activities:					
Bonds and notes payable					
Water and Sewer General Obligation Bonds.....	\$ 69,884,280	\$ -	\$ 3,921,892	\$ 65,962,388	\$ 3,927,754
Water and Sewer Revenue Bonds.....	-	40,375,000	-	40,375,000	-
Premium on Water and Sewer Revenue Bonds.....	-	1,719,260	62,519	1,656,741	-
Total Water and Sewer Revenue Bonds.....	<u>-</u>	<u>42,094,260</u>	<u>62,519</u>	<u>42,031,741</u>	<u>-</u>
Parking General Obligation Bonds.....	556,826	-	193,173	363,653	188,518
Storm Water General Obligation Bonds.....	219,683	-	9,757	209,926	27,793
Notes and loans payable.....	21,216,599	-	1,565,186	19,651,413	1,566,555
Less deferred loss on refunding.....	(11,693)	-	5,918	(5,775)	-
Total bonds and notes payable.....	<u>91,865,695</u>	<u>42,094,260</u>	<u>5,758,445</u>	<u>128,213,346</u>	<u>5,710,620</u>
Other liabilities					
Arbitrage and Contract payable	231,478	-	-	231,478	-
Landfill closure and post-closure	8,147,635	171,101	-	8,318,736	-
Compensated absences.....	708,638	776,874	708,638	776,874	-
Business-type activities long term liabilities.....	<u>\$ 100,953,446</u>	<u>\$ 43,042,235</u>	<u>\$ 6,467,083</u>	<u>\$ 137,540,434</u>	<u>\$ 5,710,620</u>

On May 1, 2003, the City issued \$7.8 million in general obligation-refunding bonds with interest rates averaging 3.26%. The City issued the bonds to current and advance refund \$7.14 million of the outstanding series 1993 and 1995 general obligation bonds with interest rates ranging 4.40% to 5.60%. The City used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 1993 and 1995 series bonds. As a result, that portion of the 1993 and 1995 series bonds are considered defeased, and the City has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$7,430,000 at June 30, 2005.

The advance refunding reduced total debt service payments over the next 20 years by nearly \$458,693. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$407,686.

The General Government long-term debt will be liquidated with the use of funds from the General and Debt Service Funds. All Business-type activities long-term debt will be liquidated with the use of funds from their respective fund.

Note 3. Interfund Transfers

A schedule of interfund transfers for the year ended June 30, 2005 is as follows:

Transfers to	Transfers from						Total
	General	Nonmajor Governmental	Water and Sewer	Electric	Nonmajor Enterprise	Internal Service	
General Fund.....	\$ -	\$ -	\$ -	\$ 228,600	\$ -	\$ -	\$ 228,600
Nonmajor governmental ..	7,075,420	25,810	83,282	76,937	26,967	19,036	7,307,452
Electric.....	-	-	100,000	-	-	-	100,000
All non-major enterprise...	708,895	-	-	-	-	-	708,895
Total.....	<u>\$ 7,784,315</u>	<u>\$ 25,810</u>	<u>\$ 183,282</u>	<u>\$ 305,537</u>	<u>\$ 26,967</u>	<u>\$ 19,036</u>	<u>\$ 8,344,947</u>

Note 4. Reserved Net Assets

By previous action of City Council, the Mass Transit Fund has designated \$343,771 of its net assets earnings to provide for future collision liability eventualities.

Note 5. Joint Ventures

- A. The North Carolina Municipal Power Agency Number 1 (Agency) is a joint venture organized and existing pursuant to Chapter 159B of the General Statutes of North Carolina to enable municipalities owning electric distributions systems, through the organization of the Agency, to finance, construct, own, operate and maintain electric generation and transmission facilities. The Agency has nineteen members (participants), which receive power from the Agency. The Agency has entered into a Project Power Sales Agreement and a Supplemental Power Sales Agreement with each participant. These agreements provide for each participant to purchase from the Agency its all-requirements bulk power supply, in excess of power allotments from the Southeastern Power Administration (SEPA), which includes its total share of project output (as defined by the Project Power Sales Agreement). The Agency is obligated to provide all electric power required by each participant at the respective delivery points. Each participant is obligated to pay its share of the operating and debt service costs of the project.

The City began purchase of power from the Agency under the power sales agreement dated July 1, 1983.

Each municipality may appoint one commissioner to serve on the Agency's board. The board elects its own officers and is responsible for the selection of management to run the daily operations of the Agency. The Agency is responsible for budgeting and receiving its financing.

Summary financial information for the Agency for the year ended December 31, 2004 is presented below (in thousands of dollars):

	<u>Total</u>
Cash and investments.....	\$ 352,898
Other assets.....	1,274,970
Property plant and equipment.....	918,209
Total assets.....	<u>\$ 2,546,077</u>
Other liabilities.....	\$ 140,382
Long term debt.....	2,398,295
Fund equity.....	7,400
Total liabilities and fund equity.....	<u>\$ 2,546,077</u>
Total revenues.....	\$ 364,132
Total expenses.....	364,132
Net increase(decrease) in fund equity.....	<u>\$ -</u>

As of December 31, 2004, the Agency had outstanding \$1,914,715,000 of bonds.

The following is a summary of debt service requirements for bonds outstanding at December 31, 2004 (in thousands of dollars):

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	87,135	91,224	178,359
2006	93,075	85,865	178,940
2007	98,205	80,564	178,769
2008	102,565	76,956	179,521
2009 and thereafter	1,533,735	517,712	2,051,447
	<u>\$ 1,914,715</u>	<u>\$ 852,321</u>	<u>\$ 2,767,036</u>

The City has made no investment in this joint venture. The City's only financial involvement with the agency relates to the power sales agreement for power purchases. Complete financial statements for the Power Agency can be obtained from the Agency's administrative offices at P.O. Box 29513, Raleigh, NC 27626-0513.

- B. The Piedmont Triad Regional Water Authority is a consortium formed by the City, the City of Archdale, the City of Greensboro, the Town of Jamestown, the City of Randleman, and Randolph County for the purpose of construction of the Randleman Dam. Each participating government appoints two members to the board. The Dam is a joint venture for the purchase of land, construction of a dam, and a wastewater bypass. Upon completion of the dam and reservoir, the Piedmont Triad Regional Water Authority plans to conduct the operation and maintenance thereof based upon a uniform note structure for the distribution of water to the governmental units in the consortium which may purchase treated water from the proposed water treatment plant. The City made a contribution of \$1,575,000 during the year ended June 30, 2005. Complete financial statements for the Triad Regional Water Authority may be obtained from Piedmont Triad Regional Water Authority, Wilmington Building, Suite 100, 2216 West Meadowview Rd., Greensboro, NC 27407.
- C. The governing boards of the cities of Winston-Salem, Burlington, Greensboro, and High Point established the Piedmont Authority of Regional Transportation under the Regional Public Transportation Authority Act, North Carolina General Statutes Chapter 160A, Article 27. The purpose of the Authority is to promote the

development of sound transportation systems that provide transportation choices for citizens in its territorial jurisdiction. The participating governments do not have an equity interest in the joint venture. The City of High Point does not have financial responsibility for the Authority and is not responsible for its debts. Audited financial statements for the Piedmont Authority for Regional Transportation are available through the City of Winston-Salem, Finance Department, P.O. Box 2511, Winston-Salem, North Carolina 27102.

Note 7. Jointly Governed Organizations

- A. The City in conjunction with 6 counties and 25 other municipalities established the Piedmont Triad Regional Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of \$6,000 to the Council during the fiscal year ended June 30, 2005.
- B. The City has an agreement with the Piedmont Triad Airport Authority in which it appoints one member to the board. The City has no financial obligation or investment in the operation of the Regional Airport. Complete financial statements for the Piedmont Triad Regional Airport Authority may be obtained at their offices at P.O. Box 35005, Greensboro, NC 27425.
- C. The City created a High Point Convention and Visitors Bureau (the Bureau) to promote tourism and to solicit, and encourage convention business in High Point. The City appoints one of the eleven voting members of the Bureau. Revenues from the occupancy tax pass through the City to the Bureau. The City has no other financial obligation or investment in the operation of the Bureau.

Note 8. Related Organization

The eight-member board of the City of High Point Housing Authority includes seven members appointed by the Mayor of the City of High Point and one Council member liaison. The City is accountable for the Housing Authority because it appoints the governing board; however, the City is not financially accountable for the Housing Authority. The City of High Point is also disclosed as a related organization in the notes to the financial statements for the City of High Point Housing Authority.

Note 9. Electric Deregulation

In 1997, the General Assembly appointed the Study Commission on the Future of Electric Service in North Carolina ("Study Commission") to examine the cost, adequacy, availability and pricing of electric rates in North Carolina, in order to determine whether legislation was necessary to assure an adequate and reliable source of electricity and economical, fair and equitable rates for all consumers in North Carolina.

The Study Commission submitted its report to the 2000 General Assembly on May 16, 2000, which included a recommendation that fully competitive electric retail service be available to all North Carolina electric consumers by January 1, 2006, but no definitive legislation was proposed. In the time since the Study Commission made its recommendations, there have been several developments outside of North Carolina, particularly the electric power outages occurring in late 2000 and 2001 in California. While the Study Commission has not withdrawn its 2000 recommendations, these outside events make it likely that any action toward electric deregulation in North Carolina will proceed slowly. Also, the Study Commission has not met since 2002.

The City and the Electric Agency are unable to predict the ultimate results of the recommendations made by the Study Commission or other interested parties, or whether any recommendations to the General Assembly will eventually be enacted into law.

Although the impact of any retail electric competition cannot be measured at this time, if such competition becomes applicable to the City, it may cause significant changes in (i) the number of customers, (ii) the costs to the customers, (iii) revenues, (iv) financing costs, and (v) debt ratings.

Note 10. Summary Disclosure of Significant Contingencies

A. Federal and State-Assisted Programs

The City has received proceeds from several federal and state grants, principal of which are the Community Development Block Grant and Federal Transit Administration programs. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

B. Developer Reimbursement Program

The City has a Developer Reimbursement Program that repays 50% of water and sewer lines purchased from developers. Repayment is only made when related residential units are ready for occupancy. Under these agreements, which have expiration dates through 2007, it is estimated that at June 30, 2005 the City is contingently liable for a maximum of \$282,050 in reimbursements.

Payments are made from the water or sewer funds as appropriate. The City did not make any payments to developers for the June 30, 2005 fiscal year.

C. Company Incentive Program

The City has a specific reimbursement commitment with a company that will provide reimbursements to the company for documented construction costs if the company meets certain documented benchmarks. As of June 30, 2005, there has been \$2,912,435 paid to the company under the incentive program. The maximum amount of reimbursements available to the company over the term of the program is \$4,143,800.

11. Comparative Data and Reclassifications

Comparative data for the prior year has been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. In addition, certain amounts presented in the prior year data have been reclassified in order to be consistent with current year's presentation.

12. Subsequent Event

In September 2005, the LGC authorized the City to issue \$52,735,000 Series 2005 Bonds consisting of \$37,920,000 General Obligation Refunding Bonds and \$14,815,000 General Obligation Public Improvement Bonds, which have been subsequently sold. The proceeds from the \$37.9 million refunding bonds will be used to refund General Obligation Bonds Series 1996 through Series 2000B issued from 1996 through 2000. The proceeds from the sale of the \$14.8 million General Obligation Bonds will be used to pay for improvements to fire fighting facilities, parks and recreation facilities, libraries, streets and sidewalks, and storm sewer and control facilities in the City. The average interest rate on the bonds will be 3.067% and scheduled maturities in varying amounts through 2026.

13. New GASB Pronouncements

Statement No. 42 – Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries for State and Local Governments provides for accounting and financial reporting standards for the impairment of capital assets. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2005.

13. New GASB Pronouncements (continued)

Statement No. 43 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans provides uniform financial reporting standards for other post employment benefits as part of the total compensation offered to attract and retain the services of qualified employees. The provisions of this statement are going to be phased in over a three-year period beginning for financial statements for periods beginning after December 15, 2005.

Statement No. 45 - Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions establishes standards for the measurement, recognition, and display of Other Post employment Benefit expenditures/expenses and related liabilities (assets), note disclosures, and, when applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. The provisions of this statement are going to be phased in over a three-year period beginning for financial statements for periods beginning after December 31, 2006.



Required Supplemental Information

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 HIGH POINT, NORTH CAROLINA

Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2005
Required Supplementary Information

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)- Projected Unit Credit	Unfunded AAL (UAAL) Obligation	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/95	\$	\$ 2,150,788	\$ 2,150,788	0.00%	\$ 6,159,180	34.92%
12/31/96	-	2,133,123	2,133,123	0.00%	6,614,994	32.25%
12/31/97	-	2,137,009	2,137,009	0.00%	6,888,811	31.02%
12/31/98	-	2,299,866	2,299,866	0.00%	7,017,459	32.77%
12/31/99	-	2,459,214	2,459,214	0.00%	7,007,805	35.09%
12/31/00	-	3,400,840	3,400,840	0.00%	7,235,089	47.00%
12/31/01	-	3,800,004	3,800,004	0.00%	8,000,276	47.50%
12/31/02	-	4,125,985	4,125,985	0.00%	8,204,368	50.29%
12/31/03	-	4,550,112	4,550,112	0.00%	8,632,901	52.71%
12/31/04	-	5,239,375	5,239,375	0.00%	10,054,732	52.11%

CITY OF HIGH POINT, NORTH CAROLINA

Law Enforcement Officers' Special Separation Allowance

For the Year Ended June 30, 2005

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
1995	237,034	86.7%
1996	226,797	76.1%
1997	270,388	88.6%
1998	275,290	98.7%
1999	282,123	80.3%
2000	301,690	73.9%
2001	318,408	83.4%
2002	336,844	80.8%
2003	377,358	89.6%
2004	508,065	89.6%

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	12/31/04
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	28 Years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	5.9% to 9.8%
*Includes inflation at	3.75%
Cost-of-living adjustments	None



The seal of the University of High Point, North Carolina, is a large, circular emblem. It features a central shield with a book and a torch, surrounded by a wreath. The shield is set within a larger circle containing the text "University of High Point" at the top and "North Carolina" at the bottom. The entire seal is rendered in a light gray color.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS
AND SCHEDULES**

CITY OF HIGH POINT, NORTH CAROLINA

General Fund

The General Fund accounts for all financial resources except those required to be accounted for in another fund. The general operations of the City, such as administration, police, fire, public services, parks and recreation, library, etc. are found in the General Fund. The primary sources of the revenues are property tax collections, licenses and permits, intergovernmental revenues, charges for services and interest on investments.

CITY OF HIGH POINT, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Taxes				
Ad valorem taxes-current year	\$ 43,264,575	\$ 43,734,815	\$ 470,240	\$ 40,050,117
Ad valorem taxes-prior years	366,700	333,007	(33,693)	329,552
Penalty and interest	100,900	121,592	20,692	114,889
Total taxes	<u>43,732,175</u>	<u>44,189,414</u>	<u>457,239</u>	<u>40,494,558</u>
Sales and Use Taxes				
Local option sales tax	12,721,248	14,818,161	2,096,913	12,378,268
Room occupancy tax	1,533,000	1,687,727	154,727	1,608,217
Total sales taxes	<u>14,254,248</u>	<u>16,505,888</u>	<u>2,251,640</u>	<u>13,986,485</u>
Intergovernmental Revenues				
Utility franchise tax	3,900,000	3,969,961	69,961	3,812,762
Beer and wine tax	515,000	462,099	(52,901)	600,396
Powell Bill	2,500,000	2,801,260	301,260	2,514,269
Half Housing tax reimbursement	1,000,000	728,806	(271,194)	948,956
Guilford County	490,000	563,069	73,069	397,843
Other intergovernmental revenues	1,197,501	1,645,112	447,611	1,393,327
Total Intergovernmental Revenues	<u>9,602,501</u>	<u>10,170,307</u>	<u>567,806</u>	<u>9,667,553</u>
Licenses and permits				
Privilege licenses	1,535,000	1,625,587	90,587	1,526,899
CATV franchise	750,000	829,394	79,394	778,281
Other licenses and fees	1,971,000	2,174,768	203,768	2,075,427
Total licenses and permits	<u>4,256,000</u>	<u>4,629,749</u>	<u>373,749</u>	<u>4,380,607</u>
Charges for services				
Fines and forfeitures	87,427	571,857	484,430	97,473
Inspection fees	30,000	40,210	10,210	35,660
Self-sustaining recreation programs	2,696,456	2,352,729	(343,727)	2,246,631
Sales and rentals	1,032,138	923,879	(108,259)	816,566
Other charges and services	351,000	349,820	(1,180)	382,730
Total charges for services	<u>4,197,021</u>	<u>4,238,495</u>	<u>41,474</u>	<u>3,579,060</u>
Interest income	940,000	965,422	25,422	401,853
Miscellaneous revenues	145,828	749,053	603,225	1,225,474
Administrative reimbursements	4,994,829	4,994,829	-	4,400,603

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CITY OF HIGH POINT, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Other financing sources				
Lease Purchase Proceeds	-	-	-	1,485,236
Operating transfer from Electric Fund	228,600	228,600	-	228,600
Transfer from Group Benefit Fund	-	-	-	314,462
Fund balance appropriated	7,382,054	-	(7,382,054)	-
	<u>7,610,654</u>	<u>228,600</u>	<u>(7,382,054)</u>	<u>2,028,298</u>
Total revenues and other financing sources	<u>89,733,256</u>	<u>86,671,757</u>	<u>(3,061,499)</u>	<u>80,164,491</u>
Expenditures				
General government				
Governing Body	336,370	281,006	55,364	342,535
Administration and general	2,471,905	2,673,317	(201,412)	2,260,927
Human Resources	971,591	943,611	27,980	919,553
Financial Services	3,059,779	3,139,435	(79,656)	2,844,715
Engineering	1,448,589	1,415,496	33,093	1,314,727
Communications	1,930,583	1,941,485	(10,903)	1,781,129
Business Development	405,709	402,605	3,104	354,638
Information Services	2,454,717	2,296,933	157,784	2,130,159
Public services administration	320,285	317,396	2,889	291,282
Facilities Maintenance	1,146,791	1,026,538	120,253	994,196
Contingency	400,000	-	400,000	-
Total general government	<u>14,946,319</u>	<u>14,437,822</u>	<u>508,496</u>	<u>13,233,861</u>
Public Safety				
Police	18,533,404	18,296,478	236,926	16,637,455
Fire	14,271,334	13,446,345	824,989	13,779,003
Park Rangers	330,941	321,451	9,490	275,327
Total public safety	<u>33,135,679</u>	<u>32,064,274</u>	<u>1,071,405</u>	<u>30,691,785</u>
Transportation				
Administration	631,765	555,498	76,267	578,194
Signs and signals	2,911,027	2,846,873	64,154	2,628,354
Streets maintenance	7,017,523	6,139,512	878,011	4,616,154
Total transportation	<u>10,560,315</u>	<u>9,541,883</u>	<u>1,018,432</u>	<u>7,822,702</u>
Environmental Protection				
Environmental services	5,200,285	5,101,925	98,360	4,946,330
Cemeteries	209,287	210,784	(1,497)	190,945
Total environmental protection	<u>5,409,572</u>	<u>5,312,709</u>	<u>96,863</u>	<u>5,137,275</u>
Total Public Services and Transportation	<u>15,969,887</u>	<u>14,854,592</u>	<u>1,115,295</u>	<u>12,959,977</u>

B-1

CITY OF HIGH POINT, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	PRIOR YEAR ACTUAL
Community and economic development				
Planning	1,070,593	1,070,917	(324)	896,153
Housing	68,199	68,101	98	71,277
Building inspections	1,802,448	1,725,552	76,896	1,580,962
Economic development	500,000	250,000	250,000	412,435
Total community and economic development	<u>3,441,240</u>	<u>3,114,570</u>	<u>326,670</u>	<u>2,960,827</u>
Cultural and recreation				
Parks and recreation	7,420,313	6,870,722	549,591	6,691,924
Library	4,013,666	3,913,652	100,014	3,632,821
Theatre	1,000,330	802,867	197,463	674,274
Special appropriations	2,021,507	2,140,667	(119,160)	1,895,184
Total cultural and recreation	<u>14,455,816</u>	<u>13,727,908</u>	<u>727,908</u>	<u>12,894,203</u>
Total expenditures	<u>81,948,941</u>	<u>78,199,166</u>	<u>3,749,774</u>	<u>72,740,653</u>
Other financing uses				
Contributions to other funds:				
Transfer to Mass Transit Fund	490,858	490,858	-	359,575
Transfer to Parking Facilities Fund	218,037	218,037	-	230,591
Transfers to:				
General Debt Service Fund	5,603,420	5,603,420	-	5,625,000
Capital Projects Fund	1,372,000	1,372,000	-	1,027,750
Stormwater Fund	-	-	-	250,000
General Capital Projects Ordinance Fund	100,000	100,000	-	150,000
Total other financing uses	<u>7,784,315</u>	<u>7,784,315</u>	<u>-</u>	<u>7,642,916</u>
Total expenditures and other financing uses	<u>89,733,256</u>	<u>85,983,481</u>	<u>3,749,774</u>	<u>80,383,569</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ 688,276</u>	<u>\$ 688,276</u>	<u>\$ (219,078)</u>

CITY OF HIGH POINT, NORTH CAROLINA

Combining Statements – All Non-Major Governmental Funds

Combining Balance Sheet. Displays the current financial position of all nonmajor governmental funds of the City.

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances. Displays the results of operations for all nonmajor governmental funds of the City.



CITY OF HIGH POINT, NORTH CAROLINA

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments.....	\$ -	\$ 3,374,226	\$ 1,862,251	\$ 5,236,477
Receivables:				
Accounts receivable and accrued revenue (net).....	2,047,994	-	423,541	2,471,535
Notes.....	3,949,409	-	-	3,949,409
Accrued Interest.....	-	23,547	12,363	35,910
Restricted Assets:				
Cash and investments.....	-	-	3,533,411	3,533,411
TOTAL ASSETS	<u>\$ 5,997,403</u>	<u>\$ 3,397,773</u>	<u>\$ 5,831,566</u>	<u>\$ 15,226,742</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses.....	\$ 95,395	\$ 23,875	\$ 71,531	\$ 190,801
Contracts payable.....	175,472	-	583,088	758,560
Due to other funds.....	738,817	-	-	738,817
Other liabilities.....	-	-	193,965	193,965
Deferred revenue.....	3,949,409	-	83,650	4,033,059
TOTAL LIABILITIES	<u>4,959,093</u>	<u>23,875</u>	<u>932,234</u>	<u>5,915,202</u>
Fund balances:				
Reserved for:				
Specific programs.....	1,038,310	-	-	1,038,310
Debt Service.....	-	3,373,898	-	3,373,898
Capital Projects.....	-	-	4,899,332	4,899,332
TOTAL FUND BALANCES	<u>1,038,310</u>	<u>3,373,898</u>	<u>4,899,332</u>	<u>9,311,540</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,997,403</u>	<u>\$ 3,397,773</u>	<u>\$ 5,831,566</u>	<u>\$ 15,226,742</u>

CITY OF HIGH POINT, NORTH CAROLINA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2005

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Revenues				
Intergovernmental Revenues.....	\$ 4,978,030	\$ -	\$ 1,333,164	\$ 6,311,194
Interest on Investments.....	559	151,031	162,426	314,016
Miscellaneous Revenues.....	1,407,666	-	110,498	1,518,164
Total revenues.....	<u>6,386,255</u>	<u>151,031</u>	<u>1,606,088</u>	<u>8,143,374</u>
Expenditures				
General Government.....	-	-	501,990	501,990
Public Safety.....	2,504,767	-	5,146,166	7,650,933
Public Services.....	534,671	-	3,986,556	4,521,227
Planning and Community Development.....	2,992,891	-	393,574	3,386,465
Cultural and Recreation.....	146,317	-	481,059	627,376
Debt Service:				
Principal Retirement.....	-	3,709,888	-	3,709,888
Interest and Fiscal Charges.....	-	1,935,965	-	1,935,965
Total Expenditures.....	<u>6,178,646</u>	<u>5,645,853</u>	<u>10,509,345</u>	<u>22,333,844</u>
Excess (deficiency) of revenues over expenditures.....	<u>207,609</u>	<u>(5,494,822)</u>	<u>(8,903,257)</u>	<u>(14,190,470)</u>
Other Financing Sources				
Transfers In (out).....	(25,810)	5,835,452	1,472,000	7,281,642
Total Other Financing Sources.....	<u>(25,810)</u>	<u>5,835,452</u>	<u>1,472,000</u>	<u>7,281,642</u>
Net change in fund balances.....	181,799	340,630	(7,431,257)	(6,908,828)
Fund balances, beginning of the year.....	856,511	3,033,268	12,330,589	16,220,368
Fund balances, ending of the year.....	<u>\$ 1,038,310</u>	<u>\$ 3,373,898</u>	<u>\$ 4,899,332</u>	<u>\$ 9,311,540</u>

CITY OF HIGH POINT, NORTH CAROLINA

Combining Balance Sheet
All Special Revenue Funds
June 30, 2005

	<u>SPECIAL GRANTS</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>TOTAL</u>
Assets:			
Receivables:			
Accounts and grants.....	\$ 1,407,784	\$ 640,210	\$ 2,047,994
Notes	-	3,949,409	3,949,409
 Total assets.....	<u>\$ 1,407,784</u>	<u>\$ 4,589,619</u>	<u>\$ 5,997,403</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable and accrued expenses.....	\$ 53,569	\$ 41,826	\$ 95,395
Contracts payable.....	175,472	-	175,472
Due to other funds.....	416,525	322,292	738,817
Deferred Revenue.....	-	3,949,409	3,949,409
 Total Liabilities.....	<u>645,566</u>	<u>4,313,527</u>	<u>4,959,093</u>
Fund Balances:			
Reserved for Specific Programs.....	<u>762,218</u>	<u>276,092</u>	<u>1,038,310</u>
 Total Fund Balances.....	<u>762,218</u>	<u>276,092</u>	<u>1,038,310</u>
 Total Liabilities and Fund Balances	<u>\$ 1,407,784</u>	<u>\$ 4,589,619</u>	<u>\$ 5,997,403</u>

CITY OF HIGH POINT, NORTH CAROLINA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Special Revenue Funds
For the Year Ended June 30, 2005

	<u>SPECIAL GRANTS</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>TOTAL</u>
Revenues:			
Intergovernmental Revenues.....	\$ 2,575,436	\$ 2,402,594	\$ 4,978,030
Interest on Investments.....	559	-	559
Miscellaneous Revenues.....	1,053,906	353,760	1,407,666
 Total Revenues.....	 <u>3,629,901</u>	 <u>2,756,354</u>	 <u>6,386,255</u>
Expenditures			
Current:			
Public Safety.....	2,504,767	-	2,504,767
Public Services.....	534,671	-	534,671
Planning and Community Development.....	216,902	2,775,989	2,992,891
Cultural and Recreation.....	146,317	-	146,317
 Total expenditures.....	 <u>3,402,657</u>	 <u>2,775,989</u>	 <u>6,178,646</u>
Other Financing Uses:			
Transfers out.....	(25,810)	-	(25,810)
Total other financing uses.....	<u>(25,810)</u>	<u>-</u>	<u>(25,810)</u>
 Excess (deficiency) of revenues over expenditures.....	 201,434	 (19,635)	 181,799
 Fund balance, beginning of year.....	 <u>560,784</u>	 <u>295,727</u>	 <u>856,511</u>
 Fund balance, end of year.....	 <u>\$ 762,218</u>	 <u>\$ 276,092</u>	 <u>\$ 1,038,310</u>

CITY OF HIGH POINT, NORTH CAROLINA

Special Revenue Funds

Special Revenue Funds account for the proceeds of special revenue sources that are legally restricted to expenditure for specified purposes. The City utilizes two special revenue funds.

Special Grants Fund

The Special Grants Fund accounts for the receipt and disbursement of all grants, including Federal, State and Local grants or entitlements but excluding the Community Development Block Grant.

Community Development Fund

The Community Development Fund accounts for the revenues and expenditures associated with activities of various programs funded by the Community Development Block Grant.

CITY OF HIGH POINT, NORTH CAROLINA

Special Grants Fund
Statement of Revenues, Expenditures and Changes In Fund Balances - Budget and Actual
For the Year Ended June 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Intergovernmental revenues				
Federal Grants.....	\$ 3,314,742	\$ 1,186,794	\$ (2,127,948)	\$ 2,754,849
State Grants.....	<u>2,963,582</u>	<u>1,388,642</u>	<u>(1,574,940)</u>	<u>1,075,026</u>
Total intergovernmental revenues.....	<u>6,278,324</u>	<u>2,575,436</u>	<u>(3,702,888)</u>	<u>3,829,875</u>
Interest on investments.....	-	559	559	679
Local Grants and Matches.....	<u>2,072,424</u>	<u>1,053,906</u>	<u>(1,018,518)</u>	<u>1,335,344</u>
Total revenues.....	<u>8,350,748</u>	<u>3,629,901</u>	<u>(4,720,847)</u>	<u>5,165,898</u>
Expenditures:				
Public Safety.....	5,119,375	2,504,766	2,614,609	1,516,135
Public Services.....	1,918,242	534,671	1,383,571	3,259,241
Planning and Community Development.....	1,157,762	216,902	940,860	350,109
Cultural and Recreation.....	<u>1,079,834</u>	<u>146,318</u>	<u>933,516</u>	<u>121,144</u>
Total expenditures.....	<u>9,275,213</u>	<u>3,402,657</u>	<u>5,872,556</u>	<u>5,246,629</u>
Other Financing Uses:				
Appropriated Fund Balance.....	950,275	-	(950,275)	-
Transfer to General Debt Service Fund.....	<u>(25,810)</u>	<u>(25,810)</u>	<u>-</u>	<u>-</u>
Total other financing uses.....	<u>924,465</u>	<u>(25,810)</u>	<u>(950,275)</u>	<u>-</u>
Total revenues (deficit) over expenditures.....	<u>\$ -</u>	<u>201,434</u>	<u>\$ 201,434</u>	<u>(80,731)</u>
Fund Balance, beginning of year.....		<u>560,784</u>		<u>641,515</u>
Fund Balance, end of year.....		<u>\$ 762,218</u>		<u>\$ 560,784</u>

CITY OF HIGH POINT, NORTH CAROLINA

Community Development Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Intergovernmental revenues, federal grants..	\$ 3,430,485	\$ 2,402,594	\$ (1,027,891)	\$ 1,407,223
Interest on investments.....	-	-	-	2,877
Miscellaneous income.....	<u>340,472</u>	<u>353,760</u>	<u>13,288</u>	<u>481,611</u>
Total revenues.....	<u>3,770,957</u>	<u>2,756,354</u>	<u>(1,014,603)</u>	<u>1,891,711</u>
Expenditures:				
Community development				
Planning and community development.....	2,046,102	1,816,517	229,585	1,361,832
Home Program.....	1,713,039	953,548	759,491	360,885
Lead Base Paint.....	<u>11,816</u>	<u>5,924</u>	<u>5,892</u>	<u>779</u>
Total expenditures.....	<u>3,770,957</u>	<u>2,775,989</u>	<u>994,968</u>	<u>1,723,496</u>
Total revenues (deficit) over expenditures.....	<u>\$ -</u>	<u>(19,635)</u>	<u>\$ (19,635)</u>	168,215
Fund Balance, beginning of the year.....		<u>295,727</u>		<u>127,512</u>
Fund Balance, ending of the year.....		<u>\$ 276,092</u>		<u>\$ 295,727</u>



CITY OF HIGH POINT, NORTH CAROLINA

Debt Service Fund

The Debt Service Fund accounts for the accumulation of resources for and the payment of governmental long-term principal and interest.

CITY OF HIGH POINT, NORTH CAROLINA

Debt Service Fund
Statement of Revenues, Expenditures and Changes In Fund Balances
Budget to Actual
For The Year Ended June 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Interest on Investments.....	\$ 120,000	\$ 151,031	\$ 31,031	\$ 121,830
Total Revenues.....	<u>120,000</u>	<u>151,031</u>	<u>31,031</u>	<u>121,830</u>
Other Financing Sources:				
Transfer from General Fund.....	5,603,420	5,603,420	-	5,625,000
Transfer from the Special Grants Fund.....	25,810	25,810	-	-
Transfer from the Central Services Fund.....	19,036	19,036	-	-
Transfer from Water and Sewer Fund.....	83,282	83,282	-	-
Transfer from the Electric Fund.....	76,937	76,937	-	-
Transfer from the Mass Transit Fund.....	793	793	-	-
Transfer from the Parking Fund.....	6,345	6,345	-	-
Transfer from the Landfill Facilities Fund.....	16,656	16,656	-	-
Transfer from the Storm Water Facilities Fund.....	3,173	3,173	-	-
Total transfers.....	<u>5,835,452</u>	<u>5,835,452</u>	<u>-</u>	<u>5,625,000</u>
Fund Balance Appropriated.....	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues, other financing sources, and fund balance appropriated.....	<u>6,255,452</u>	<u>5,986,483</u>	<u>(268,969)</u>	<u>5,746,830</u>
Expenditures:				
Debt service:				
Principal.....	4,054,899	3,709,888	(345,011)	3,327,103
Interest.....	2,140,553	1,885,670	(254,883)	1,742,936
Fiscal charges.....	60,000	50,295	(9,705)	-
Total Expenditures.....	<u>6,255,452</u>	<u>5,645,853</u>	<u>609,599</u>	<u>5,070,039</u>
Excess of Revenues and Financing Sources Over Total Expenditures.....	<u>\$ -</u>	<u>340,630</u>	<u>\$ 340,630</u>	<u>676,791</u>
Fund Balance, beginning of the year.....		<u>3,033,268</u>		<u>2,356,477</u>
Fund Balance, ending of the year.....		<u>\$ 3,373,898</u>		<u>\$ 3,033,268</u>

CITY OF HIGH POINT, NORTH CAROLINA

Capital Projects Funds

General Capital Projects

To account for budgeted financial resources to be used for the acquisition or construction of capital improvements.

General Capital Projects Ordinance

To provide inception to date accounting of major capital projects acquired through bond referendums.

CITY OF HIGH POINT, NORTH CAROLINA

Combining Balance Sheet
All Capital Projects Funds
June 30, 2005

	GENERAL CAPITAL PROJECTS FUND	GENERAL CAPITAL PROJECTS ORDINANCE	TOTAL
Assets:			
Cash and investments.....	\$ 1,862,251	\$ -	\$ 1,862,251
Receivables:			
Accounts receivable.....	423,541	-	423,541
Accrued interest.....	12,363	-	12,363
Restricted cash and investments.....	530,242	3,003,169	3,533,411
Total Assets.....	<u>\$ 2,828,397</u>	<u>\$ 3,003,169</u>	<u>\$ 5,831,566</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$ 16,531	\$ 55,000	\$ 71,531
Contracts Payable.....	583,088	-	583,088
Arbitrage	-	193,965	193,965
Deferred revenue.....	33,650	50,000	83,650
Total Liabilities.....	<u>633,269</u>	<u>298,965</u>	<u>932,234</u>
Fund Balance:			
Reserved for capital projects.....	<u>2,195,128</u>	<u>2,704,204</u>	<u>4,899,332</u>
Total Fund Balances.....	<u>2,195,128</u>	<u>2,704,204</u>	<u>4,899,332</u>
Total Liabilities and Fund Balances.....	<u>\$ 2,828,397</u>	<u>\$ 3,003,169</u>	<u>\$ 5,831,566</u>

CITY OF HIGH POINT, NORTH CAROLINA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Capital Projects Funds
For the Year Ended June 30, 2005

	GENERAL CAPITAL PROJECTS FUND	GENERAL CAPITAL PROJECTS ORDINANCE	TOTAL
Revenues:			
Interest on investments.....	\$ 112,883	\$ 49,543	\$ 162,426
Grants.....	1,333,164	-	1,333,164
Miscellaneous.....	110,498	-	110,498
Total revenues.....	1,556,545	49,543	1,606,088
Expenditures:			
General government.....	501,990	-	501,990
Public safety.....	4,745,590	400,576	5,146,166
Public service - transportation.....	3,986,556	-	3,986,556
Planning and community development.....	393,574	-	393,574
Culture and recreation.....	481,059	-	481,059
Total expenditures.....	10,108,769	400,576	10,509,345
Other Financing Sources:			
Transfers In	1,372,000	100,000	1,472,000
Total other financing sources.....	1,372,000	100,000	1,472,000
Excess (deficit) of revenues and other financing sources under expenditures.....	(7,180,224)	(251,033)	(7,431,257)
Fund balances, beginning of the year.....	9,375,352	2,955,237	12,330,589
Fund balances, ending of the year.....	\$ 2,195,128	\$ 2,704,204	\$ 4,899,332

CITY OF HIGH POINT, NORTH CAROLINA

General Capital Projects Fund
Statement of Revenues and Expenditures
Budget and Actual
For The Year Ended June 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Interest on investments.....	\$ 127,864	\$ 112,883	(14,981)	\$ 91,553
Grants.....	7,647,425	1,333,164	(6,314,261)	42,800
Miscellaneous revenue.....	110,498	110,498	-	50,000
Total revenues	<u>7,885,787</u>	<u>1,556,545</u>	<u>(6,329,242)</u>	<u>184,353</u>
Other Financing Sources:				
Lease proceeds	-	-	-	7,958,989
Transfers:				
Transfer from the General Fund.....	1,662,386	1,372,000	(290,386)	1,027,750
Total transfers.....	<u>1,662,386</u>	<u>1,372,000</u>	<u>(290,386)</u>	<u>1,027,750</u>
Fund Balance Appropriated	<u>8,913,048</u>	<u>-</u>	<u>(8,913,048)</u>	<u>-</u>
Total revenues, other financing sources, and fund balance appropriated.....	<u>18,461,221</u>	<u>2,928,545</u>	<u>(15,532,676)</u>	<u>9,171,092</u>
Expenditures:				
General government.....	775,230	501,990	273,240	289,036
Public safety	7,967,248	4,745,590	3,221,658	2,666,741
Public services - transportation	8,422,001	3,986,556	4,435,445	820,860
Planning and community development.....	605,296	393,574	211,722	114,376
Culture and recreation.....	691,446	481,059	210,387	713,151
Total Expenditures	<u>18,461,221</u>	<u>10,108,769</u>	<u>8,352,452</u>	<u>4,604,164</u>
Excess (deficit) of revenues and financing sources under expenditures.....	<u>\$ -</u>	<u>(7,180,224)</u>	<u>\$ (7,180,224)</u>	<u>4,566,928</u>
Fund balance, beginning of the year.....		<u>9,375,352</u>		<u>4,808,424</u>
Fund balance, ending of the year.....		<u>\$ 2,195,128</u>		<u>\$ 9,375,352</u>

CITY OF HIGH POINT, NORTH CAROLINA

General Capital Projects Ordinance Fund
 Schedule of Revenues and Expenditures
 Compared With Project Authorizations (Non - GAAP)
 From Project Inception and for the Year Ended June 30, 2005

	<u>PROJECT AUTHORIZATION</u>	<u>PRIOR YEAR</u>	<u>ACTUAL CURRENT YEAR</u>	<u>TOTAL TO DATE</u>
Revenues:				
Interest on investments.....	\$ -	\$ 1,319,378	\$ 49,543	\$ 1,368,921
Miscellaneous.....	716,000	500,000	-	500,000
Total revenues.....	<u>716,000</u>	<u>1,819,378</u>	<u>49,543</u>	<u>1,868,921</u>
Expenditures:				
Public safety.....	10,272,050	3,335,392	400,576	3,735,968
Transportation.....	54,139,275	12,999,481	-	12,999,481
Cultural and recreation.....	16,868,475	4,150,404	-	4,150,404
Total expenditures.....	<u>81,279,800</u>	<u>20,485,277</u>	<u>400,576</u>	<u>20,885,853</u>
Other financing sources				
General obligation bonds.....	79,563,800	-	-	-
Transfers from General Fund.....	1,000,000	900,000	100,000	1,000,000
Total other financing sources	<u>80,563,800</u>	<u>900,000</u>	<u>100,000</u>	<u>1,000,000</u>
Excess (deficit) of revenues and financing sources under expenditures.....	<u>\$ -</u>	<u>\$ (17,765,899)</u>	<u>\$ (251,033)</u>	<u>\$ (18,016,932)</u>
Fund Balance, beginning of year.....			<u>2,955,237</u>	
Fund Balance, end of year.....			<u>\$ 2,704,204</u>	



CITY OF HIGH POINT, NORTH CAROLINA

PROPRIETARY FUND TYPES

Enterprise Funds

The Enterprise funds provide goods or services to the general public on a continuing basis and are financed or recovered primarily through user charges. Listed below are departments accounted for in the Enterprise Funds.

Water and Sewer Fund

To provide the maximum treatment possible of our raw water and to furnish to the customer an adequate quantity of high quality and aesthetically pleasing stain-free water for home, industrial and commercial users. Additionally, this fund provides for the proper and effective treatment of all wastewater and dispose of any treatment process byproducts in an environmentally sound manner.

Electric Fund

To provide effective, professional services to utility customers and to provide expansions to the electric system from operational revenues.

Mass Transit Fund

Provide an optimal level of safe, reliable and economical transportation service for the residents of High Point while increasing the efficiency of the system.

Parking Facility Fund

The Parking Facility Fund's responsibility is for the operation and maintenance of the City's off-street parking facilities.

Landfill Facilities Fund

To provide a sanitary landfill for the citizens of the City and a portion of Guilford County. To properly handle the disposal of 170,000 plus tons of wastes annually in an environmentally acceptable manner by means of shredding and conventional landfill methods.

Storm Water Fund

To provide for the operation and maintenance of the City's storm water program, which manages storm water runoff through stream cleaning, bank stabilization, and maintenance of detention lakes and ponds.

CITY OF HIGH POINT, NORTH CAROLINA

Combining Balance Sheet
All Nonmajor Enterprise Funds
June 30, 2005

ASSETS	MASS TRANSIT	PARKING FACILITIES	LANDFILL FACILITIES	STORM WATER	TOTAL
Current Assets:					
Cash and investments.....	\$ 163,895	\$ 563,064	\$ 21,514,035	\$ 3,020,923	\$ 25,261,917
Receivables:					
Accounts (net).....	112,185	26,138	281,502	40,459	460,284
Accrued Interest.....	5,045	3,528	73,052	19,809	101,434
Inventory.....	26,590	-	-	-	26,590
Prepaid Expenses.....	103,660	-	-	-	103,660
Total current assets.....	<u>411,375</u>	<u>592,730</u>	<u>21,868,589</u>	<u>3,081,191</u>	<u>25,953,885</u>
Noncurrent assets					
Restricted Assets:					
Cash and investments.....	717,283	7,320	99,858	-	824,461
Deferred charges.....	-	378	-	16,262	16,640
Capital Assets:					
Land.....	614,973	898,720	5,010,659	-	6,524,352
Buildings.....	750,036	8,735,372	4,499,081	-	13,984,489
Machinery and Equipment.....	5,758,078	528,866	8,073,371	51,084	14,411,399
Construction in progress.....	-	-	-	898,637	898,637
Accumulated Depreciation.....	(2,055,267)	(5,231,270)	(12,887,010)	(3,610)	(20,177,157)
Total capital assets.....	<u>5,067,820</u>	<u>4,931,688</u>	<u>4,696,101</u>	<u>946,111</u>	<u>15,641,720</u>
TOTAL ASSETS.....	<u>\$ 6,196,478</u>	<u>\$ 5,532,116</u>	<u>\$ 26,664,548</u>	<u>\$ 4,043,564</u>	<u>\$ 42,436,706</u>
LIABILITIES AND NET ASSETS					
Liabilities					
Current Liabilities:					
Accounts Payable and Accrued Expenses.....	\$ 22,215	\$ 5,329	\$ 40,659	\$ 15,410	\$ 83,613
Current Maturities of Long-Term Debt.....	-	188,518	-	27,793	216,311
Accrued interest payable.....	-	4,091	-	-	4,091
Deposits.....	-	7,320	-	1,561	8,881
Total current liabilities.....	<u>22,215</u>	<u>205,258</u>	<u>40,659</u>	<u>44,764</u>	<u>312,896</u>
Long-term Liabilities					
Accrued Closure/Post closure Costs.....	-	-	8,318,736	-	8,318,736
General Obligation Bonds Payable.....	-	169,360	-	182,133	351,493
Vacation accrual.....	52,175	10,006	118,066	14,911	195,158
Deferred Revenue.....	-	-	-	2,321,928	2,321,928
Total Long-term liabilities.....	<u>52,175</u>	<u>179,366</u>	<u>8,436,802</u>	<u>2,518,972</u>	<u>11,187,315</u>
Total Liabilities.....	<u>74,390</u>	<u>384,624</u>	<u>8,477,461</u>	<u>2,563,736</u>	<u>11,500,211</u>
Net Assets					
Invested in capital assets, net of related debt.....	5,067,820	4,574,188	4,696,101	752,447	15,090,556
Restricted.....	717,283	-	99,858	-	817,141
Unrestricted.....	336,985	573,304	13,391,128	727,381	15,028,798
Total Net Assets.....	<u>6,122,088</u>	<u>5,147,492</u>	<u>18,187,087</u>	<u>1,479,828</u>	<u>30,936,495</u>
TOTAL LIABILITIES AND NET ASSETS.....	<u>\$ 6,196,478</u>	<u>\$ 5,532,116</u>	<u>\$ 26,664,548</u>	<u>\$ 4,043,564</u>	<u>\$ 42,436,706</u>

CITY OF HIGH POINT, NORTH CAROLINA

Combining Statement of Revenue, Expenses and Changes in Net Assets
All Nonmajor Enterprise Funds
For the Year Ended June 30, 2005

	MASS TRANSIT	PARKING FACILITIES	LANDFILL FACILITIES	STORM WATER	TOTAL NONMAJOR ENTERPRISE FUNDS
OPERATING REVENUES:					
Charges for Services.....	\$ 1,301,509	\$ 497,556	\$ 6,076,773	\$ 1,137,594	\$ 9,013,432
Miscellaneous.....	111,967	-	30,671	-	142,638
Total operating revenues.....	<u>1,413,476</u>	<u>497,556</u>	<u>6,107,444</u>	<u>1,137,594</u>	<u>9,156,070</u>
OPERATING EXPENSES:					
Management and administration.....	1,882,954	88,908	2,562,049	861,143	5,395,054
Maintenance and distribution.....	-	-	1,069,095	6,662	1,075,757
Other services and charges.....	978,986	419,802	171,100	-	1,569,888
Depreciation and amortization.....	489,222	274,166	919,467	3,610	1,686,465
Total Operating Expenses.....	<u>3,351,162</u>	<u>782,876</u>	<u>4,721,711</u>	<u>871,415</u>	<u>9,727,164</u>
Operating income (loss).....	<u>(1,937,686)</u>	<u>(285,320)</u>	<u>1,385,733</u>	<u>266,179</u>	<u>(571,094)</u>
Nonoperating Revenues (Expenses)					
Interest Revenue.....	16,641	14,489	330,080	68,189	429,399
Interest Expense and Fiscal Charges.....	-	(22,841)	-	(6,435)	(29,276)
Amortization of Financing Costs.....	-	(6,304)	-	(1,626)	(7,930)
Intergovernmental revenues and reimbursements(net).....	5,281,379	-	(484,705)	-	4,796,674
Gain(Loss) on Disposal of Fixed Assets.....	20,328	-	-	-	20,328
Total Nonoperating revenues (expenses).....	<u>5,318,348</u>	<u>(14,656)</u>	<u>(154,625)</u>	<u>60,128</u>	<u>5,209,195</u>
Income(loss) before transfers.....	3,380,662	(299,976)	1,231,108	326,307	4,638,101
Transfers:					
Transfers In.....	490,858	218,037	-	-	708,895
Transfers Out.....	(793)	(6,345)	(16,656)	(3,173)	(26,967)
Change in net assets.....	3,870,727	(88,284)	1,214,452	323,134	5,320,029
Net assets, beginning of the year.....	2,251,361	5,235,776	16,972,635	1,156,694	25,616,466
Net assets, ending of the year.....	<u>\$ 6,122,088</u>	<u>\$ 5,147,492</u>	<u>\$ 18,187,087</u>	<u>\$ 1,479,828</u>	<u>\$ 30,936,495</u>

City of High Point, North Carolina

Combining Statement of Cash Flows
All Nonmajor Enterprise Funds
For The Year Ended June 30, 2005

	Business-Type - Enterprise Funds				
	MASS TRANSIT	PARKING FACILITIES	LANDFILL FACILITIES	STORM WATER	TOTAL
Cash Flows From Operating Activities					
Receipts from customers and users.....	\$ 1,919,338	\$ 497,633	\$ 6,318,149	\$ 1,392,611	\$ 10,127,731
Payments to employees and related fringe benefits.....	(1,343,624)	(326,025)	(1,776,800)	(364,174)	(3,810,623)
Payments to suppliers and operating costs.....	(2,145,452)	(183,381)	(1,878,712)	(569,459)	(4,777,004)
Net cash provided by (used in) by operating activities	<u>(1,569,738)</u>	<u>(11,773)</u>	<u>2,662,637</u>	<u>458,978</u>	<u>1,540,104</u>
Cash Flows From Non Capital Financing Activities					
Transfers In.....	490,858	218,037	1,267,186	-	1,976,081
Transfers Out.....	(793)	(6,345)	(1,283,842)	(3,173)	(1,294,153)
Intergovernmental reimbursements.....	5,281,379	-	(484,705)	-	4,796,674
Net Cash provided by (used in) noncapital financing activities	<u>5,771,444</u>	<u>211,692</u>	<u>(501,361)</u>	<u>(3,173)</u>	<u>5,478,602</u>
Cash Flows From Financing Activities					
Principal Payments on Long-Term Debt.....	-	(193,173)	-	(9,757)	(202,930)
Interest payments on Long-Term Debt.....	-	(24,864)	-	(6,464)	(31,328)
Proceeds Collected on the sale of Fixed Assets.....	20,328	-	-	-	20,328
Acquisition and Construction of Capital Assets.....	(4,407,099)	(27,723)	(854,804)	(949,720)	(6,239,346)
Net cash used in noncapital financing activities	<u>(4,386,771)</u>	<u>(245,760)</u>	<u>(854,804)</u>	<u>(965,941)</u>	<u>(6,453,276)</u>
Cash Flows From Investing Activities					
Interest Earned on Investments.....	12,248	15,949	388,623	71,944	488,764
Net cash provided by investing activities	<u>12,248</u>	<u>15,949</u>	<u>388,623</u>	<u>71,944</u>	<u>488,764</u>
Net increase (decrease) in cash and investments	(172,817)	(29,892)	1,695,095	(438,192)	1,054,194
Cash and investments, beginning of the year	1,053,995	600,276	19,918,798	3,459,115	25,032,184
Cash and investments end of the year	<u>\$ 881,178</u>	<u>\$ 570,384</u>	<u>\$ 21,613,893</u>	<u>\$ 3,020,923</u>	<u>\$ 26,086,378</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income (loss).....	\$ (1,937,686)	\$ (285,320)	\$ 1,385,733	\$ 266,179	\$ (571,094)
Adjustments to Reconcile Operating Loss to					
Cash Provided by (Used in) Operating Activities:.....					
Depreciation and amortization.....	489,222	274,166	919,467	3,610	1,686,465
Change in Assets and Liabilities:					
(Increase) Decrease in Receivables.....	16,745	(1,018)	215,705	(3,583)	227,849
(Increase) Decrease in Inventories.....	362	-	-	-	362
(Increase) Decrease in Prepaid Expenses and Deferred Charges.....	(78,940)	-	-	-	(78,940)
Increase (Decrease) in Payables and Accrued Expenses.....	(64,482)	(4,943)	129,138	(69,297)	(9,584)
Increase (Decrease) in Deposits.....	-	1,095	-	-	1,095
Increase (Decrease) in Vacation Leave Accrual.....	5,041	4,247	12,594	3,469	25,351
Increase (Decrease) in Deferred Revenue.....	-	-	-	258,600	258,600
Total adjustments.....	<u>367,948</u>	<u>273,547</u>	<u>1,276,904</u>	<u>192,799</u>	<u>2,111,198</u>
Net cash provided by (used in) operating activities.....	<u>\$ (1,569,738)</u>	<u>\$ (11,773)</u>	<u>\$ 2,662,637</u>	<u>\$ 458,978</u>	<u>\$ 1,540,104</u>

CITY OF HIGH POINT, NORTH CAROLINA

Water and Sewer Fund
 Schedule of Revenues and Expenses
 Budget to Actual (Non - GAAP)
 For The Year Ended June 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues				
Charges for Services.....	\$ 31,371,508	\$ 30,944,696	\$ (426,812)	\$ 29,825,573
Miscellaneous revenues.....	37,254	210,802	173,548	654,848
Total operating revenues.....	<u>31,408,762</u>	<u>31,155,498</u>	<u>(253,264)</u>	<u>30,480,421</u>
Operating Expenses				
Management and administration.....	955,543	832,099	123,444	604,080
Maintenance and distribution.....	7,601,417	7,268,425	332,992	5,889,179
Treatment plants.....	5,590,956	4,972,656	618,300	5,952,375
Other services and charges.....	422,354	454,378	(32,024)	462,080
Total operating expenses.....	<u>14,570,270</u>	<u>13,527,558</u>	<u>1,042,712</u>	<u>12,907,714</u>
Nonoperating revenues (expenses)				
Interest on Investments.....	350,000	596,149	246,149	445,012
Interest expense.....	(5,326,356)	(4,040,112)	1,286,244	(3,959,172)
Grants and contributions.....	-	(13,500)	(13,500)	115,000
Reimbursement to General Fund.....	(2,158,756)	(2,158,756)	-	(1,865,326)
Reimbursement to Electric Fund.....	(1,501,461)	(1,501,461)	-	(1,435,946)
Total non-operating revenues(expenses).....	<u>(8,636,573)</u>	<u>(7,117,680)</u>	<u>1,518,893</u>	<u>(6,700,432)</u>
Other Financing Sources (Uses)				
Contingency.....	(300,000)	-	300,000	-
Revenue Bond Proceeds.....	42,094,260	42,478,804	384,544	-
Capital projects.....	(18,933,146)	(2,766,609)	16,166,537	(2,448,967)
Payment of debt principal.....	(5,625,307)	(5,487,038)	138,269	(4,616,351)
Transfer to Electric Funds.....	(100,000)	(100,000)	-	(100,000)
Transfer to General Debt Service Fund.....	(83,282)	(83,282)	-	(62,700)
Transfer to Water Capital Ord. Projects Fund.....	(37,575,000)	(37,575,000)	-	-
Net assets appropriated.....	12,320,556	-	(12,320,556)	-
Total other financing sources (uses).....	<u>(8,201,919)</u>	<u>(3,533,125)</u>	<u>4,668,794</u>	<u>(7,228,018)</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>\$ 6,977,135</u>	<u>\$ 6,977,135</u>	<u>\$ 3,644,257</u>
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual				
Reconciling Items				
Changes in net assets				
Water and Sewer Fund.....		\$ 6,977,135		\$ 2,628,449
Water Capital Project Ordinance Fund.....		(2,217,320)		736,215
Sewer Capital Project Ordinance Fund.....		23,803,771		(1,291,070)
Water Capital Reserve Fund.....		1,778,957		3,473
Sewer Capital Reserve Fund.....		22,210		23,631
		<u>30,364,753</u>		<u>2,100,698</u>
Depreciation.....		(5,877,095)		(6,852,277)
Capital Additions.....		17,067,240		23,792,616
Bond Proceeds.....		(42,478,804)		(12,500,000)
Bond Principal Paid.....		5,487,038		3,796,170
Loss on Disposal of Assets.....		(2,392)		(54,872)
Assessments Principal and Interest Paid.....		-		(59,734)
Total Reconciling Items.....		<u>(25,804,013)</u>		<u>8,121,903</u>
Net change in net assets - full accrual.....		<u>\$ 4,560,740</u>		<u>\$ 10,222,601</u>

CITY OF HIGH POINT, NORTH CAROLINA

Water Capital Projects Ordinance (CPO) Fund
 Schedule of Revenues and Expenses Compared With
 Project Authorizations (Non - GAAP)
 From Project Inception and For the Year Ended June 30, 2005

	PROJECT AUTHORIZATION	PRIOR YEAR	ACTUAL CURRENT YEAR	TOTAL TO DATE
Revenues:				
Interest on investments.....	\$ -	\$ 28,334	\$ 18,842	\$ 47,176
Total revenues.....	<u>-</u>	<u>28,334</u>	<u>18,842</u>	<u>47,176</u>
Expenditures:				
Water system improvements.....	4,000,000	3,138,331	488,076	3,626,407
Total expenditures.....	<u>4,000,000</u>	<u>3,138,331</u>	<u>488,076</u>	<u>3,626,407</u>
Other financing sources(uses):				
Proceeds from general obligation bonds.....	4,000,000	4,000,000	-	4,000,000
Transfer to the Water Capital Reserve Fund.....	-	-	(1,748,086)	(1,748,086)
Total other financing sources.....	<u>4,000,000</u>	<u>4,000,000</u>	<u>(1,748,086)</u>	<u>2,251,914</u>
Change in net assets.....	<u>\$ -</u>	<u>\$ 890,003</u>	<u>\$ (2,217,320)</u>	<u>\$ (1,327,317)</u>

CITY OF HIGH POINT, NORTH CAROLINA

Sewer Capital Projects Ordinance Fund
 Schedule of Revenues and Expenses Compared With
 Project Authorizations (Non - GAAP)
 From Project Inception and For the Year Ended June 30, 2005

	PROJECT AUTHORIZATION	ACTUAL		TOTAL TO DATE
		PRIOR YEAR	CURRENT YEAR	
Revenues:				
Interest on investments.....	\$ -	\$ -	\$ 468,916	\$ 468,916
Total revenues.....	-	-	468,916	468,916
Expenditures:				
Solids handling project.....	11,194,517	11,165,987	-	11,165,987
Sewer system improvements.....	113,425,000	50,953,475	14,240,145	65,193,620
Total expenditures.....	124,619,517	62,119,462	14,240,145	76,359,607
Other financing sources:				
Contributed Capital.....	8,850,000	8,570,200	-	8,570,200
General obligation bonds.....	52,000,000	52,000,000	-	52,000,000
Proceeds from Revenue bonds.....	37,575,000	-	37,575,000	37,575,000
Proceeds from State Loans.....	25,606,517	25,244,271	-	25,244,271
Transfer from Sewer Capital Reserve Fund.....	588,000	588,000	-	588,000
Total other financing sources.....	124,619,517	86,402,471	37,575,000	123,977,471
Change in net assets.....	\$ -	\$ 24,283,009	\$ 23,803,771	\$ 48,086,780

CITY OF HIGH POINT, NORTH CAROLINA

Water Capital Reserve Fund
 Schedule of Revenues and Expenses Compared With
 Project Authorizations (Non - GAAP)
 For the Year Ended June 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Other Financing Sources:				
Transfer from Water CPO Fund.....	\$ -	\$ 1,748,086	\$ 1,748,086	\$ -
Total Other Financing Sources:.....	<u>-</u>	<u>1,748,086</u>	<u>1,748,086</u>	<u>-</u>
Nonoperating Revenues				
Interest on Investments.....		30,871	30,871	2,793
Total Revenues.....	<u>-</u>	<u>30,871</u>	<u>30,871</u>	<u>2,793</u>
Total Other Financing Sources and Revenues.....	<u>-</u>	<u>1,778,957</u>	<u>1,778,957</u>	<u>2,793</u>
Total Other Financing Sources and Revenues over other Financing Uses.....	<u>\$ -</u>	<u>\$ 1,778,957</u>	<u>\$ 1,778,957</u>	<u>\$ 2,793</u>

CITY OF HIGH POINT, NORTH CAROLINA

Sewer Capital Reserve Fund
 Schedule of Revenues and Expenses Compared With
 Project Authorizations (Non - GAAP)
 For the Year Ended June 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Nonoperating Revenues				
Interest on Investments.....	\$ -	\$ 22,210	\$ 22,210	\$ 19,004
Total Revenues.....	-	22,210	22,210	19,004
Total Other Financing Sources and Revenues.....	-	22,210	22,210	19,004
Total Other Financing Sources and Revenues over other Financing Uses.....	<u>\$ -</u>	<u>\$ 22,210</u>	<u>\$ 22,210</u>	<u>\$ 19,004</u>

CITY OF HIGH POINT, NORTH CAROLINA

Electric Fund
 Schedule of Revenues, Expenses and Changes in Net Assets
 Budget and Actual (Non - GAAP)
 For The Year Ended June 30, 2005

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	PRIOR YEAR ACTUAL
Operating Revenues				
Charges for Services.....	\$ 85,752,090	\$ 84,791,637	\$ (960,453)	\$ 81,528,014
Miscellaneous revenues.....	323,769	1,465,285	1,141,516	1,263,827
Total operating revenues.....	<u>86,075,859</u>	<u>86,256,922</u>	<u>181,063</u>	<u>82,791,841</u>
Operating Expenses				
Management and administration.....	571,989	547,150	24,839	572,692
Maintenance and distribution.....	76,096,041	75,067,730	1,028,311	73,894,849
Other services and charges.....	1,082,785	1,287,271	(204,486)	1,192,067
Total operating expenses.....	<u>77,750,815</u>	<u>76,902,151</u>	<u>848,664</u>	<u>75,659,608</u>
Nonoperating Revenues (Expenses)				
Interest on Investments.....	450,000	469,951	19,951	423,114
Reimbursement from General Fund.....	56,147	58,145	1,998	56,901
Reimbursement from Water and Sewer Facilities Fund.....	1,501,461	1,501,461	-	1,435,946
Reimbursement to General Fund.....	<u>(1,574,147)</u>	<u>(1,763,938)</u>	<u>(189,791)</u>	<u>(1,574,147)</u>
Total nonoperating revenues.....	<u>433,461</u>	<u>265,619</u>	<u>(167,842)</u>	<u>341,814</u>
Other Financing Sources (Uses)				
Contingency.....	(450,000)	-	450,000	-
Capital projects.....	(15,455,193)	(9,922,133)	5,533,060	(11,855,997)
Transfers from Water and Sewer Facilities Fund.....	100,000	100,000	-	-
Transfers to General Debt Service Fund.....	(76,937)	(76,937)	-	100,000
Transfer to Economic Development Fund.....	(228,600)	(228,600)	-	(228,600)
Net assets appropriated.....	7,352,225	-	(7,352,225)	-
Total other financing sources (uses).....	<u>(8,758,505)</u>	<u>(10,127,670)</u>	<u>(1,369,165)</u>	<u>(11,984,597)</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>\$ (507,280)</u>	<u>\$ (507,280)</u>	<u>\$ (4,510,550)</u>
Reconciliation From Budgetary Basis (Modified Accrual) To Full Accrual				
Reconciling Items:				
Depreciation.....		(3,401,578)		(3,061,745)
Capital Additions.....		6,173,466		8,178,843
Loss on Disposal of Assets.....		<u>(3,489)</u>		<u>-</u>
Total reconciliation items.....		<u>2,768,399</u>		<u>5,117,098</u>
Change in net assets - full accrual basis.....		<u>\$ 2,261,119</u>		<u>\$ 606,548</u>

CITY OF HIGH POINT, NORTH CAROLINA

Mass Transit Fund
 Schedule of Revenues, Expenses and Changes In Net Assets
 Budget and Actual (Non-GAAP)
 For The Year Ended June 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues:				
Charges for Services.....	\$ 1,169,681	\$ 1,301,509	\$ 131,828	\$ 1,005,932
Miscellaneous revenues.....	68,600	111,967	43,367	80,147
Total operating revenues.....	<u>1,238,281</u>	<u>1,413,476</u>	<u>175,195</u>	<u>1,086,079</u>
Operating Expenses:				
Management and administration.....	2,016,562	1,882,954	133,608	1,766,282
Other services and charges.....	5,385,043	4,865,616	519,427	519,033
Total operating expenses.....	<u>7,401,605</u>	<u>6,748,570</u>	<u>653,035</u>	<u>2,285,315</u>
Nonoperating revenues (expenses)				
Interest on Investments.....	2,000	-	(2,000)	3,134
Intergovernmental revenues.....	4,890,128	4,432,417	(457,711)	210,226
Total non-operating revenues.....	<u>4,892,128</u>	<u>4,432,417</u>	<u>(459,711)</u>	<u>213,360</u>
Other Financing Sources (uses)				
Transfer from General Fund.....	490,858	490,858	-	359,575
Transfer from Mass Transit CPO Fund.....	450,000	450,000	-	-
Transfer from Mass Transit Cap. Reserve Fund.....	331,131	331,131	-	297,110
Transfer to General Debt Service Fund.....	(793)	(793)	-	-
Total other financing sources (uses).....	<u>1,271,196</u>	<u>1,271,196</u>	<u>-</u>	<u>656,685</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>\$ 368,519</u>	<u>\$ 368,519</u>	<u>\$ (329,191)</u>
Reconciliation From Budgetary Basis (Modified Accrual) To Full Accrual				
Change in net assets - budgetary basis				
Mass Transit Fund.....		\$ 368,519		\$ (329,191)
Mass Transit Capital Projects.....		(450,000)		-
Mass Transit Capital Reserve Fund.....		14,005		18,102
		<u>(67,476)</u>		<u>(311,089)</u>
Reconciling items:				
Depreciation.....		(489,222)		(59,888)
Capital Additions.....		4,407,099		283,450
Loss on Disposal of Assets.....		20,328		
Total reconciling items.....		<u>3,938,205</u>		<u>223,562</u>
Change in net assets - full accrual basis.....		<u>\$ 3,870,729</u>		<u>\$ (87,527)</u>

CITY OF HIGH POINT, NORTH CAROLINA

Transit Capital Projects Ordinance (CPO) Fund
 Schedule of Revenues, Expenses and Changes in Net Assets
 Budget to Actual (Non GAAP)
 For The Fiscal Year Ended June 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Other Financing Sources (Uses):				
Transfer to Mass Transit Operating Fund.....	<u> -</u>	<u> (450,000)</u>	<u> (450,000)</u>	<u> -</u>
 Change in net assets.....	 <u>\$ -</u>	 <u>\$ (450,000)</u>	 <u>\$ (450,000)</u>	 <u>\$ -</u>

CITY OF HIGH POINT, NORTH CAROLINA

Transit Capital Reserve Fund
 Schedule of Revenues, Expenses and Changes in Net Assets
 Budget to Actual (Non GAAP)
 For The Fiscal Year Ended June 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Other Financing Sources:				
State Maintenance Assistance Grant.....	\$ -	\$ 328,493	\$ 328,493	\$ 302,928
Interest.....	-	16,643	16,643	12,284
Transfer from Mass Transit Operating.....	-	-	-	-
Total Financing Sources.....	<u>-</u>	<u>345,136</u>	<u>345,136</u>	<u>315,212</u>
Other Financing Uses:				
Transfer to Mass Transit Operating.....	<u>-</u>	<u>331,131</u>	<u>(331,131)</u>	<u>297,110</u>
Change in net assets.....	<u>\$ -</u>	<u>\$ 14,005</u>	<u>\$ 14,005</u>	<u>\$ 18,102</u>

CITY OF HIGH POINT, NORTH CAROLINA

Parking Facilities Fund
 Schedule of Revenues, Expenses and Changes in Net Assets
 Budget and Actual (Non - GAAP)
 For the Year Ended June 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues:				
Charges for Services.....	\$ 496,039	\$ 497,556	\$ 1,517	\$ 500,307
Operating Expenses				
Management and administration.....	99,143	88,908	10,235	88,372
Other services and charges.....	465,092	432,940	32,152	399,009
Total operating expenses	<u>564,235</u>	<u>521,848</u>	<u>42,387</u>	<u>487,381</u>
Nonoperating Revenues (Expenses)				
Interest on Investments.....	13,000	14,489	1,489	12,755
Interest expense.....	<u>(24,863)</u>	<u>(22,841)</u>	<u>2,022</u>	<u>(35,830)</u>
Total nonoperating revenues (expenses)	<u>(11,863)</u>	<u>(8,352)</u>	<u>3,511</u>	<u>(23,075)</u>
Other Financing Sources (Uses)				
Transfer from General Fund.....	218,037	218,037	-	230,591
Transfer to the General Debt Service Fund.....	(6,345)	(6,345)	-	-
Capital projects.....	(129,696)	(14,585)	115,111	-
Payment of debt principal.....	(193,173)	(193,173)	-	(197,245)
Net assets appropriated.....	<u>191,236</u>	<u>-</u>	<u>(191,236)</u>	<u>-</u>
Total other financing sources (uses)	<u>80,059</u>	<u>3,934</u>	<u>(76,125)</u>	<u>33,346</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>\$ (28,710)</u>	<u>\$ (28,710)</u>	<u>\$ 23,197</u>
Reconciliation From Budgetary Basis (Modified Accrual) To Full Accrual				
Reconciling Items				
Depreciation.....		(274,166)		(266,088)
Capital Additions.....		27,723		32,970
Bond Principal Paid.....		193,173		197,245
Amortization of financing costs.....		<u>(6,304)</u>		<u>(8,344)</u>
Total Reconciling Items.....		<u>(59,574)</u>		<u>(44,217)</u>
Change in net assets - full accrual basis.....		<u>\$ (88,284)</u>		<u>\$ (21,020)</u>

CITY OF HIGH POINT, NORTH CAROLINA

Landfill Facilities Fund
 Schedule of Revenues, Expenses and Changes in Net Assets
 Budget and Actual (Non - GAAP)
 For The Year Ended June 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues				
Charges for Services.....	\$ 7,116,203	\$ 6,107,444	\$ (1,008,759)	\$ 7,230,486
Operating Expenses				
Management and administration.....	3,134,087	3,710,496	(576,409)	3,235,670
Total operating expenses.....	<u>3,134,087</u>	<u>3,710,496</u>	<u>(576,409)</u>	<u>3,235,670</u>
Nonoperating Revenues (Expenses)				
Interest on Investments.....	(100,000)	126,602	226,602	109,708
Total nonoperating revenues.....	<u>(100,000)</u>	<u>126,602</u>	<u>226,602</u>	<u>109,708</u>
Other Financing Sources (Uses)				
Reimbursement to General Fund.....	(484,705)	(484,705)	-	(404,211)
Transfer to General Debt Service Fund.....	(16,656)	(16,656)	-	-
Transfer to Landfill Maintenance Reserve Fund.....	(2,534,371)	(1,267,186)	1,267,185	(2,319,874)
Capital projects.....	(846,384)	(604,352)	242,032	(45,812)
Net assets appropriated.....	<u>1,166,699</u>	<u>-</u>	<u>(1,166,699)</u>	<u>-</u>
Total other financing sources (uses).....	<u>(3,882,116)</u>	<u>(2,372,899)</u>	<u>1,509,217</u>	<u>(2,769,897)</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>\$ 150,651</u>	<u>\$ 150,651</u>	<u>\$ 1,334,627</u>
Reconciliation From Budgetary Basis (Modified Accrual) to To Full Accrual Basis				
Change in net assets.....				
Landfill Facilities Fund.....		\$ 150,651		\$ 1,334,637
Landfill Maintenance Reserve Fund.....		1,294,565		2,384,575
		<u>1,445,216</u>		<u>\$ 3,719,212</u>
Reconciling Items				
Depreciation.....		(919,467)		(912,877)
Capital Additions.....		854,804		103,194
Landfill closure and post-closure costs.....		<u>(171,100)</u>		<u>(128,309)</u>
Total Reconciling Items.....		<u>(235,763)</u>		<u>(937,992)</u>
Change in net assets - full accrual basis.....		<u>\$ 1,209,453</u>		<u>\$ 2,781,220</u>

CITY OF HIGH POINT, NORTH CAROLINA

Landfill Closure and Postclosure Reserve Fund
 Schedule of Revenues and Expenses
 Budget and Actual (Non-GAAP)
 For the Year Ended June 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Other financing sources:				
Interest on Investments.....	\$ -	\$ 198,479	\$ 198,479	\$ 193,010
Transfer from Landfill Facilities Fund.....	-	1,267,186	1,267,186	2,319,874
Total other financing Sources.....	<u>-</u>	<u>1,465,665</u>	<u>1,465,665</u>	<u>2,512,884</u>
Expenses				
Landfill closure/post-closure costs.....	<u>-</u>	<u>171,100</u>	<u>(171,100)</u>	<u>128,309</u>
Total financing sources over financing uses.....	<u>\$ -</u>	<u>\$ 1,294,565</u>	<u>\$ 1,294,565</u>	<u>\$ 2,384,575</u>

CITY OF HIGH POINT, NORTH CAROLINA

Storm Water Fund
 Schedule of Revenues, Expenses and Changes In Net Assets
 Budget and Actual (Non - GAAP)
 For The Year Ended June 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues				
Charges for Services.....	\$ 1,215,000	\$ 1,137,594	\$ (77,406)	\$ 846,109
Operating Expenses				
Management and administration.....	1,525,783	912,227	613,556	768,168
Total operating expenses.....	<u>1,525,783</u>	<u>912,227</u>	<u>613,556</u>	<u>768,168</u>
Nonoperating Revenues (Expenses)				
Interest on Investments.....	46,570	68,189	21,619	53,417
Interest expense.....	(6,464)	(6,435)	29	(4,577)
Total nonoperating revenues.....	<u>40,106</u>	<u>61,754</u>	<u>21,648</u>	<u>48,840</u>
Other Financing Sources (Uses)				
Transfer from the General Fund.....	-	-	-	250,000
Transfer to General Debt Service Fund.....	(3,173)	(3,173)	-	-
Net assets appropriated.....	680,970	-	(680,970)	-
Capital projects.....	(397,363)	-	397,363	-
Payment of debt principal.....	(9,757)	(9,757)	-	(10,942)
Total other financing sources.....	<u>270,677</u>	<u>(12,930)</u>	<u>(283,607)</u>	<u>239,058</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	\$ 274,191	<u>\$ 274,191</u>	\$ 365,839
Reconciliation From Budgetary Basis (Modified Accrual)				
To Full Accrual				
Change in net assets.....				
Storm Water Facilities Fund.....		\$ 274,191		\$ 365,839
Storm Water Facilities Capital Project Ordinance Fund		(905,298)		-
		<u>(631,107)</u>		<u>365,839</u>
Reconciling Items				
Capital Assets additions.....		949,720		-
Depreciation.....		(3,610)		-
Bond Principal Paid.....		9,757		10,942
Amortization of financing costs.....		(1,626)		(1,626)
Total Reconciling Items.....		<u>954,241</u>		<u>9,316</u>
Change in net assets - full accrual basis.....		<u>\$ 323,134</u>		<u>\$ 375,155</u>

CITY OF HIGH POINT, NORTH CAROLINA

Storm Water Capital Projects Ordinance Fund
 Schedule of Revenues and Expenditures
 Compared With Project Authorizations (Non - GAAP)
 From Project Inception and for the Year Ended June 30, 2005

	<u>PROJECT AUTHORIZATION</u>	<u>PRIOR YEAR</u>	<u>ACTUAL CURRENT YEAR</u>	<u>TOTAL TO DATE</u>
Expenditures:				
Maintenance and distribution.....	\$ 15,400,000	\$ -	\$ 905,298	\$ 905,298
Total expenditures.....	<u>15,400,000</u>	<u>-</u>	<u>905,298</u>	<u>905,298</u>
Other financing sources				
General obligation bonds.....	<u>15,400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>15,400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (905,298)</u>	<u>\$ (905,298)</u>
Fund Balance, beginning of year.....			<u>3,560</u>	
Fund Balance, end of year.....			<u>\$ (901,738)</u>	

CITY OF HIGH POINT, NORTH CAROLINA

Internal Service Fund

The Internal Service Fund accounts for the financing of goods and services provided by one department to other departments of the City. The following activities were accounted for in the Internal Service Fund:

Fleet Maintenance

Provide the best and most economical support services to the City Fleet.

Warehouse

Contribute to the economical and efficient operation of the City by maintaining a sufficient and adequate stock of repetitive items in the Stores inventory.

Radio Repair Shop

Responsible for the installation and maintenance of all City-owned communication systems and components.

Green Drive Complex and Public Buildings – Maintenance Operations

Provide maintenance for buildings and grounds of all City operations.

Computer Replacement

Responsible for funding and replacing all of the City's computer technology.



CITY OF HIGH POINT, NORTH CAROLINA

Internal Service Fund
Financial Plan
For the Year Ended June 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues:				
Sales of merchandise	\$ 4,337,148	\$ 3,822,885	\$ (514,263)	\$ 3,145,265
Interfund charges.....	<u>9,542,009</u>	<u>8,825,952</u>	<u>(716,057)</u>	<u>8,274,666</u>
Total sales and services.....	<u>13,879,157</u>	<u>12,648,837</u>	<u>(1,230,320)</u>	<u>11,419,931</u>
Operating Expenditures:				
Fleet maintenance.....	4,680,273	3,654,558	1,025,715	2,812,058
Warehouse operations.....	6,887,564	6,328,959	558,605	6,625,103
Radio repair shop.....	1,222,294	1,110,395	111,899	470,557
Maintenance operations.....	1,568,912	1,541,214	27,698	1,544,974
Computer replacement.....	<u>508,988</u>	<u>494,365</u>	<u>14,623</u>	<u>583,222</u>
Total operating expenses.....	<u>14,868,031</u>	<u>13,129,491</u>	<u>1,738,540</u>	<u>12,035,914</u>
Other financing sources (uses):				
Interest income.....	-	-	-	32,224
Transfer to the General Debt Service Fund.....	(19,036)	(19,036)	-	-
Proceeds from sale of assets.....	100,000	239,814	139,814	91,585
Appropriated retained earnings.....	<u>907,910</u>	<u>-</u>	<u>(907,910)</u>	<u>-</u>
Total other financing sources (uses).....	<u>988,874</u>	<u>220,778</u>	<u>(768,096)</u>	<u>123,809</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	\$ (259,876)	<u>\$ 259,876</u>	\$ (492,174)
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Increase in inventory.....		628,225		-
Capital Additions.....		2,972,647		3,425,209
Capital lease principal payments.....		75,594		-
Depreciation.....		(3,229,411)		(2,929,710)
Basis of capital assets disposed.....		<u>(187,179)</u>		<u>(3,325)</u>
Change in net assets - full accrual basis.....		<u>\$ -</u>		<u>\$ -</u>



CITY OF HIGH POINT, NORTH CAROLINA

General Capital Assets

This account represents another accounting entity used to establish accounting control and accountability for the City's governmental capital assets. These records are accounted for in a self-balancing group of accounts due to the fact that the City's general capital assets, all capital assets except those accounted for in Proprietary Funds, are not financial resources available for expenditures.



CITY OF HIGH POINT, NORTH CAROLINA

Capital Assets Used In the Operation of Governmental Funds
 Schedule By Source
 June 30, 2005

General Capital Assets:	Current Year
Land and land improvements.....	\$ 12,545,467
Infrastructure.....	407,529,699
Buildings.....	28,041,551
Machinery and Equipment.....	26,518,137
Construction in progress.....	<u>7,145,609</u>
 Total Governmental Capital Assets.....	 <u><u>\$ 481,780,463</u></u>
 Investment in General Capital Assets from:	
Investment Prior to 1986.....	\$ 17,432,343
General Fund Revenues.....	43,697,656
Special Grants and Community Development.....	635,650
Contributed capital.....	40,422,426
General Obligation Bonds.....	<u>379,592,388</u>
 Total Investment in Governmental Capital Assets.....	 <u><u>\$ 481,780,463</u></u>

CITY OF HIGH POINT, NORTH CAROLINA

Capital Assets Used In the Operation of Governmental Funds:
By Function and Activity
June 30, 2005

	Land and Land Improvements	Infrastructure	Buildings	Machinery and Equipment	Construction In Progress	Total
General government						
Governing body.....	\$ 7,091,660	\$ -	\$ 199,262	\$ 68,927	\$ -	\$ 7,359,849
Administration.....	-	-	37,222	2,132,431	7,145,609	9,315,262
Theatre and Exhibition Center.....	-	-	2,752,801	492,896	-	3,245,697
Human Resources.....	-	-	-	59,492	-	59,492
Finance.....	107,904	-	-	131,246	-	239,150
Library.....	57,835	-	5,723,566	5,451,541	-	11,232,942
Total general government.....	<u>7,257,399</u>	<u>-</u>	<u>8,712,851</u>	<u>8,336,533</u>	<u>7,145,609</u>	<u>31,452,392</u>
Public safety:						
Police.....	-	-	101,856	2,491,447	-	2,593,303
Fire.....	725,646	-	7,120,693	9,674,151	-	17,520,490
Inspections.....	-	-	59,417	58,574	-	117,991
Transportation.....	7,264	-	503,728	2,406,713	-	2,917,705
Park Rangers.....	-	-	-	2,371	-	2,371
Total public safety.....	<u>732,910</u>	<u>-</u>	<u>7,785,694</u>	<u>14,633,256</u>	<u>-</u>	<u>23,151,860</u>
Public works.....	<u>429,726</u>	<u>407,529,699</u>	<u>261,171</u>	<u>625,344</u>	<u>-</u>	<u>408,845,940</u>
Parks and recreation.....	<u>4,125,432</u>	<u>-</u>	<u>11,207,581</u>	<u>2,589,552</u>	<u>-</u>	<u>17,922,565</u>
Planning.....	<u>-</u>	<u>-</u>	<u>65,196</u>	<u>158,910</u>	<u>-</u>	<u>224,106</u>
Special grants fund.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,935</u>	<u>-</u>	<u>42,935</u>
Community development.....	<u>-</u>	<u>-</u>	<u>9,058</u>	<u>131,607</u>	<u>-</u>	<u>140,665</u>
Total General Capital Assets	<u>\$ 12,545,467</u>	<u>\$ 407,529,699</u>	<u>\$ 28,041,551</u>	<u>\$ 26,518,137</u>	<u>\$ 7,145,609</u>	<u>\$ 481,780,463</u>

CITY OF HIGH POINT, NORTH CAROLINA

Capital Assets Used In the Operation of Governmental Funds
By Function and Activity
For the Year Ended June 30, 2005

	Capital Assets June 30, 2004	Additions	Disposals	Adjustments/ Reclassifications	Capital Assets June 30, 2005
General government:					
Governing Body.....	\$ 7,359,849	\$ -	\$ -	\$ -	\$ 7,359,849
Administration.....	2,182,955	4,673,334	166,028	2,625,001	9,315,262
Theatre and Exhibition Center.....	2,868,394	392,460	15,249	92	3,245,697
Human Resources.....	56,413	3,079	-	-	59,492
Finance.....	287,890	-	5,582	(43,158)	239,150
Library.....	11,206,069	7,058	23,343	43,158	11,232,942
Total general government.....	<u>23,961,570</u>	<u>5,075,931</u>	<u>210,202</u>	<u>2,625,093</u>	<u>31,452,392</u>
Public safety:					
Police.....	4,870,023	449,085	102,656	(2,623,149)	2,593,303
Fire.....	16,471,220	512,615	245,394	782,049	17,520,490
Inspections.....	61,556	57,211	776	-	117,991
Transportation.....	2,838,211	42,872	26,164	62,786	2,917,705
Park Rangers.....	2,371	-	-	-	2,371
Total public safety.....	<u>24,243,381</u>	<u>1,061,783</u>	<u>374,990</u>	<u>(1,778,314)</u>	<u>23,151,860</u>
Public works.....	<u>397,396,516</u>	<u>12,217,535</u>	<u>2,858</u>	<u>(765,253)</u>	<u>408,845,940</u>
Parks and recreation.....	<u>17,811,251</u>	<u>97,249</u>	<u>21,210</u>	<u>35,275</u>	<u>17,922,565</u>
Planning.....	<u>131,003</u>	<u>75,547</u>	<u>659</u>	<u>18,215</u>	<u>224,106</u>
Special Grants Fund.....	<u>204,056</u>	<u>-</u>	<u>-</u>	<u>(161,121)</u>	<u>42,935</u>
Community development.....	<u>111,348</u>	<u>9,633</u>	<u>6,421</u>	<u>26,105</u>	<u>140,665</u>
Total General Capital Assets.....	<u>\$ 463,859,125</u>	<u>\$ 18,537,678</u>	<u>\$ 616,340</u>	<u>\$ -</u>	<u>\$ 481,780,463</u>



CITY OF HIGH POINT, NORTH CAROLINA

FIDUCIARY FUND TYPES

Agency Funds

The General Agency Fund accounts for the receipt and disbursement of revenues for certain specialized activities. They include flower funds of various departments, refundable deposits held for completion of new housing developments and contributions made by the private sectors for specific community activities.



CITY OF HIGH POINT, NORTH CAROLINA

Combining Statement Of Changes In Assets And Liabilities
 Agency Fund
 For The Year Ended June 30, 2005

	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2005</u>
<i>Assets:</i>				
Cash and investments	\$ 426,169	\$ 361,469	\$ 40,081	\$ 747,557
Accounts receivable	221	381	225	377
Accrued interest	<u>1,890</u>	<u>148</u>	<u>1,591</u>	<u>447</u>
 Total Assets	 <u>\$ 428,280</u>	 <u>\$ 361,998</u>	 <u>\$ 41,897</u>	 <u>\$ 748,381</u>
 <i>Liabilities:</i>				
Accounts Payable: Due to other organizations	<u>\$ 428,280</u>	<u>\$ 361,998</u>	<u>\$ 41,897</u>	<u>\$ 748,381</u>



CITY OF HIGH POINT, NORTH CAROLINA

SUPPORTING SCHEDULES

- (1) Schedule of Ad Valorem Taxes Receivable June 30, 2005
- (2) Analysis of Current Tax Levy June 30, 2005

CITY OF HIGH POINT, NORTH CAROLINA

GENERAL FUND
 SCHEDULE OF AD VALOREM TAXES RECEIVABLE
 JUNE 30, 2005

Year	Uncollected Balance June 30, 2004	Additions	Collections And Credits	Uncollected Balance June 30, 2005
2004 - 2005	\$	\$ 44,449,716	\$ 43,811,753	\$ 637,963
2003 - 2004	546,630		323,417	223,213
2002 - 2003	154,916		32,026	122,890
2001 - 2002	114,138		9,698	104,440
2000 - 2001	85,633		5,585	80,048
1999 - 2000	63,293		2,571	60,722
1998 - 1999	53,111		1,476	51,635
1997 - 1998	53,749		1,385	52,364
1996 - 1997	43,157		1,066	42,091
1995 - 1996	37,576		437	37,139
	<u>1,152,203</u>	<u>44,449,716</u>	<u>44,189,414</u>	1,412,505
Plus: uncollected 2004 - 2005 ad valorem taxes receivable on annually registered vehicles				8,317
Less: allowance for uncollectable accounts: General Fund				<u>7,780</u>
Ad valorem taxes receivable - net				<u>\$ 1,413,042</u>
<u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund				\$ 44,449,716
Vehicle user fees				333,458
Reconciling items:				
Discounts and adjustments allowed				556,075
Taxes written off				<u>37,685</u>
Subtotal				<u>593,760</u>
Total collections and credits				<u>\$ 44,189,414</u>

CITY OF HIGH POINT, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
CITY - WIDE LEVY
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	City - Wide		Total Levy	Total Levy	
	Property Valuation	(1) Rate		Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate (2)	\$ 8,242,009,630	\$ 0.540	44,506,852	\$ 43,168,646	\$ 2,217,068
Registered motor vehicles taxed at prior year's rate	234,256,592	0.622	1,457,076	-	1,457,076
Total	<u>8,476,266,221</u>		<u>45,963,928</u>	<u>43,168,646</u>	<u>3,674,144</u>
Discoveries:					
Current year taxes	65,651,111	\$ 0.540	354,516	354,516	-
Prior year taxes	-	0.622	-	-	-
Total	<u>65,651,111</u>		<u>354,516</u>	<u>354,516</u>	<u>-</u>
Net penalties (3)	-		34,667	34,667	-
Discounts allowed	-		(208,738)	(208,738)	-
Releases (3):					
Current year's taxes	(205,316,852)	0.540	(1,108,711)	(1,063,771)	(44,940)
Prior year taxes	(4,475,884)	0.622	(27,840)	-	(27,840)
Total	<u>(209,792,736)</u>		<u>(1,136,551)</u>	<u>(1,063,771)</u>	<u>(72,780)</u>
Total assessed value	<u>\$ 8,332,124,596</u>				
Total adjusted tax levy			44,827,377	42,285,320	3,601,364
Uncollected taxes at June 30, 2005			637,963	388,524	249,440
Current year's taxes collected			<u>\$ 44,189,414</u>	<u>\$ 41,896,796</u>	<u>\$ 3,351,924</u>
Current levy collection percentage			<u>98.58%</u>	<u>99.08%</u>	<u>93.07%</u>





STATISTICAL SECTION

CITY OF HIGH POINT, NORTH CAROLINA

STATISTICAL TABLES FOR THE ANNUAL FINANCIAL REPORT

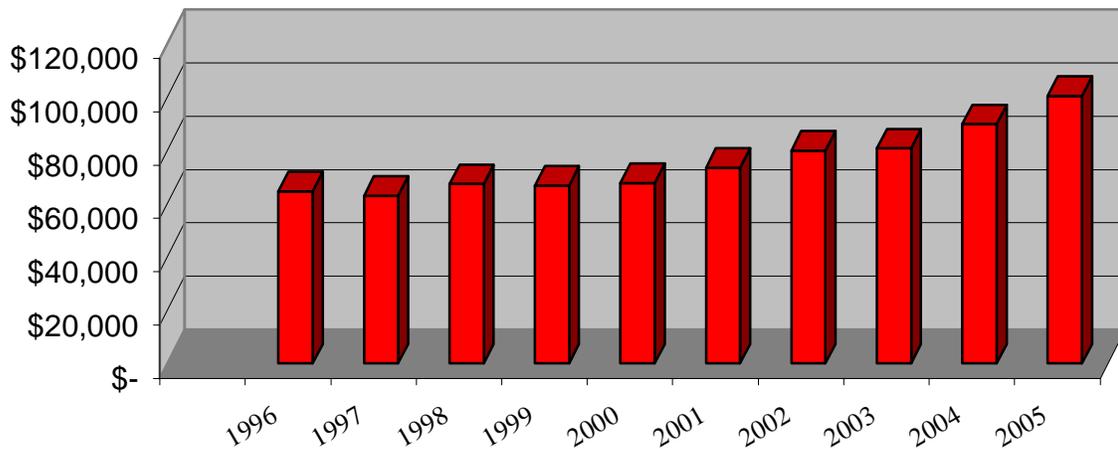
TABLE I

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION - LAST TEN FISCAL YEARS

Fiscal Year	General Government (1)	Public Safety (1)	Public Services (1)	Cultural & Recreation (1)	General Debt Service (1)	Total
1996	\$ 24,670,694	\$ 21,481,382	\$ 6,881,014	\$ 7,928,323	\$ 3,650,366	\$ 64,611,779
1997	21,478,145	22,401,059	7,292,485	8,018,043	3,831,704	63,021,436
1998	22,407,718	24,112,261	8,367,334	8,605,546	3,902,924	67,395,783
1999	20,130,015	24,711,330	8,108,731	9,652,547	4,228,268	66,830,891
2000	16,445,892	22,702,665	12,543,839	11,512,214	4,540,958	67,745,568
2001	10,389,406	26,061,017	19,187,774	12,129,049	5,761,414	73,528,660
2002	11,937,580	29,620,614	19,652,486	13,183,410	5,629,427	80,023,517
2003	12,616,839	32,595,299	17,692,046	12,558,012	5,348,030	80,810,226
2004	13,522,897	35,091,686	22,322,713	13,870,764	5,070,039	89,878,099
2005	14,939,812	39,715,207	25,876,854	14,355,284	5,645,853	100,533,010

(1) Includes General, Special Revenue, Debt Service, and Capital Projects.

**Total General Government Expenses
In Thousands**



CITY OF HIGH POINT, NORTH CAROLINA

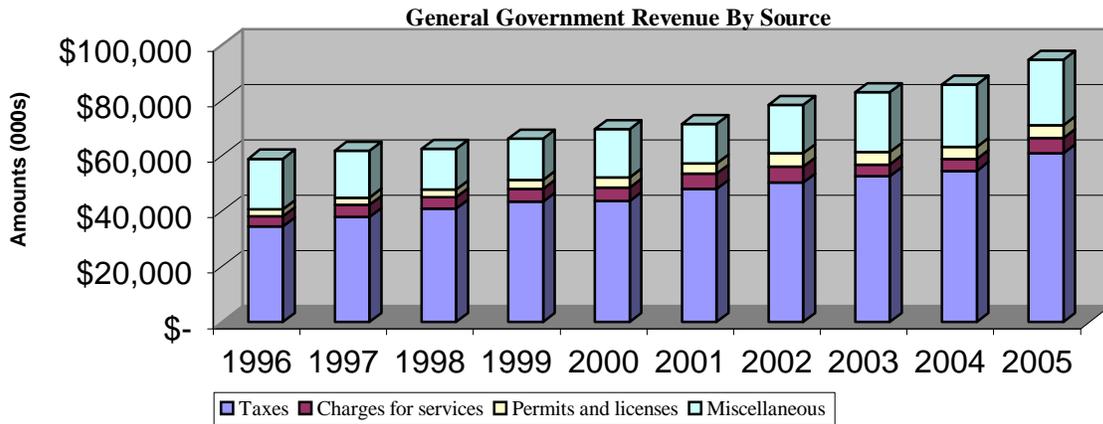
STATISTICAL TABLES FOR THE ANNUAL FINANCIAL REPORT

TABLE II

GENERAL GOVERNMENT REVENUE BY SOURCE - LAST TEN FISCAL YEARS

Fiscal Year	Taxes (1)	Charges for Services & Interest (1)	Permits & Licenses (1)	Miscellaneous (1)	Total
1996	\$ 34,383,453	\$ 3,654,325	\$ 2,511,870	\$ 18,272,466	\$ 58,822,114
1997	37,897,102	4,272,662	2,677,423	16,803,827	61,651,014
1998	40,738,157	4,191,385	2,690,014	14,705,781	62,325,337
1999	43,371,503	4,574,553	3,130,427	15,007,068	66,083,551
2000	43,657,066	4,810,207	3,622,375	17,349,082	69,438,730
2001	47,905,502	5,553,648	3,696,696	14,252,518	71,408,364
2002	50,297,630	5,765,614	4,638,359	17,619,881	78,321,484
2003	52,439,438	4,331,356	4,371,456	21,589,529	82,731,779
2004	54,481,043	4,264,328	4,380,607	22,440,483	85,566,461
2005	60,695,302	5,517,933	4,629,749	23,743,547	94,586,531

(1) Includes General, Special Revenue, Debt Service, and Capital Projects.



CITY OF HIGH POINT, NORTH CAROLINA

STATISTICAL TABLES FOR THE ANNUAL FINANCIAL REPORT

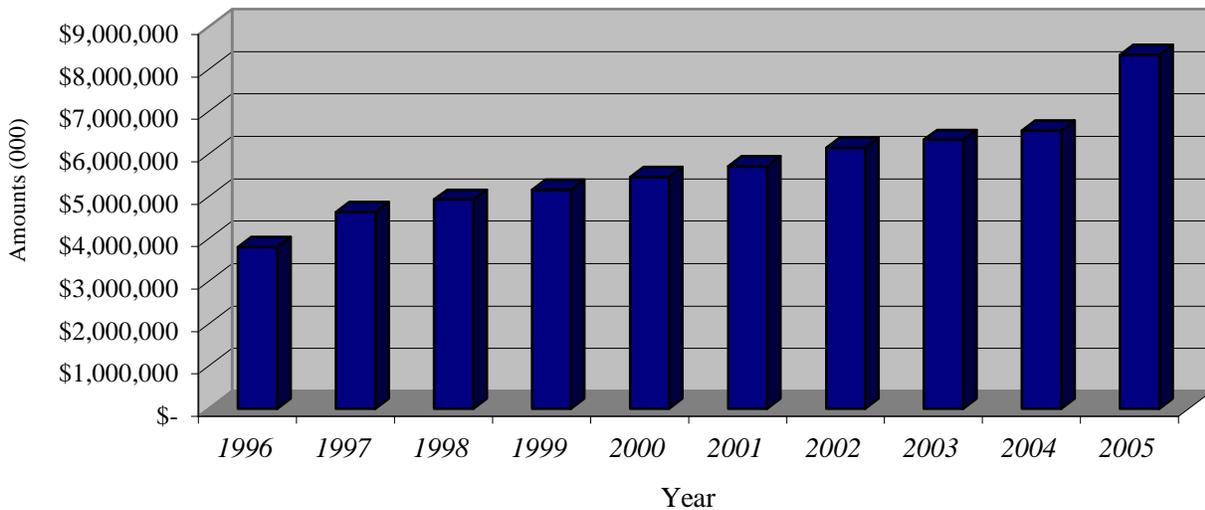
TABLE III

**ASSESSED VALUE OF TAXABLE PROPERTY-
LAST TEN FISCAL YEARS**

Fiscal Year	Real Property Assessed Value	Personal Property Assessed Value	Public Service Assessed Value	Total Assessed Value
1996	\$ 2,981,237,212	\$ 757,304,535	\$ 75,254,178	\$ 3,813,795,925
1997	3,731,486,090	822,282,367	88,191,068	4,641,959,525
1998	3,829,777,322	1,002,928,216	94,687,112	4,927,392,650
1999	4,007,449,695	1,050,516,870	99,687,882	5,157,654,447
2000	4,148,987,235	1,210,235,628	103,590,068	5,462,812,931
2001	4,351,299,809	1,269,220,865	100,414,882	5,720,935,556
2002	4,718,382,463	1,323,748,247	108,526,990	6,150,657,700
2003	4,908,105,959	1,323,441,021	106,052,487	6,337,599,467
2004	5,141,599,068	1,302,785,170	103,568,977	6,547,953,215
2005	6,715,746,466	1,504,913,469	111,464,661	8,332,124,596

Note: Assessed valuations for 2005 are based on the actual value of property as of January 1, 2004, as provided by state law.
Revaluation of property was accomplished and effective for valuations as of 1/1/2004.

Property Tax Assessment Per Year



CITY OF HIGH POINT, NORTH CAROLINA

STATISTICAL TABLES FOR THE ANNUAL FINANCIAL REPORT

TABLE IV

TAX REVENUES BY SOURCE - LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>(3) Property Tax</u>	<u>County Sales Tax</u>	<u>Franchise Tax</u>	<u>Gasoline Tax</u>	<u>Intangible Tax</u>	<u>Beer & Wine Tax</u>
1996	\$ 23,198,373	\$ 7,286,535	\$ 2,537,784	\$ 2,199,088	\$ 992,574	\$ 294,507
1997	26,541,463	7,491,832	2,836,972	2,266,209	1,040,110	300,261
1998	28,212,129	8,326,951	2,827,337	2,364,093	1,095,353	302,424
1999	30,647,353	8,389,832	2,876,578	2,456,663	1,109,396	307,657
2000	32,150,135	10,262,747	3,200,095	2,486,108	1,174,850	416,295
2001	35,547,757	11,074,790	3,389,928	2,674,051	1,180,278	419,594
2002	37,880,381	12,417,249	1,805,539	2,854,931	1,240,688	110,897
2003	39,414,150	13,025,288	3,790,994	2,725,261	-	362,258
2004	40,494,558	13,783,584	3,812,762	2,514,269	-	388,696
2005	44,189,414	16,505,889	3,969,961	2,801,260	-	390,508

TABLE V

PROPERTY TAX LEVIES AND COLLECTIONS - LAST TEN FISCAL YEARS

<u>Tax Year</u>	<u>(1) Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Current and Delinquent Tax Collections</u>	<u>Total Collections as a % of Current Levy</u>
1996	\$ 23,417,897	\$ 23,161,846	98.8%	\$ 234,691	\$ 23,396,637	99.9%
1997	26,638,741	26,321,380	98.9%	158,941	26,480,321	99.9%
1998	28,215,102	27,939,027	98.9%	267,761	28,206,788	99.4%
1999	30,966,489	30,684,130	99.1%	253,964	30,938,511	99.9%
2000	32,282,791	31,929,803	98.9%	278,706	32,208,509	99.8%
2001	35,597,594	35,211,863	98.9%	256,386	35,468,249	99.6%
2002	38,184,858	37,749,349	98.9%	298,887	38,048,236	99.6%
2003	39,834,273	39,325,183	98.7%	309,022	39,634,205	99.5%
2004	40,596,747	40,050,117	98.7%	329,552	40,379,669	99.5%
2005	44,449,716	43,856,407	98.7%	333,007	44,189,414	99.4%

(1) Discoveries added, rebates deducted, less discounts, write-offs from original levy.

(2) As of end of each fiscal year.

(3) Less discounts, plus interest and penalties.

CITY OF HIGH POINT, NORTH CAROLINA

Tables IV & V
(Cont'd)

Elderly Tax Exemption	Food Stamp Tax Reimbursement	ABC Mixed Beverage Tax
\$ 55,303	\$ 25,712	\$ 88,658
55,303	25,611	100,224
76,732	25,180	105,430
76,732	24,985	112,792
55,303	24,657	130,260
55,303	24,657	130,260
-	25,389	130,260
-	1,645,112	127,249
-	-	225,370
-	-	462,099

(2) Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a % of Current Levy
\$ 976,463	4.2%
1,075,799	4.0%
669,621	2.4%
712,600	2.3%
786,882	2.4%
856,928	2.4%
435,509	1.1%
1,097,931	2.8%
1,228,515	3.0%
1,413,042	3.2%

CITY OF HIGH POINT, NORTH CAROLINA

STATISTICAL TABLES FOR THE ANNUAL FINANCIAL REPORT

TABLE VI

PROPERTY TAX RATES-DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS

Tax Rates

Fiscal Year	Guilford County	City of High Point	Total
1996	\$.6572	\$.610	\$ 1.2672
1997	.6572	.57	1.2272
1998	.6572	.57	1.2272
1999	.6372	.595	1.2322
2000	.6372	.595	1.2322
2001	.6372	.622	1.2592
2002	.6742	.622	1.2962
2003	.6742	.622	1.2962
2004	.7135	.622	1.3355
2005	.6184	.540	1.1584

1996	\$ 149,761,628	\$ 23,545,454	\$ 173,307,082
1997	167,892,903	26,993,622	194,886,525
1998	173,150,573	28,197,314	201,347,887
1999	175,685,126	30,901,218	206,586,344
2000	184,967,804	32,279,217	217,247,021
2001	199,064,756	35,766,010	234,830,766
2002	211,614,336	38,184,858	249,799,194
2003	214,956,343	39,898,208	254,854,551
2004	230,721,113	40,595,141	271,316,254
2005	250,198,056	45,735,095	295,933,151

Tax limits - \$1.50 per \$100 valuation for general operations, unlimited for debt service.

Scope of tax rate limits - taxes used for normal operations and general debt service.

Taxes delinquent as of January 6. Date due for current taxes - September 1.

Penalties for delinquency are 2% for January and 3/4% for each month thereafter.

Discount of 1% in August only. Bills sent out as of August 1.

Enforcement is by advertisement, foreclosure and garnishment for real and personal.

Taxes are collected by Guilford County, High Point office, and deposited daily to the City's account.

The City pays 45% of the cost of operating the High Point Tax Office.

Delinquent taxes are advertised in April and sold the first Monday in May.

CITY OF HIGH POINT, NORTH CAROLINA

STATISTICAL TABLES FOR THE ANNUAL FINANCIAL REPORT

TABLE VII

COMPUTATION OF DIRECT AND OVERLAPPING DEBT - END OF FISCAL YEAR

Name of Governmental Unit	Net Debt Outstanding	Percentage Applicable To This Governmental Unit	City of High Point's Share of Debt
City of High Point	\$ 138,584,215	100.0%	\$ 138,584,215
Guilford County	269,910,000	16.5%	<u>44,535,150</u>
Total direct and overlapping debt			<u><u>\$ 183,119,365</u></u>

TABLE VIII

COMPUTATION OF LEGAL DEBT MARGIN - END OF FISCAL YEAR

Assessed Value		<u><u>\$ 8,332,124,596</u></u>
Debt Limit (1) 8% of assessed value		\$ 666,569,968
Total bonded debt	\$ 138,584,215	
Capital lease obligations	<u>10,134,549</u>	
Gross Debt	<u>148,718,764</u>	
Less:		
Deductions allowed by law		
(2) Utility bonds - water and sewer	65,962,388	
Utility Revenue bonds - water and sewer	42,031,741	
Utility bonds - storm water	209,926	
Parking bonds	357,877	
Capital lease obligations	<u>10,134,549</u>	
	118,696,481	
Amount available in debt service	<u>3,373,898</u>	
Total Statutory deductions	<u>122,070,379</u>	
Total amount of debt applicable to debt limit:		<u>26,648,385</u>
Legal debt margin		<u><u>\$ 639,921,583</u></u>

(1) Statutory debt limitation is 8% of assessed value

(2) Debts for utilities-water, sewer, electric, parking, revenue bonds, and mass transit are not subject to limitation.

CITY OF HIGH POINT, NORTH CAROLINA

STATISTICAL TABLES FOR THE ANNUAL FINANCIAL REPORT

TABLE IX

SPECIAL ASSESSMENTS COLLECTIONS-LAST TEN FISCAL YEARS

Fiscal Year	Current Assessment Due	Current Assessment Collected (2)	Ratio Collections to Amount Due	Total Outstanding Current & Delinq. Assessments
1996	(2)	\$ 54,522		\$ 250,192
1997	(2)	49,531		223,239
1998	(2)	29,728		202,155
1999	(2)	27,689		190,694
2000	(2)	22,271		164,999
2001	(2)	41,395		138,373
2002	(2)	49,358		114,856
2003	(2)	21,960		92,896
2004	(2)	18,741		134,402
2005	(2)	18,741		134,402

(1) Includes water, sewer, paving

(2) No current assessments due

CITY OF HIGH POINT, NORTH CAROLINA

STATISTICAL TABLES FOR THE ANNUAL FINANCIAL REPORT

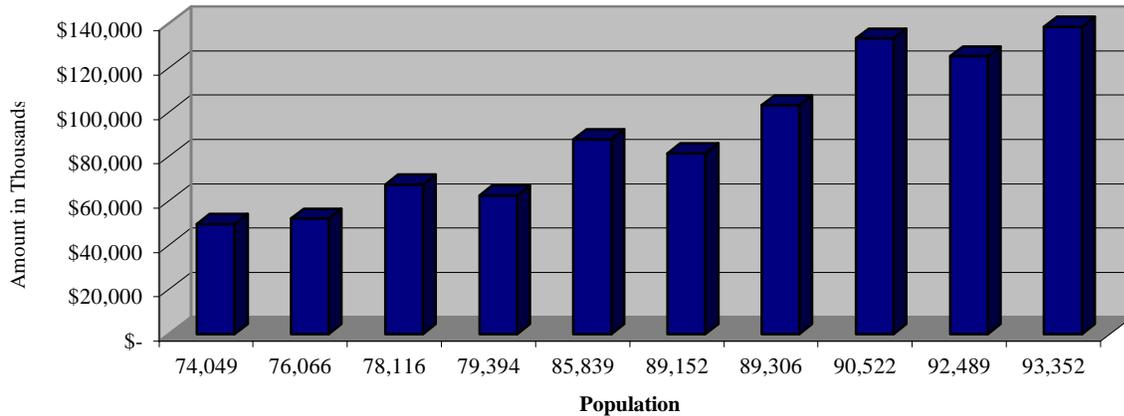
TABLE X

**RATIO OF NET BONDED DEBT TO ASSESSED VALUE AND
NET BONDED DEBT PER CAPITA-LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Assessed Value</u>	<u>Net Bonded Debt (2)</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Bonded Debt Per Capita</u>
1996	74,049	\$ 3,804,222,513	\$ 49,650,000	1.31%	\$ 671
1997	76,066	4,641,959,525	52,005,000	1.12%	684
1998	78,116	4,927,392,650	67,395,000	1.37%	863
1999	79,394	5,157,654,447	62,495,000	1.21%	787
2000	85,839	5,462,812,931	87,760,000	1.61%	1,022
2001	89,152	5,720,935,556	81,490,000	1.42%	914
2002	89,306	6,150,657,700	103,255,812	1.68%	1,156
2003	90,522	6,337,599,467	133,352,225	2.10%	1,473
2004	92,489	6,547,953,215	125,200,585	1.91%	1,354
2005	93,352	8,332,124,596	138,584,215	1.66%	1,485

- (1) 2001-2005 is a Planning Dept. estimate.
- (2) All general fund and proprietary fund debt.

Net Bonded Debt Per Capita



CITY OF HIGH POINT, NORTH CAROLINA

STATISTICAL TABLES FOR THE ANNUAL FINANCIAL REPORT

TABLE XI

WATER AND SEWER REVENUE BOND COVERAGE
CURRENT FISCAL YEAR

Fiscal Year	Prior Year Unrestricted Net Assets ¹	Operating Revenues ²	Operating Expenses ³	Income Available for Debt Service	Parity Debt Service Requirement	Total Debt Service Requirement	Coverage on Parity Debt Including 15% Unrestricted Net Assets ⁴	Coverage on Total Debt Excluding 15% Unrestricted Net Assets ⁵
2005	\$ 28,133,279	\$ 31,155,498	\$ 14,304,298	\$ 16,851,200	\$ 189,988	\$ 10,356,238	110.91	1.63

Notes: The City issued water and sewer revenue bonds in the amount of \$40,375,000 dated October 2004.

¹ From the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2004.

² From the current combined financial statements.

³ Operating Expenses exclude depreciation and bond interest.

⁴ Most restrictive required coverage is 1.20

⁵ Most restrictive required coverage is 1.00

CITY OF HIGH POINT, NORTH CAROLINA

STATISTICAL TABLES FOR THE ANNUAL FINANCIAL REPORT

TABLE XII

DEMOGRAPHIC STATISTICS - LAST TEN FISCAL YEARS

Calendar Year	Population	Per Capita Income	Median Age	Unemployment Rate (1)
1996	74,049	\$ 15,361	38.3	4.0%
1997	76,066	15,796	40.2	3.1%
1998	78,116	15,937	39.2	1.8%
1999	79,394	24,597	37.2	3.3%
2000	* 85,239	31,054	36.2	2.8%
2001	* 89,152	31,054	36.2	5.8%
2002	* 89,306	32,545	36.8	6.5%
2003	* 90,522	32,870	36.8	6.7%
2004	* 92,489	36,608	34.4	5.3%
2005	* 93,352	40,137	34.4	5.7%

(1) Guilford County Statistics per unemployment commission.

* 2000 figure represents US Census Bureau. 2001 through 2005 figures represent a City of High Point Planning Department estimate.

CITY OF HIGH POINT, NORTH CAROLINA

STATISTICAL TABLES FOR THE ANNUAL FINANCIAL REPORT

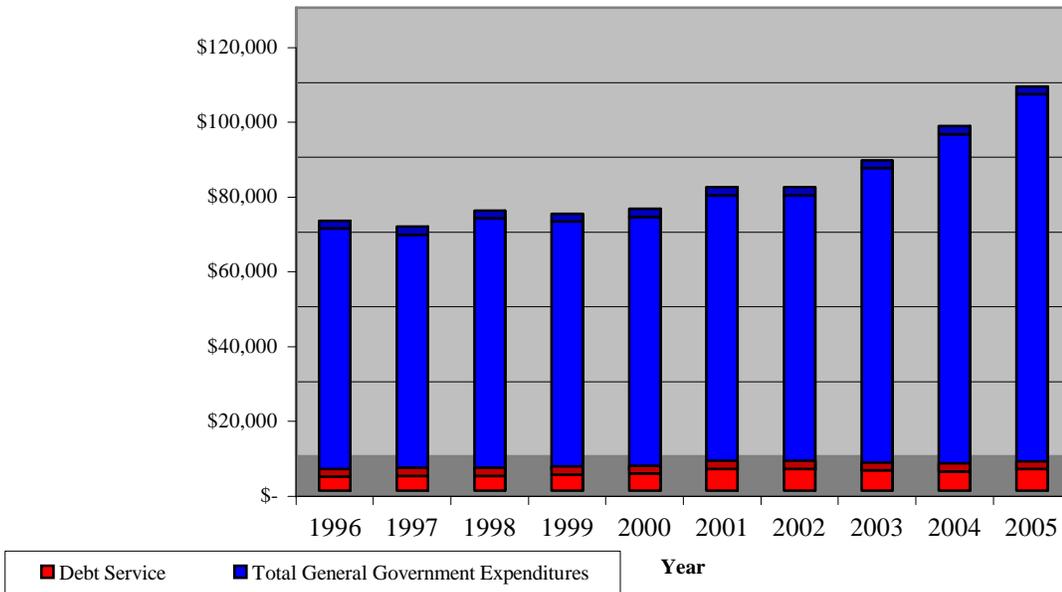
TABLE XIII

RATIO OF ANNUAL DEBT SERVICE REQUIREMENTS FOR GENERAL BONDED
DEBT TO TOTAL GENERAL EXPENDITURES - LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures	Ratio of Debt Service to General Expenditures
1996	\$ 2,157,746	\$ 1,492,620	\$ 3,650,366	\$ 64,611,799 (1)	5.6%
1997	2,117,144	1,714,560	3,831,704	63,021,436 (1)	6.1%
1998	2,239,135	1,663,789	3,902,924	67,395,783 (1)	5.8%
1999	2,431,831	1,731,806	4,163,638	66,543,260 (1)	6.3%
2000	2,809,968	1,666,360	4,476,328	67,745,568 (1)	6.6%
2001	3,439,475	2,321,939	5,761,414	73,528,660 (1)	7.8%
2002	3,467,341	2,321,939	5,789,280	73,528,660 (1)	7.9%
2003	3,347,625	2,000,405	5,348,030	80,810,226 (1)	6.6%
2004	3,327,103	1,742,936	5,070,039	89,878,099 (1)	5.6%
2005	3,709,888	1,935,965	5,645,853	100,533,010 (1)	5.6%

(1) Includes General, Special Revenue, Debt Service, Capital Project

Total Debt to Total General Expenditures



CITY OF HIGH POINT, NORTH CAROLINA

TABLE XIV

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS

LAST TEN FISCAL YEARS

Fiscal Year	Commercial Construction (2)		Residential Construction (2)		Bank Deposits (3) (in thousands)
	Number of units	Value (1)	Number of Units	Value (1)	
1996	97	\$ 82,658,042	699	\$ 72,355,225	\$ 1,170,674
1997	104	89,265,701	1,057	77,622,835	1,166,677
1998	99	58,027,010	1,127	86,198,807	1,163,116
1999	95	69,948,952	1,253	94,018,930	1,304,367
2000	263	117,099,526	1,163	88,737,266	1,311,321
2001	699	184,331,383	879	112,159,071	1,333,186
2002	553	113,360,342	1,156	158,744,670	1,350,222
2003	575	118,850,756	1,205	158,744,670	1,358,782
2004	1209	90,851,068	1,356	146,490,567	1,558,354
2005	518	74,998,089	959	191,275,900	1,542,771

- (1) Construction values are estimated construction costs supplied by the City's Inspection Department.
- (2) Information supplied by the City's Inspection Department
- (3) Information supplied by State Banking Commission.

CITY OF HIGH POINT, NORTH CAROLINA
STATISTICAL TABLES FOR THE ANNUAL FINANCIAL REPORT

TABLE XV

MISCELLANEOUS STATISTICAL DATA

Date of incorporation - 1859

Date first charter adopted - 1859

Date present charter adopted - 1937

Form of government - Council-Manager - 1915 Charter

Area - square miles

2005-60.50
 2004-53.63
 2003-52.38
 2002-52.00
 2001-51.42
 2000-50.90
 1999-50.15
 1998-49.41
 1997-48.11
 1996-47.91

Miles of streets and alleys:

Streets paved -	449.32
Streets unpaved -	0.62
Alleys -	1.72
State streets -	90.95
Total	542.61

Building permits:

<u>Issued</u>	<u>Value of Building</u>
1996	12,729
1997	1,667
1998	1,228
1999	1,691
2000	2,296
2001	2,703
2002	2,546
2003	1,591
2004	2,565
2005	1,477
	167,012,221
	166,888,336
	146,018,234
	231,482,233
	328,052,641
	304,813,476
	333,136,466
	139,809,241
	237,341,635
	266,273,989

Fire Protection:

Number of Stations-	14
Number of Employees-	212

Police Protection:

Number of Employees-	235
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CITY OF HIGH POINT, NORTH CAROLINA

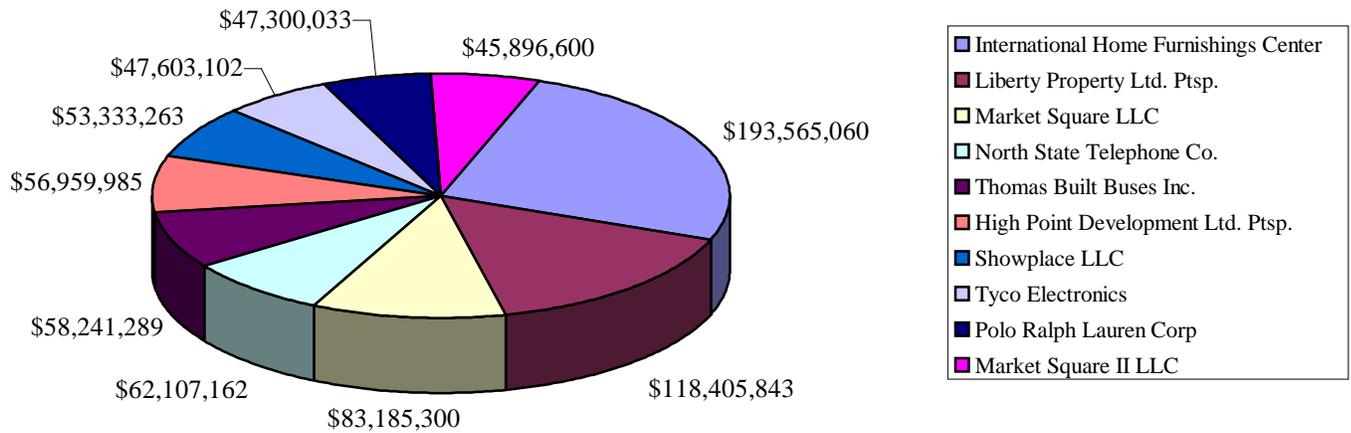
STATISTICAL TABLES FOR THE ANNUAL FINANCIAL REPORT

TABLE XVI

TEN PRINCIPAL TAXPAYERS

<u>Name</u>	<u>Nature of Business</u>	<u>Personal Valuation</u>	<u>Real Valuation</u>	<u>Total Valuation</u>	<u>Percentage of Assessment</u>
International Home Furnishings Center	Showroom Rental	\$ 1,707,860	\$ 191,857,200	\$ 193,565,060	2.96%
Liberty Property Ltd. Ptsp.	Real Estate	394,335	118,011,508	118,405,843	1.81%
Market Square LLC	Real Estate	-	83,185,300	83,185,300	1.27%
North State Telephone Co.	Communications	62,107,162	-	62,107,162	0.95%
Thomas Built Buses Inc.	Bus Bodies	27,067,289	31,174,000	58,241,289	0.89%
High Point Development Ltd. Ptsp.	Real Estate	80,485	56,879,500	56,959,985	0.87%
Showplace LLC	Showroom Rental	1,088,363	52,244,900	53,333,263	0.81%
Tyco Electronics	Electrical Parts	47,603,102	-	47,603,102	0.73%
Polo Ralph Lauren Corp	Clothing	11,895,733	35,404,300	47,300,033	0.72%
Market Square II LLC	Real Estate	-	45,896,600	45,896,600	0.70%
		<u>\$ 151,944,329</u>	<u>\$ 614,653,308</u>	<u>\$ 766,597,637</u>	

Ten Principal Taxpayers



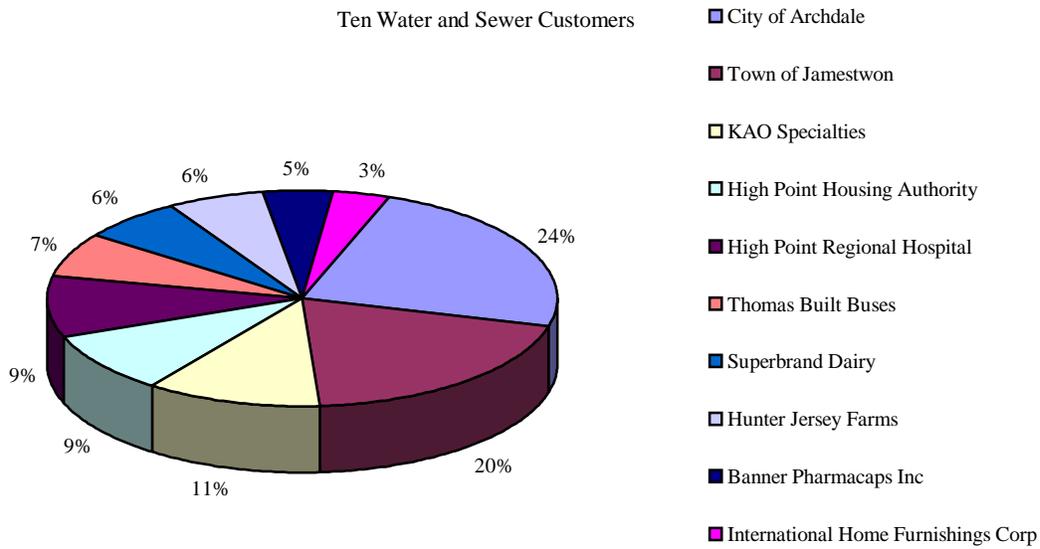
CITY OF HIGH POINT, NORTH CAROLINA

STATISTICAL TABLES FOR THE ANNUAL FINANCIAL REPORT

TABLE XVII

TOP TEN WATER AND SEWER CUSTOMERS

<u>Name</u>	<u>Consumption in Gal.</u>	<u>Billings</u>	<u>Percentage of Consumption</u>
City of Archdale	230,319	262,733	23.71%
Town of Jamestwon	191,431	236,980	19.70%
KAO Specialties	108,413	475,929	11.16%
High Point Housing Authority	88,961	533,420	9.16%
High Point Regional Hospital	88,590	372,728	9.12%
Thomas Built Buses	65,075	317,577	6.70%
Superbrand Dairy	60,924	265,963	6.27%
Hunter Jersey Farms	58,499	239,919	6.02%
Banner Pharmacaps Inc	45,372	184,748	4.67%
International Home Furnishings Corp	33,972	178,775	3.50%
	<u>971,556</u>	<u>\$ 3,068,773</u>	







SINGLE AUDIT SECTION

CITY OF HIGH POINT, NORTH CAROLINA

COMPLIANCE SECTION



McGladrey & Pullen

Certified Public Accountants

**Independent Auditor's Report
on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in
Accordance With Government Auditing Standards**

To the Honorable Mayor and
the Members of the City Council
City of High Point, North Carolina
High Point, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregated remaining fund information of the City of High Point, North Carolina, as of and for the year ended June 30, 2005, which collectively comprises the City's basic financial statements and have issued our report thereon dated October 14, 2005. We did not audit the financial statements of the City of High Point ABC Board. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of High Point ABC Board, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the City of High Point ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of High Point, North Carolina's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. We noted certain matters that we reported to management of the City of High Point, in a separate letter dated October 14, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of High Point, North Carolina's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the organization, members of the City Council, federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Greensboro, North Carolina
October 14, 2005



McGladrey & Pullen

Certified Public Accountants

**Independent Auditor's Report
on Compliance With Requirements Applicable
to Each Major Federal Program and Internal Control
Over Compliance in Accordance With Applicable Sections
of OMB Circular A-133 and the State Single Audit Implementation Act**

To the Honorable Mayor and
the Members of the City Council
City of High Point, North Carolina
High Point, North Carolina

Compliance

We have audited the compliance of the City of High Point, North Carolina, with the types of compliance requirements described in the U. S. Office of Management and Budget ("OMB") Circular A-133, *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2005. The City of High Point's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of High Point's management. Our responsibility is to express an opinion on the City of High Point's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of High Point's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of High Point's compliance with those requirements.

In our opinion, the City of High Point complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the City of High Point is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of High Point's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, members of the City Council, federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Greensboro, North Carolina
October 14, 2005

McGladrey & Pullen

Certified Public Accountants

**Independent Auditor's Report
on Compliance With Requirements Applicable
to its Major State Program and Internal Control
Over Compliance in Accordance With OMB Circular A-133
and the State Single Audit Implementation Act**

To the Honorable Mayor and
the Members of the City Council
City of High Point, North Carolina
High Point, North Carolina

Compliance

We have audited the compliance of the City of High Point, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to its major State program for the year ended June 30, 2005. The City of High Point's major State program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major State program is the responsibility of the City of High Point's management. Our responsibility is to express an opinion on the City of High Point's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City of High Point's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of High Point's compliance with those requirements.

In our opinion, the City of High Point complied, in all material respects, with the requirements referred to above that are applicable to its major State program for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the City of High Point is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the City of High Point's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major State program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, members of the City Council, federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Greensboro, North Carolina
October 14, 2005

CITY OF HIGH POINT, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2005

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- ◆ Material weakness(es) identified? Yes No
- ◆ Reportable condition(s) identified that are not considered to be material weakness(es)? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- ◆ Material weakness(es) identified? Yes No
- ◆ Reportable condition(s) identified that are not considered to be material weakness(es)? Yes None reported

Type of auditor's report issued on compliance for major federal programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
16.710	Public Safety Partnership and Community Policing Grants
20.507	Federal Transit – Formula Grants
97.044	Assistance to Firefighters Program

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee? Yes No

(Continued)

CITY OF HIGH POINT, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended June 30, 2005

State Award

Internal control over major State program:

- ◆ Material weakness(es) identified? Yes No
- ◆ Reportable condition(s) identified that are not considered to be material weakness(es)? Yes None reported

Type of auditor's report issued on compliance for major State program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? Yes No

Identification of major State program: Department of Transportation: Powell Bill

Section II. Financial Statement Findings

None reported

Section III. Federal Award Findings and Questioned Costs

None reported

Section IV. State Award Findings and Questioned Costs

None reported

CITY OF HIGH POINT, NORTH CAROLINA

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2005**

There were no prior audit findings.



CITY OF HIGH POINT, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For Year Ended June 30, 2005

<u>Grantor/Program Title</u>	Federal CFDA Number	Grant/ Work Order Number	Federal Expenditures	State Expenditures
Federal Grants:				
Cash Programs:				
<u>U.S. Department of Housing and Urban</u>				
<u>Development</u>				
Direct Programs:				
Community Development Block Grant - 2004	14.218	B-04-MC-37008	\$ 1,808,526	\$ -
Lead Based Paint	14.900	97-L-0006	5,924	-
Passed through City of Greensboro:				
Home Consortium Program	14.239	M-01-DC-37-0206	953,548	-
Total U.S. Department of Housing and Urban Development			2,767,998	-
<u>U.S. Department of Transportation</u>				
Direct Programs:				
Section 9 Operating Grant	20.507	NC-90-X200	710,017	-
Passed through N.C. Department of Transportation:				
Public Transportation Planning Grant - FY 2003-04	20.507	04-08-005	13,182	
Public Transportation Planning Grant - FY 2003-04	20.507	05-08-005	16,996	
Public Transportation Capital & Planning Grant - FY 2003-04	20.507	NC-90-X321-00	65,299	
Public Transportation Capital & Planning Grant - FY 2002-03	20.507	NC-90-X284-01	3,512	-
Public Transportation Capital Grant - FY 2002-2003	20.507	NC-90-X344-00	27,817	-
Section 104(f) Highway Planning Grant- FY 2004-2005	20.205	8.53812	90,912	-
Public Transportation Capital Grant - FY 2003-2004	20.507	NC-90-X320-01	4,625,761	
Highway Maintenance			-	251,271
Depot Restoration	20.205	8.2492501	-	200,567
Total U.S. Department of Transportation			5,553,496	451,838
<u>U.S. Department of Justice</u>				
Direct Programs:				
COPS Universal hiring '03-'04	16.710		535,059	
Forfeiture Funds	16.000		229,629	-
Bulletproof Vest Partnership	16.607		25,840	
Weed and Seed	16.595	00-LB-VX-3684	47,931	-
Local Law Enforcement Block Grant	16.592	02-LB-BX-2088	9,077	-
Local Law Enforcement Block Grant	16.592	03-LB-BX-1948	3,536	
Total U.S. Department of Justice			851,072	-
<u>Department of Homeland Security</u>				
Direct Programs:				
Assistance to firefighters program	97.044		324,468	139,058
Total Homeland Security			324,468	139,058
<u>US Environmental Protection Agency</u>				
Direct Programs:				
Total Environmental Protection Agency			298,906	-
Total Environmental Protection Agency			298,906	-

See accompanying Notes to Schedule of Expenditures of Federal and State Awards

CITY OF HIGH POINT, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For Year Ended June 30, 2005

<u>Grantor/Program Title</u>	Federal CFDA Number	Grant/ Work Order Number	Federal Expenditures	State Expenditures
Total Federal Emergency Management Agency			298,906	-
Total assistance - federal programs			10,094,846	590,896
State Grants:				
<u>N.C. Department of Transportation</u>				
Direct Programs:				
Braddock Road/Skeet Club Road Improvement		9.8079004		17,418
NCDOT Project - Fairfield and S. Main		6.491004R		110,603
North Main Street Improvements/Moving Ahead				454,695
N.C. Moving Ahead		MA07024R		107,753
Tarrant Rd. sidewalk project		E-2971-G		134,047
Furniture market transportation terminal	20.507	TD-4728A,B,C	1,141,870	142,734
Penny Road		WBS-37190		-
State Maintenance Assistance		9.9051123	-	328,493
Powell Bill Funds		9.90000	-	2,801,260
Total N.C. Department of Transportation			1,141,870	4,097,003
<u>N.C. Information Technology Services</u>				
Wireless 911 Board			-	162,190
Total N.C. Information Technology Services			-	162,190
<u>N.C. Department of Cultural Resources</u>				
State Aid to Libraries			-	55,905
Total N.C. Department of Cultural Resources			-	55,905
Total cash assistance - State Programs			1,440,776	4,315,098
Total assistance			\$ 11,535,622	\$ 4,905,994

See accompanying Notes to Schedule of Expenditures of Federal and State Awards

CITY OF HIGH POINT, NORTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS

For The Year Ended June 30, 2005

Note 1 General

The accompanying schedule of expenditures of Federal and State awards includes the federal and state grant activity of the City of High Point, North Carolina and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Implementation Act*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 Loans Outstanding

The City of High Point had the following loan balances outstanding at June 30,2005. These loan balances outstanding are also included in the federal and State expenditures presented in the schedule.

<u>Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Amount Outstanding</u>
U.S. Environmental Protection Agency:			
Passed through N.C. Department of Environment, Health and Natural Resources:			
N.C. Clean Water Revolving Loan and Grant Fund	66.458	CS370387-06	-

Note 3 Federal Emergency Management Agency

During this past winter, the area of the City of High Point was declared a major disaster area by the President of the United States due to damages incurred from ice storms. As a result the City of High Point is eligible for financial relief from the Federal Emergency Management Agency of Crime Control and Public Safety. Amounts included on the schedule of expenditures of Federal and State awards are eligible expenditures incurred by the City through June 30, 2004 and paid from the operating fund. These funds were and will be reimbursed with the grant from the awarding agencies.

CITY OF HIGH POINT, NORTH CAROLINA

DEPARTMENT OF TRANSPORTATION - FEDERAL TRANSIT ADMINISTRATION
 STATEMENT OF OPERATING DEFICIT
 For the Year Ended June 30, 2005

	<u>Fixed Route</u>	<u>Elderly and Handicapped</u>	<u>Total</u>
Income			
Operating revenue	\$ 327,115	\$ 32,381	\$ 359,496
Miscellaneous income	31,039	46,141	77,180
	<u>358,154</u>	<u>78,522</u>	<u>436,676</u>
Operating expenses			
Labor	846,110	144,106	990,216
Fringe benefits	248,812	36,321	285,133
Services	6,086	1,147	7,233
Materials and supplies	127,734	10,954	138,688
Utilities	22,623	4,957	27,580
Insurance	75,802	11,136	86,938
Taxes	3,482	-	3,482
Purchased transportation		132,580	132,580
Miscellaneous expenses	7,881	3	7,884
	<u>1,338,530</u>	<u>341,204</u>	<u>1,679,734</u>
Operating loss	<u>\$ (980,376)</u>	<u>\$ (262,682)</u>	<u>\$ (1,243,058)</u>
Net loss			<u>\$ (1,243,058)</u>

CITY OF HIGH POINT, NORTH CAROLINA

**DEPARTMENT OF TRANSPORTATION - FEDERAL TRANSIT ADMINISTRATION
COMPUTATION OF FEDERAL GRANT - OPERATING SUBSIDY**

For the Year Ended June 30, 2005

Project operating costs		\$	1,685,369
Less: Non-transportation revenue	\$	26,533	
State reimbursements		<u>3,669</u>	(30,202)
Add operating and miscellaneous income			<u>505,052</u>
Net project cost eligible for federal participation			2,160,219
Federal participation rate per grant			<u>50%</u>
Section 9 Operating Grant due from Federal Transit Administration, as calculated		\$	<u><u>1,080,110</u></u>
Section 9 Operating Grant due from Federal Transit Administration, as allowed		\$	<u><u>78,796</u></u>

