

City of High Point
North Carolina



COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2006

Achieving
SUCCESS
in High Point



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

CITY COUNCIL

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BERNITA SIMS..... MAYOR PRO-TEMPORE
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LATIMER B. ALEXANDER IV
RONALD B. WILKINS
JOHN FAIRCLOTH
WILLIAM S. BENCINI
MICHAEL PUGH
M. CHRISTOPHER WHITLEY

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 31, 2006

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, 2006. 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.

Management discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basis financial statements. MD&A complements this letter of transmittal, and should be read in conjunction with it.

Accounting
336.883.3240

Internal Audit
336.883.3192

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 for the fiscal year ended June 30, 2005. This marked the 19th time the City has received the Certificate of Achievement since 1980, and the eleventh consecutive year in a row.

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 region of North Carolina. Most of the City is located within the southwest quadrant of Guilford County; approximately one percent of the City's area extending into neighboring Randolph, Davidson and Forsyth counties. The City covers approximately 54 square miles and has a population of 95,000.

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. The respective counties mentioned above are the only other governmental units 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, electrical, and storm water utilities, a landfill and recycling operation, a public parking system, 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, the growth of internationally-based companies, 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 High Point Market – the world's largest home furnishings trade show -- High Point is a globally-connected city with small town roots.

High Point proudly calls itself *North Carolina's International City*TM -- due to more than 70 internationally-based companies in town and the more than 14,000 foreign visitors representing 110 countries, who attend Market each year.

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 2005 average annual unemployment rate for High Point's Piedmont Triad Region was 5.3% and has continued to steadily decrease as the local economy recovers.

Piedmont Triad International Airport is approximately 4 miles from the City and centrally located for easy access throughout the region. Currently the airport has 77 non-stop flights daily serviced by American Eagle, Continental, Delta, Comair, Northwest, United, and US Airways. Annually more than 1.3 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 under-construction \$350 million Mid-Atlantic Hub for FedEx, expected 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.

2005-2006 Economic Development Announcements

The City of High Point is excited about several economic development projects that were announced in the 2005-2006 Fiscal Year:

- **TriQuint Semiconductor** opened a design / research and development center --- investing \$1.8 million in the upfit of the facility and hiring 25 employees.
- **Legacy Classic Furniture** began constructing a major facility in High Point. The company will build a 347,000-square foot distribution center, invest more than \$18 million, and move 120 positions to High Point.
- **Stroheim & Romann**, an upscale fabric company, opened a distribution center and hired 40 people at the facility.
- **Simpson Strong-Tie**, the leading structural connector manufacturer in the United States and Europe, opened a distribution center with 10 employees.
- Russell Turner, a retail licensee of **Ashley Furniture Industries, Inc.**, opened a 60,000 square foot distribution center and hired 50 persons.
- **New Breed** bought a building for its new national headquarters. The logistics company will invest \$8 million and bring 225 employees to High Point.
- **Worldwide Technology**, a Dell supplier, opened a supply-chain management facility and hired 25 employees.
- **Huntington Furniture Industries** opened a headquarters, distribution, and warehousing operation -- employing 15.

In addition, the following economic development announcements have occurred since the fiscal year ended (*after June 30, 2006*):

- **POLO.COM** is constructing a major fulfillment / distribution center facility -- adding \$40 million to the tax base and creating 250 jobs.
- **Sydcor**, which provides production services and support to business customers, has opened and is hiring up to 150 employees. Sydcor provides services for Dell and other companies.
- **Lifestyle Enterprises** -- the largest importer of Asian home furnishings -- is planning to expand again in High Point. The company will construct a combined furniture showroom / office building. The value of that new building will be at least \$10 million.
- **Future Foam** is expanding its foam manufacturing facility -- making a \$3.8 million capital investment and creating 12 new jobs.

- **Master Design Furniture** has relocated its corporate headquarters to High Point and plans soon to open a showroom and large distribution center

The High Point Market

High Point is the Home Furnishings Capital of the World™. The High Point 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 High Point Market is where major national and international manufacturers introduce new merchandise twice annually. 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 primary-U.S. distribution facility, Banner Pharmacaps' manufacturing facility, Ciba Specialty Chemicals' facilities, SIGCOM's national security and communications headquarters, New Breed's distribution services / supply chain mgt. headquarters, a nanotech company, several commercial photography studios, 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, across NC 68 from both Piedmont Centre and Mendenhall, is a high-quality, 150-acre office park. Carolina Investment Properties has recently completed the park's first "Class A" office building. Legacy Classic Furniture is constructing a major facility in Premier Center, a 347,000-square foot distribution center / corporate headquarters facility.

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 Diebold Inc.

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. POLO.COM announced in October 2006 that it will be building a \$40 million distribution center in the park, to open in 2007.

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 1,700 in five years.

Retail Market

High Point's retail market continues to remain strong with 40 shopping centers and greater than 3.5 million square feet of leasable space. Occupancy rate remains at approximately 95%. Total taxable retail sales in High Point for the fiscal year ended June 30, 2006 totaled \$920,788,454 and generated total gross sales tax collections of \$40,392,120.

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 a working partner with community organizations that have created 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 quality public and private primary, secondary and post-secondary facilities. Guilford Technical Community College operates a first-rate industrial/technical-training program. GTCC has an average quarterly enrollment over 7,000 at the High Point campus.

The City and the Piedmont Triad region are home to 13 major colleges and universities. 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. High Point University, a private co-educational university affiliated with the United Methodist Church, is in the midst of a multi-year \$120+ million capital construction program which includes replacing or modernizing a number of dormitories, athletic facilities, and other campus buildings. Among the school's announced capital facilities construction plan that are completed or already under construction are the University's schools of business and education, a new athletic fieldhouse, new soccer stadium and athletic complex, a wellness center, and renovations to the remaining dormitories, student union, and library. 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 controlled 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, 2006 are treated as commitments, rather than expenditures, and such encumbered funds are appropriated for expenditure in fiscal year 2006-2007.

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 4½ years, and at interest rates ranging from 1.47% to 5.68%. The City's cash management program was improved to increase investment opportunities without sacrificing security of the invested principal. The enhanced investment program, higher interest rates in the last half of the year as well as more money from the temporary investment of bond proceeds issued during FY 2006 produced investment earnings across all funds of \$6,847,978, or an increase of \$3,533,830 for the year ended June 30, 2006. The investment management program earnings totaled \$3,314,148 for the prior fiscal year.

Risk Management

The City of High Point employs a Safety and Health Director, an Occupational Health Nurse Practitioner, a Workers' Compensation Case Manager and a part-time Wellness Coordinator in its Safety and Health Division. Their purpose is to control loss exposures and improve employee health. The Safety and 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 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 nearly 95,000 residents having a wide variety of often-competing neighborhood, business, and civic priorities and 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 in the face of rising costs of fuel, supplies and construction materials. 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 during continued rapid, high quality urban residential, commercial, and industrial growth. 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

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.

We wish to especially 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 their continued trust, patience, support and commitment they have placed in the city administration as we serve our citizens, businesses, and visitors with exceptional quality services.

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, 2005

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.



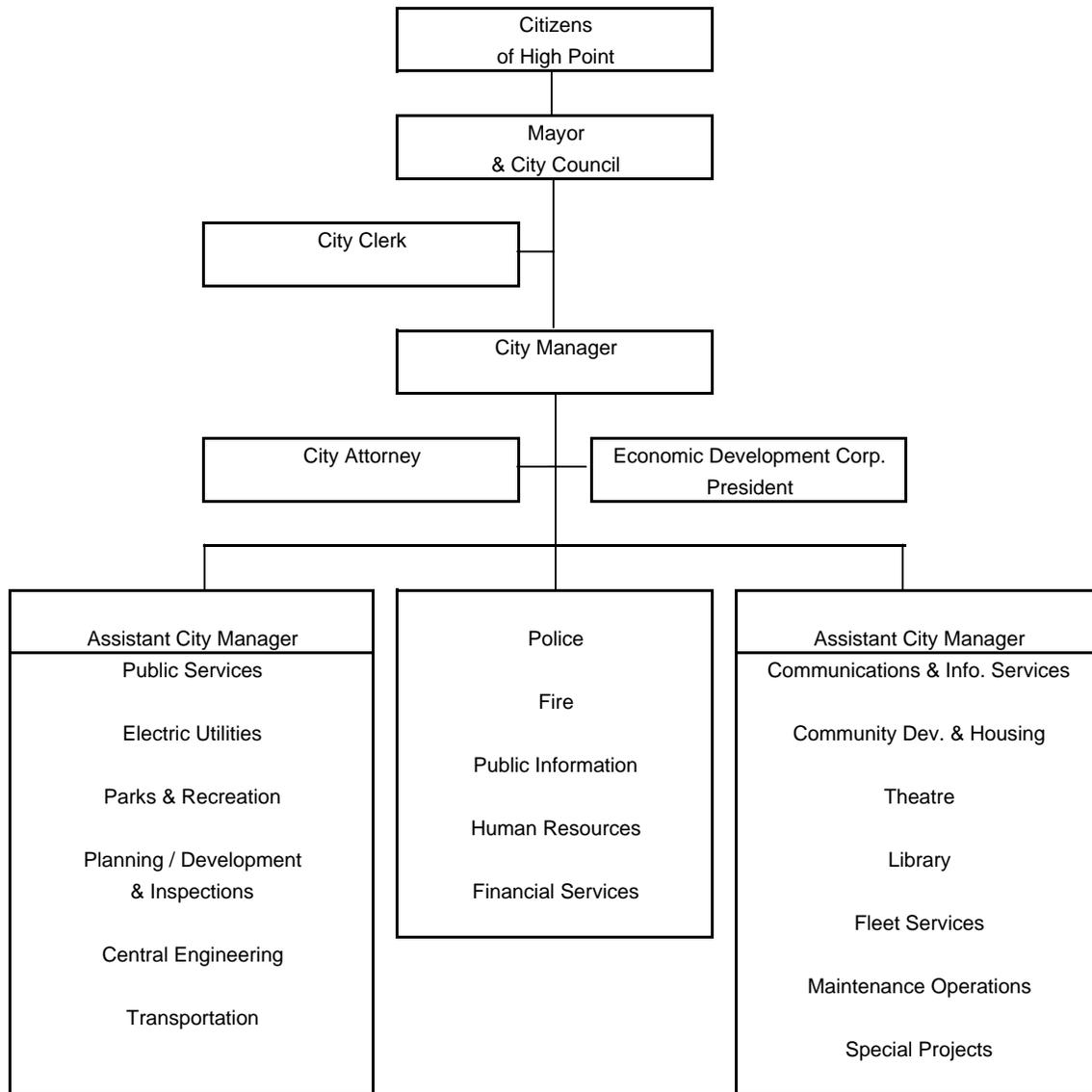
Carla E. Perry

President

Jeffrey R. Emer

Executive Director

Organization Chart
CITY OF HIGH POINT
as of June 30, 2006





FINANCIAL SECTION

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2006, 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 solely 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 *Governmental 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 City's component unit, each major fund, and the aggregate remaining fund information of the City of High Point, North Carolina, as of June 30, 2006, and the respective changes in financial position and cash flows, where appropriate, thereof and for 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 November 21, 2006 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 law enforcement officers' special separation allowance schedule of funding progress and schedule of employer contributions on pages 3 through 14 and 56 through 57, respectively, 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 accompanying supplementary information, such as the combining and individual nonmajor fund financial statements, and the introductory section, statistical tables, 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, and are not a required part of the basic financial statements. The supplementary information 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 tables 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
November 21, 2006

MANAGEMENT'S 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, 2006. 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 \$514 million. Governmental net assets totaled \$250 million, while business-type net assets totaled \$264 million.
- As of the close of the current fiscal year, the City of High Point's governmental funds reported combined ending fund balances of \$51,902,175, an increase of \$18,758,169 in comparison with the prior year. Approximately 32 percent of this total amount, or \$16,641,449, is available for spending at the government's discretion, or 20 percent of total general fund expenditures for the fiscal year.
- The City of High Point's total debt (net) increased by \$49 million during the current fiscal year due to the issuance of general obligation bonds to refund existing general obligation debt. Additionally, revenue bonds were issued for the Water and Sewer Fund to continue the financing of 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 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

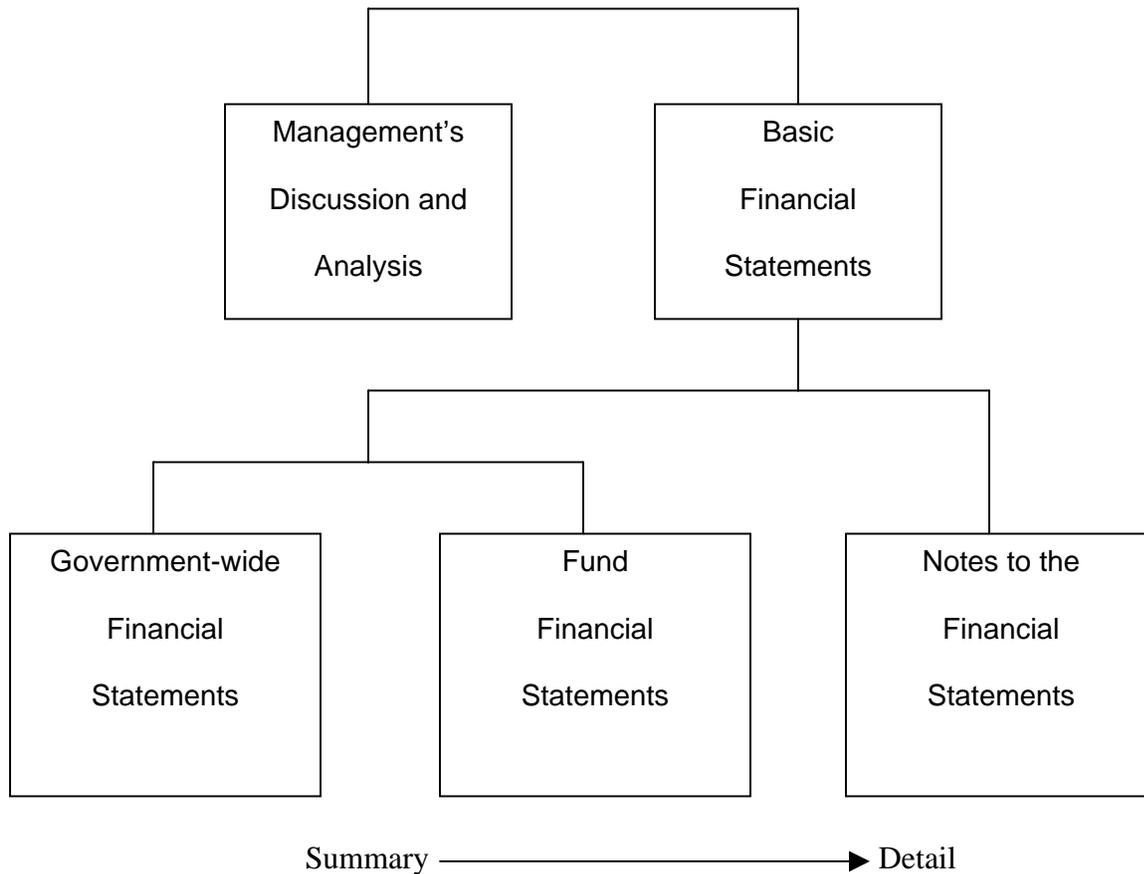
The City is a trustee responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. All of the City’s fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We excluded these activities from 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, 2006 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.

Required Components of Annual Financial Report

Figure 1



The City's combined net assets increased nominally this year—increasing to \$514 million from \$506 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, 2006
(In Thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>Primary Government</u>	<u>2005</u>
Assets						
Current and other assets.....	\$ 67,989	\$ 49,300	\$ 153,105	\$ 128,394	\$ 221,094	\$ 177,694
Capital assets (net).....	<u>250,227</u>	<u>253,334</u>	<u>294,594</u>	<u>276,526</u>	<u>544,821</u>	<u>529,860</u>
Total assets.....	<u>\$ 318,216</u>	<u>\$ 302,634</u>	<u>\$ 447,699</u>	<u>\$ 404,920</u>	<u>\$ 765,915</u>	<u>\$ 707,554</u>
Liabilities						
Current liabilities and payables.....	\$ 5,145	\$ 5,629	\$ 14,716	\$ 14,632	\$ 19,861	\$ 20,261
Long-term debt.....	<u>62,408</u>	<u>43,604</u>	<u>169,358</u>	<u>137,540</u>	<u>231,766</u>	<u>181,144</u>
Total liabilities.....	<u>67,553</u>	<u>49,233</u>	<u>184,074</u>	<u>152,172</u>	<u>251,627</u>	<u>201,405</u>
Net Assets						
Invested in capital assets, net of debt.....	213,537	213,392	192,054	186,983	405,591	400,375
Restricted.....	13,947	14,141	3,903	817	17,850	14,958
Unrestricted.....	<u>23,179</u>	<u>25,868</u>	<u>67,667</u>	<u>64,948</u>	<u>90,846</u>	<u>90,816</u>
Total net assets.....	<u>\$ 250,663</u>	<u>\$ 253,401</u>	<u>\$ 263,624</u>	<u>\$ 252,748</u>	<u>\$ 514,287</u>	<u>\$ 506,149</u>

Net Assets

Net assets of the City's governmental activities decreased \$2.7 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—decreased from \$25,867,574 at June 30, 2005, to \$23,178,515 at the end of this fiscal year. 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 diminish the need for future tax increases as the demand for increased services continues to rise.

The net assets of our business-type activities increased by 4 percent (\$264 million compared to \$253 million) in 2006. 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.

Revenues and Expenses

The City's total revenues (excluding transfers and special items) increased approximately 8 percent (\$21 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 8 percent (\$21 million).

Table 2
Changes in Net Assets for the Year Ended June 30, 2006
(In Thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
City Revenues						
Program revenue						
Charges for services.....	\$ 23,730	\$ 21,517	\$ 132,172	\$ 126,569	\$ 155,902	\$ 148,086
Operating grants and contributions.....	9,321	9,113	1,383	-	10,704	9,113
Capital grants and contributions.....	13,473	10,350	3,287	5,281	16,760	15,631
General revenue:						
Property taxes.....	49,118	44,555	-	-	49,118	44,555
Sales taxes.....	15,602	16,506	-	-	15,602	16,506
Grants, contributions not restricted						
to specific programs.....	19,414	14,416	-	14	19,414	14,430
Other	1,955	983	4,067	3,797	6,022	4,780
Total City revenues.....	<u>132,613</u>	<u>117,440</u>	<u>140,909</u>	<u>135,661</u>	<u>273,522</u>	<u>253,101</u>
City Expenses						
General Government.....	26,080	27,915	-	-	26,080	27,915
Public Safety.....	38,193	34,759	-	-	38,193	34,759
Public Services.....	50,073	41,404	-	-	50,073	41,404
Planning and Community Development.....	2,839	6,452	-	-	2,839	6,452
Cultural and Recreation.....	15,952	14,993	-	-	15,952	14,993
Interest expenses and related debt service.....	2,110	1,968	-	-	2,110	1,968
Water and Sewer.....	-	-	27,369	29,308	27,369	29,308
Electric.....	-	-	92,536	84,257	92,536	84,257
Mass Transit.....	-	-	3,034	3,351	3,034	3,351
Parking.....	-	-	929	812	929	812
Landfill.....	-	-	4,922	5,206	4,922	5,206
Stormwater.....	-	-	1,350	878	1,350	878
Total City expenses	<u>135,247</u>	<u>127,491</u>	<u>130,140</u>	<u>123,812</u>	<u>265,387</u>	<u>251,303</u>
Increase in net assets before transfers.....	(2,634)	(10,051)	10,769	11,849	8,135	1,798
Transfers.....	(107)	(293)	107	293	-	-
Increase (decrease) in net assets.....	(2,741)	(10,344)	10,876	12,142	8,135	1,798
Net assets, beginning.....	<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, ending.....	<u>\$ 250,660</u>	<u>\$ 253,401</u>	<u>\$ 263,624</u>	<u>\$ 252,748</u>	<u>\$ 514,284</u>	<u>\$ 506,149</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 \$3 million dollars.
- ◆ The net assets for business-type operations increased this year by \$11 million due to the issuance of general obligation and revenue bonds to help finance the expenses to improve the current water and sewer system. Additionally, mitigating these increases in net assets was the City continued policy of absorbing the wholesale price increase for electricity purchases. For the fiscal year ended June 30, 2006, this increase in the electric wholesale power purchase was approximately \$4.1 million dollars.

Governmental Activities

Net assets of the governmental activities changed for several reasons:

- ◆ Infrastructure developed by the City and contributed by developers amounted to \$13.5 million dollars.
- ◆ Restricted net assets increased approximately \$19 million dollars largely due to the issuance of general obligation bonds to finance the High Point International Furniture Market Transportation Terminal and other capital projects during the year.

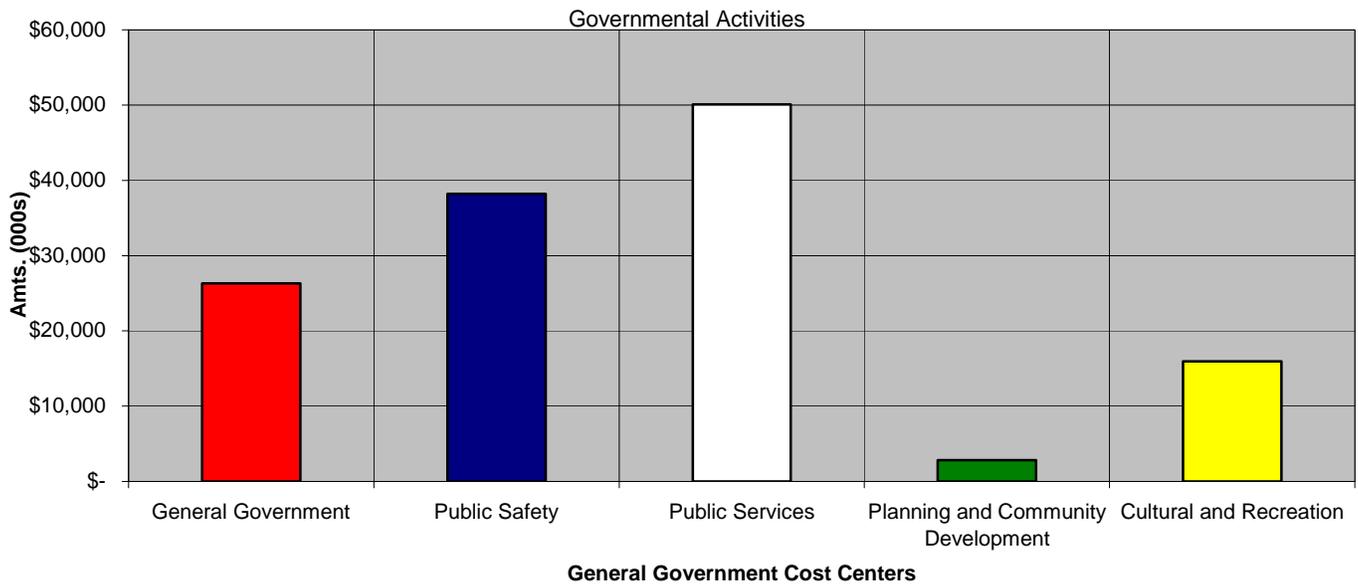
Without increasing the tax rate, property tax revenues increased \$.5 million compared to the final budget estimates because increased construction related to furniture showrooms in downtown and residential development in the northern and northwestern parts of the City.

The total cost of all governmental activities this year was \$135 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 \$50 million (38%) because some of the cost was paid by those who directly benefited from the programs (\$9 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$13 million). The City paid for the remaining “public benefit” portion of governmental activities with \$16 million in sales taxes and \$24 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

	<u>Total Cost of Services</u>	<u>Net Cost Services</u>
General Government.....	\$ 26,043,807	\$ 18,001,426
Public Safety.....	38,192,667	33,173,192
Public and Environmental Services.....	50,073,130	32,029,876
Planning and Community Development.....	2,839,298	(3,526,870)
Cultural and Recreation.....	15,951,176	12,279,168
Total.....	<u>\$ 133,100,078</u>	<u>\$ 91,956,792</u>



Business-type Activities

Charges for services of the City’s business-type activities (see Table 2) increased over the past fiscal year (\$132 million in 2006 compared to \$127 million in 2005). This was mainly due to a combined \$6 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 operating revenues of \$3.3 million. The average increase in the combined water and sewer rates averaged 4.9 percent for the fiscal year.

The Electric Fund increase was due to an average one percent rate increase, which was utilized to absorb wholesale electric rate increases and fund capital improvements.

The net assets of the nonmajor business-type funds increased \$1.5 million primarily due to a grants received to continue improvements to the City’s bus system. Additionally, increased fees for landfill and storm water has also contributed to the increase.

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 \$52 million, which is 58% above last year’s total of \$33 million. Of this amount, \$17.6 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 \$17,635,536 while total fund balance reached \$23,013,269, representing an increase of \$1,670,932 and a decrease of \$819,197, 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 21 percent of total General Fund expenditures, while total fund balance represents 8 percent of General Fund expenditures.

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

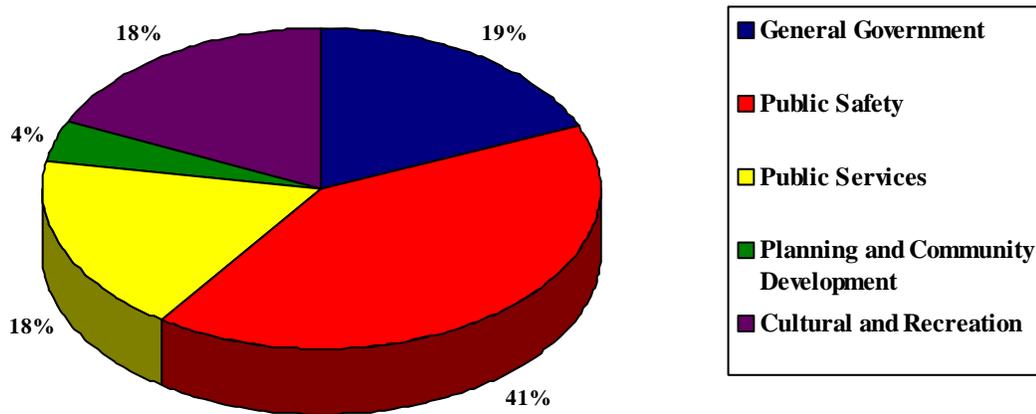
Revenue Sources	Amount	Percent of Total	Increase (Decrease) from 2005
Property taxes.....	\$ 47,034,820	52.7%	\$ 2,845,406
Sales and use taxes.....	15,686,960	17.6%	(818,928)
Intergovernmental revenues.....	11,914,956	13.3%	1,744,649
Licenses and Permits.....	5,390,085	6.0%	760,336
Charges for services.....	3,526,776	3.9%	(711,719)
Interest on investments.....	985,055	1.1%	19,633
Miscellaneous revenues.....	4,782,905	5.4%	(960,977)
	<u>\$ 89,321,557</u>	<u>100.0%</u>	<u>\$ 2,878,400</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 2005
General Government.....	\$ 15,758,957	19.0%	\$ 1,321,135
Public Safety.....	34,082,283	41.1%	2,018,009
Public Services.....	14,459,941	17.5%	(394,651)
Planning and Community Dev.....	4,064,857	4.9%	950,287
Cultural and Recreation.....	14,458,488	17.5%	730,580
	<u>\$ 82,824,526</u>	<u>100.0%</u>	<u>\$ 4,625,360</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 spending on the Transportation Terminal, fund balance was \$3.5 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 2006, the City had \$1 billion 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 \$46 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>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Land and land improvements.....	\$ 12,584	\$ 12,584	\$ 23,821	\$ 23,384	\$ 36,405	35,968
Construction in progress.....	7,771	7,146	70,360	50,430	78,131	57,576
Buildings and related improvements.....	42,468	42,317	85,910	85,910	128,378	128,227
Equipment.....	68,939	60,693	144,179	139,256	213,118	199,949
Infrastructure.....	422,163	406,909	142,238	138,947	564,401	545,856
Totals.....	<u>\$ 553,925</u>	<u>\$ 529,649</u>	<u>\$ 466,508</u>	<u>\$ 437,927</u>	<u>\$ 1,020,433</u>	<u>\$ 967,576</u>

This years major additions included the following:

Road network (right ways, road and etc.).	\$ 13,473,495
Water and Sewer System Improvements...	\$ 15,828,513
Electric system improvements.....	\$ 3,759,011
Transportation Terminal.....	\$ 3,193,844

The City's fiscal year 2007 capital budget calls for it to spend another \$19 million for capital projects, principally for the electrical system improvements and water and sewer improvements. These capital projects are budgeted as follows:

General Fund.....	\$ 3,610,032
Water and Sewer Fund.....	5,734,529
Electric.....	9,836,920
Miscellaneous.....	564,500
Total.....	<u>\$ 19,745,981</u>

Debt

At year-end, the City had approximately \$219 million in bonds and notes outstanding versus \$168 million last year—an increase of 30 percent—as shown in Table 5. New debt resulted mainly from issuing general obligation bonds of \$52 million and revenue bonds of approximately \$33 million to refund/refinance some of the City's general obligation bonds and continues the upgrades to the City's water and sewer system infrastructure.

Table 5
Outstanding Debt
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
General Obligation Bonds.....	\$ 48,985	\$ 30,028	\$ 68,677	\$ 66,530	\$ 117,662	\$ 96,558
Revenue Bonds.....	-	-	71,755	42,032	71,755	42,032
State and Federal Revolving Bond Loans.....	-	-	17,199	18,341	17,199	18,341
Notes payable and capital leases.....	9,473	10,135	1,066	1,310	10,539	11,445
Total.....	<u>\$ 58,458</u>	<u>\$ 40,163</u>	<u>\$ 158,697</u>	<u>\$ 128,213</u>	<u>\$ 217,155</u>	<u>\$ 168,376</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 2007 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 1999–2006, averaging annual gains of 4.2 percent. Unemployment in the City now stands at 4.9 percent versus 5.8 percent a year ago. This compares with the State's unemployment rate of 4.6 percent and the national rate of 4.6 percent.

Inflation in the City continues to be somewhat lower than the national Consumer Price Index (CPI) increase. The City's CPI increase was 4.3 percent for fiscal year 2006 compared with the average U.S. city rate of 4 percent and the national rate of 4.1 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 95 square mile annexation agreement area is also among our highest priorities.

The total General Fund budget appropriates \$95 million, an increase of 4.7 over the adopted 2006 budget of \$91 million. Property taxes (benefiting from increased residential and light manufacturing development) and appropriations from fund balance were utilized to lead the budget increase. 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, 2005 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 2005 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 2007:

- 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 .8% effective July 1, 2006.
- 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, and 211 S. Hamilton Street, High Point, NC 27261.

CITY OF HIGH POINT, NORTH CAROLINA

STATEMENT OF NET ASSETS

June 30, 2006

	PRIMARY GOVERNMENT			COMPONENT
	Governmental	Business-type	TOTAL	UNIT
	Activities	Activities		HIGH POINT ABC BOARD
ASSETS				
Cash and investments.....	\$ 31,871,531	\$ 85,831,360	\$ 117,702,891	\$ 1,419,780
Investments in Real Estate	32,041	-	32,041	-
Receivables:				
Taxes (net).....	1,680,366	-	1,680,366	-
Accounts receivable and accrued revenue (net).....	5,663,710	5,754,411	11,418,121	-
Assessments (net).....	17,497	97,359	114,856	-
Notes.....	3,474,452	-	3,474,452	-
Accrued interest.....	483,962	1,040,402	1,524,364	-
Inventory.....	2,768,580	27,131	2,795,711	1,104,120
Prepaid Items.....	228,798	103,660	332,458	61,325
Restricted Assets:				
Cash and investments.....	21,767,784	59,354,697	81,122,481	-
Deferred charges.....	-	895,293	895,293	-
Capital Assets:				
Land, improvements, and construction in progress.....	40,398,416	94,180,433	134,578,849	-
Other capital assets, net of related depreciation.....	209,828,092	200,413,917	410,242,009	1,956,722
Total capital assets.....	250,226,508	294,594,350	544,820,858	1,956,722
TOTAL ASSETS	318,215,229	447,698,663	765,913,892	4,541,947
Liabilities				
Accounts payable and accrued expenses.....	3,497,766	10,987,125	14,484,891	1,351,906
Accrued interest payable.....	432,220	917,766	1,349,986	-
Other current liabilities.....	401,066	1,170,587	1,571,653	-
Deferred revenue.....	814,440	1,640,521	2,454,961	-
Long-term liabilities:				
Due in one year.....	7,557,123	6,031,328	13,588,451	-
Due in more than one year.....	54,850,983	163,327,026	218,178,009	-
TOTAL LIABILITIES	67,553,598	184,074,353	251,627,951	1,351,906
Net Assets				
Invested in capital assets, net of related debt.....	213,536,521	192,054,588	405,591,109	1,956,722
Restricted for:				
Capital projects.....	-	3,500,372	3,500,372	-
Debt service.....	7,337,331	-	7,337,331	-
High Point ABC Board.....	-	-	-	319,562
Economic Development.....	580,568	-	580,568	-
Grants and Community development.....	6,028,696	-	6,028,696	-
Mass Transit.....	-	402,541	402,541	-
Unrestricted.....	23,178,515	67,666,809	90,845,324	913,757
TOTAL NET ASSETS	\$ 250,661,631	\$ 263,624,310	\$ 514,285,941	\$ 3,190,041

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, 2006

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.....	\$ 26,079,638	\$ 8,195,048	\$ -	\$ -	\$ (17,884,590)	\$ -	\$ (17,884,590)	\$ -
Public Safety.....	38,192,667	1,597,293	3,422,182	-	(33,173,192)	-	(33,173,192)	-
Public and Environmental Services.....	50,073,130	5,559,290	4,239,241	13,473,495	(26,801,104)	-	(26,801,104)	-
Planning and Community Development.....	2,839,298	4,706,832	1,659,336	-	3,526,870	-	3,526,870	-
Cultural and Recreation.....	15,951,176	3,672,008	-	-	(12,279,168)	-	(12,279,168)	-
Interest on long-term debt.....	2,109,696	-	-	-	(2,109,696)	-	(2,109,696)	-
Total governmental activities.....	<u>135,245,605</u>	<u>23,730,471</u>	<u>9,320,759</u>	<u>13,473,495</u>	<u>(88,720,880)</u>	<u>-</u>	<u>(88,720,880)</u>	<u>-</u>
Business-type activities:								
Water and Sewer	27,369,416	33,827,133	-	3,286,918	-	9,744,635	9,744,635	-
Electric.....	92,536,413	89,650,166	-	-	-	(2,886,247)	(2,886,247)	-
Mass Transit.....	3,033,584	772,364	1,383,043	-	-	(878,177)	(878,177)	-
Parking.....	928,624	489,665	-	-	-	(438,959)	(438,959)	-
Landfill.....	4,921,503	5,614,564	-	-	-	693,061	693,061	-
Stormwater.....	1,349,600	1,817,554	-	-	-	467,954	467,954	-
Total business-type activities.....	<u>130,139,140</u>	<u>132,171,446</u>	<u>1,383,043</u>	<u>3,286,918</u>	<u>-</u>	<u>6,702,267</u>	<u>6,702,267</u>	<u>-</u>
Total primary government.....	<u>\$ 265,384,745</u>	<u>\$ 155,901,917</u>	<u>\$ 10,703,802</u>	<u>\$ 16,760,413</u>	<u>\$ (88,720,880)</u>	<u>\$ 6,702,267</u>	<u>\$ (82,018,613)</u>	<u>-</u>
Component unit:								
High Point ABC Board.....	\$ 2,226,341	\$ 2,573,828	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 347,487
Total component unit.....	<u>\$ 2,226,341</u>	<u>\$ 2,573,828</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 347,487</u>
General revenues:								
Property Taxes.....					\$ 49,118,481	\$ -	\$ 49,118,481	\$ -
Sales Taxes.....					15,601,714	-	15,601,714	-
Grants, contributions and revenues not restricted to specific programs.....					19,414,179	-	19,414,179	-
Investment earnings.....					1,954,778	4,067,574	6,022,352	-
Loss on the disposal of capital assets.....					-	(893)	(893)	-
Transfers.....					(107,139)	107,139	-	-
Total general revenues and transfers.....					<u>85,982,013</u>	<u>4,173,820</u>	<u>90,155,833</u>	<u>-</u>
Change in net assets.....					(2,738,867)	10,876,087	8,137,220	347,487
Net assets, beginning.....					253,400,498	252,748,223	506,148,721	2,721,936
Net assets, ending.....					<u>\$ 250,661,631</u>	<u>\$ 263,624,310</u>	<u>\$ 514,285,941</u>	<u>\$ 3,069,423</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, 2006

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments.....	\$ 20,921,425	\$ 7,678,119	\$ 28,599,544
Investments in Real Estate	32,041	-	32,041
Receivables:			
Taxes (net).....	1,680,366	-	1,680,366
Accounts receivable and accrued revenue (net).....	3,160,172	2,031,313	5,191,485
Assessments (net).....	17,497	-	17,497
Notes.....	-	3,474,452	3,474,452
Accrued interest.....	351,620	132,342	483,962
Due from other funds.....	616,448	-	616,448
Prepaid items.....	228,798	-	228,798
Restricted Assets:			
Cash and investments.....		21,600,298	21,600,298
TOTAL ASSETS	\$ 27,008,367	\$ 34,916,524	\$ 61,924,891
LIABILITIES AND FUND BALANCES			
Accounts payable and accrued expenses.....	\$ 1,296,987	\$ 1,652,449	\$ 2,949,436
Due to other funds.....	-	616,448	616,448
Other current liabilities.....	87,526	193,965	281,491
Deferred revenue.....	2,610,585	3,564,756	6,175,341
TOTAL LIABILITIES	3,995,098	6,027,618	10,022,716
FUND BALANCES:			
Fund balances:			
Reserved for:			
Encumbrances.....	1,584,105	-	1,584,105
Prepaid items.....	235,539	-	235,539
State statute.....	2,977,521	-	2,977,521
Specific programs.....		780,344	780,344
Economic development.....	580,568	-	580,568
Debt service.....	-	7,769,551	7,769,551
Capital projects.....	-	20,339,011	20,339,011
Unreserved			
Designated for subsequent years' expenditures.....	4,128,876	-	4,128,876
Undesignated.....	13,506,660	-	13,506,660
TOTAL FUND BALANCES	23,013,269	28,888,906	51,902,175
TOTAL LIABILITIES AND FUND BALANCES	\$ 27,008,367	\$ 34,916,524	\$ 61,924,891
Fund balances as reported above			\$ 51,902,175
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.			234,253,281
Other assets that are not available to pay for current-period expenditures and are deferred in the funds.			6,498,815
Internal services funds used to allocate costs among the funds are included in the statement of net assets.			20,854,711
Compensated absences are not recorded in the governmental funds			(3,426,636)
Accrued interest payable			(432,220)
Unfunded pension liability			(522,724)
Arbitrage			(7,025)
Long-term debt and capital leases			(58,458,746)
Net assets of governmental activities			<u>\$ 250,661,631</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, 2006

	General	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Taxes.....	\$ 46,344,974	\$ 2,773,507	\$ 49,118,481
Sales and use taxes.....	15,601,714	-	15,601,714
Intergovernmental Revenues.....	12,082,493	9,320,759	21,403,252
Licenses and Permits.....	5,228,772	-	5,228,772
Charges for Services.....	3,948,282	-	3,948,282
Interest on Investments.....	991,429	960,863	1,952,292
Miscellaneous Revenues.....	5,159,724	1,981,359	7,141,083
Total revenues.....	89,357,388	15,036,488	104,393,876
Expenditures			
Current:			
General Government.....	15,794,788	820,099	16,614,887
Public Safety.....	34,082,283	1,891,398	35,973,681
Public Services and Transportation.....	8,684,886	13,713,558	22,398,444
Environmental services.....	5,775,055	-	5,775,055
Planning and Community Development.....	4,064,857	2,506,490	6,571,347
Cultural and Recreation.....	14,458,488	592,331	15,050,819
Debt Service:			
Principal Retirement.....	105,590	3,983,277	4,088,867
Interest and Fiscal Charges.....	7,231	1,906,997	1,914,228
Total Expenditures.....	82,973,178	25,414,150	108,387,328
 Excess (deficiency) of revenue over expenditures	 6,384,210	 (10,377,662)	 (3,993,452)
Other Financing Sources (Uses)			
Proceeds from issuance of			
General Obligation Bonds.....	-	40,119,472	40,119,472
Proceeds from issuance of capital leases.....	194,724	-	194,724
General obligation bonds refunded.....	-	(17,474,472)	(17,474,472)
Transfers In.....	450,000	7,335,838	7,785,838
Transfers out.....	(7,848,131)	(25,810)	(7,873,941)
Total Other Financing Sources (Uses).....	(7,203,407)	29,955,028	22,751,621
Net change in fund balances.....	(819,197)	19,577,366	18,758,169
Fund balances, beginning.....	23,832,466	9,311,540	33,144,006
Fund balances, ending.....	\$ 23,013,269	\$ 28,888,906	\$ 51,902,175

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, 2006

Net change in fund balances - total governmental funds	\$	18,758,169
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		(98,792)
Principal payments are not considered expenditures in the statement of activities		4,088,867
Accrued interest is recognized and an expense in the statement of activities		148,264
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		15,620,870
Depreciation is recognized as an expense in the statement of activities		(30,358,121)
Infrastructure contributed by developers is considered capital contribution for the statement of net asset		13,473,495
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		(983,179)
Proceeds from bonds and capital leases are not reported as revenues in the statement of activities		(22,645,000)
Gain on the disposal of Internal Service Funds capital assets		289,395
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.		(1,032,835)
Change in net assets of governmental activities	\$	<u>(2,738,867)</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, 2006

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes.....	\$ 47,245,300	\$ 47,845,300	\$ 46,344,974	\$ (1,500,326)
Sales and use taxes.....	12,868,710	14,968,510	15,601,714	633,204
Intergovernmental revenues.....	11,961,030	11,260,864	12,082,493	821,629
Licenses and permits.....	4,499,000	4,690,170	5,228,772	538,602
Charges for services.....	4,239,119	3,753,659	3,948,282	194,623
Interest on investments.....	950,000	971,418	991,429	20,011
Miscellaneous revenues.....	4,409,348	4,409,348	5,159,724	750,376
Total revenues.....	<u>86,172,507</u>	<u>87,899,269</u>	<u>89,357,388</u>	<u>1,458,119</u>
Expenditures				
Current:				
General government.....	16,195,895	16,420,896	15,794,788	626,108
Public safety.....	34,532,680	35,563,354	34,195,104	1,368,250
Public Services and Transportation.....	9,199,276	10,849,616	8,684,886	2,164,730
Public Services - Environmental protection.....	5,636,068	5,691,742	5,775,055	(83,313)
Community and economic development.....	3,440,816	4,202,461	4,064,857	137,604
Cultural and recreation.....	14,980,601	15,006,515	14,458,488	548,027
Total expenditures.....	<u>83,985,336</u>	<u>87,734,584</u>	<u>82,973,178</u>	<u>4,761,406</u>
Revenues over (under) expenditures.....	<u>2,187,171</u>	<u>164,685</u>	<u>6,384,210</u>	<u>6,219,525</u>
Other financing sources (uses):				
Proceeds from capital leases.....	194,724	194,724	194,724	-
Transfers in.....	450,000	450,000	450,000	-
Transfers out.....	(8,053,013)	(8,053,013)	(7,848,131)	204,882
Appropriated fund balance.....	5,221,118	7,243,604	-	(7,243,604)
Total other financing sources (uses).....	<u>(2,187,171)</u>	<u>(164,685)</u>	<u>(7,203,407)</u>	<u>(7,038,722)</u>
Revenues and other sources over expenditures and other uses.....	<u>\$ -</u>	<u>\$ -</u>	<u>(819,197)</u>	<u>\$ (819,197)</u>
Fund balances, beginning.....			<u>23,125,958</u>	
Fund balances, ending.....			<u>\$ 22,306,761</u>	

CITY OF HIGH POINT, NORTH CAROLINA

Statement of Net Assets
Proprietary Funds
June 30, 2006

	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.....	\$ 34,879,573	\$ 24,612,474	\$ 26,339,313	\$ 85,831,360	\$ 3,271,987
Receivables:.....					
Accounts (net).....	2,047,988	3,119,970	586,453	5,754,411	472,225
Assessments (net).....	97,359	-	-	97,359	-
Accrued Interest.....	402,865	357,961	279,576	1,040,402	-
Inventory.....	-	-	27,131	27,131	2,768,580
Prepaid Expenses.....	-	-	103,660	103,660	-
Total current assets	37,427,785	28,090,405	27,336,133	92,854,323	6,512,792
Noncurrent assets					
Restricted Assets:					
Cash and investments.....	51,114,697	906,906	7,333,094	59,354,697	167,486
Deferred charges.....	877,274	-	18,019	895,293	-
Capital Assets:					
Land, rights of way and water rights.....	16,247,248	830,251	6,743,342	23,820,841	452,961
Buildings and System.....	214,071,682	91,591	13,984,489	228,147,762	14,275,126
Machinery and Equipment.....	9,776,464	119,792,294	14,609,911	144,178,669	31,815,729
Construction in progress.....	67,484,960	1,158,568	1,716,064	70,359,592	50,188
Less accumulated Depreciation.....	(95,965,462)	(54,440,622)	(21,506,430)	(171,912,514)	(30,620,777)
Total capital assets (net of accumulated depreciation).....	211,614,892	67,432,082	15,547,376	294,594,350	15,973,227
Total noncurrent assets.....	263,606,863	68,338,988	22,898,489	354,844,340	16,140,713
Total Assets	\$ 301,034,648	\$ 96,429,393	\$ 50,234,622	\$ 447,698,663	\$ 22,653,505
LIABILITIES AND NET ASSETS					
Liabilities					
Current Liabilities					
Accounts Payable and Accrued Expenses.....	\$ 1,800,982	\$ 8,901,670	\$ 284,473	\$ 10,987,125	\$ 548,330
Current Maturities of Long-Term Debt.....	5,523,919	-	507,409	6,031,328	82,531
Accrued interest payable.....	836,661	-	81,105	917,766	-
Deposits.....	255,956	906,906	7,725	1,170,587	-
Total current liabilities	8,417,518	9,808,576	880,712	19,106,806	630,861
Noncurrent liabilities					
Payable from Restricted Assets:					
Accrued Closure/Postclosure Costs.....	-	-	8,551,660	8,551,660	-
Arbitrage liability.....	231,478	-	-	231,478	-
Loans Payable.....	16,539,659	-	-	16,539,659	-
General Obligation Bonds Payable.....	57,241,684	-	6,555,672	63,797,356	-
Revenue Bonds Payable.....	73,349,223	-	-	73,349,223	-
Obligation under capital leases.....	-	-	-	-	1,057,418
Vacation accrual.....	355,827	301,471	200,352	857,650	110,515
Deferred Revenue.....	-	-	1,640,521	1,640,521	-
Total Noncurrent liabilities	147,717,871	301,471	16,948,205	164,967,547	1,167,933
Total Liabilities	156,135,389	10,110,047	17,828,917	184,074,353	1,798,794
Net assets					
Invested in Capital Assets, Net of Related Debt.....	110,952,378	67,432,082	13,670,128	192,054,588	15,000,764
Restricted.....	3,400,514	-	502,399	3,902,913	-
Unrestricted.....	30,546,367	18,887,264	18,233,178	67,666,809	5,853,947
Total Net Assets	144,899,259	86,319,346	32,405,705	263,624,310	20,854,711
Total Liabilities and Net Assets	\$ 301,034,648	\$ 96,429,393	\$ 50,234,622	\$ 447,698,663	\$ 22,653,505

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, 2006

	Business-type - Enterprise Funds				Governmental Activities
	WATER AND SEWER	ELECTRIC	NON MAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Operating revenues					
Charges for Services.....	\$ 33,776,892	\$ 88,186,527	\$ 8,565,741	\$ 130,529,160	\$ 13,335,720
Miscellaneous.....	50,241	1,463,639	128,406	1,642,286	1,217,697
Total Operating Revenues.....	<u>33,827,133</u>	<u>89,650,166</u>	<u>8,694,147</u>	<u>132,171,446</u>	<u>14,553,417</u>
Operating Expenses					
Management and administration.....	515,630	590,420	8,550,839	9,656,889	12,540,293
Maintenance and distribution.....	5,422,495	87,430,118	250,627	93,103,240	-
Treatment plants.....	7,650,253	-	-	7,650,253	-
Other services and charges.....	4,423,654	1,013,158	-	5,436,812	-
Depreciation and amortization.....	5,682,700	3,502,717	1,329,274	10,514,691	3,271,600
Total Operating Expenses.....	<u>23,694,732</u>	<u>92,536,413</u>	<u>10,130,740</u>	<u>126,361,885</u>	<u>15,811,893</u>
Operating income (loss).....	<u>10,132,401</u>	<u>(2,886,247)</u>	<u>(1,436,593)</u>	<u>5,809,561</u>	<u>(1,258,476)</u>
Nonoperating revenues (expenses)					
Interest Revenue.....	2,293,056	866,545	907,973	4,067,574	2,486
Interest Expense and Fiscal Charges.....	(3,634,333)	-	(98,122)	(3,732,455)	(47,204)
Amortization of Financing Costs.....	(40,351)	-	(4,449)	(44,800)	-
Intergovernmental revenues	-	-	1,383,043	1,383,043	-
Grants.....	-	-	-	-	-
Gain (loss) on Disposal of Capital Assets.....	-	(893)	-	(893)	289,395
Total Non-operating Revenues (Expenses).....	<u>(1,381,628)</u>	<u>865,652</u>	<u>2,188,445</u>	<u>1,672,469</u>	<u>244,677</u>
Income (loss) before capital contributions and transfers	8,750,773	(2,020,595)	751,852	7,482,030	(1,013,799)
Capital contributions.....	3,286,918	-	-	3,286,918	-
Transfers in.....	-	-	744,325	744,325	-
Transfers out.....	(83,282)	(526,937)	(26,967)	(637,186)	(19,036)
Change in net assets.....	11,954,409	(2,547,532)	1,469,210	10,876,087	(1,032,835)
Total Net Assets - Beginning.....	132,944,850	88,866,878	30,936,495	252,748,223	21,887,546
Total Net Assets - Ending.....	<u>\$ 144,899,259</u>	<u>\$ 86,319,346</u>	<u>\$ 32,405,705</u>	<u>\$ 263,624,310</u>	<u>\$ 20,854,711</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, 2006

	Business-Type - Enterprise Funds			GOVERNMENTAL ACTIVITIES	
	WATER AND SEWER	ELECTRIC	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
Cash Flows From Operating Activities					
Receipts from customers and users.....	\$ 32,974,414	\$ 89,794,198	\$ 7,886,977	\$ 130,655,589	\$ -
Receipts from interfund services provided.....	-	-	-	-	14,862,839
Payments to employees and related fringe benefits.....	(7,062,790)	(6,494,448)	(3,962,978)	(17,520,216)	(2,193,824)
Payments to suppliers and operating costs.....	(10,158,452)	(81,289,276)	(4,398,444)	(95,846,172)	(10,582,030)
Net Cash provided by Operating Activities	15,753,172	2,010,474	(474,445)	17,289,201	2,086,985
Cash Flows From Non Capital Financing Activities					
Transfers in.....	-	-	741,152	741,152	-
Transfers out.....	(83,282)	(526,937)	(23,794)	(634,013)	(19,036)
Intergovernmental revenues and reimbursements.....	-	-	1,383,043	1,383,043	42,170
Net Cash provided (used) by Non-Capital Financing activities	(83,282)	(526,937)	2,100,401	1,490,182	23,134
Cash Flows From Financing Activities					
Proceeds from issuance of long-term debt	31,001,330	-	6,704,367	37,705,697	165,000
Principal Payments on long-term debt.....	(5,792,696)	-	(216,311)	(6,009,007)	(86,482)
Interest payments and fiscal charges on bonds and capital leases.....	(3,326,156)	-	(22,904)	(3,349,060)	(47,204)
Proceeds Collected on the sale of capital assets.....	-	-	-	-	370,889
Acquisition and construction of capital assets.....	(22,673,996)	(3,759,011)	(1,234,909)	(27,667,916)	(1,740,480)
Net Cash provided (used) by Noncapital Financing Activities	(791,518)	(3,759,011)	5,230,243	679,714	(1,338,277)
Cash Flows From Investing Activities					
Interest Earned on investments.....	2,072,764	658,124	729,830	3,460,718	2,486
Net Cash provided by Investing Activities	2,072,764	658,124	729,830	3,460,718	2,486
LIABILITIES					
Net increase (decrease) in cash and investments	16,951,136	(1,617,350)	7,586,029	22,919,815	774,328
Cash and investments at the beginning of the year	69,043,134	27,136,730	26,086,378	122,266,242	2,665,145
Cash and investments at the end of the year	<u>\$ 85,994,270</u>	<u>\$ 25,519,380</u>	<u>\$ 33,672,407</u>	<u>\$ 145,186,057</u>	<u>\$ 3,439,473</u>
Operating Income (loss).....	\$ 10,132,401	\$ (2,886,247)	\$ (1,436,593)	\$ 5,809,561	\$ (1,258,476)
Adjustments to Reconcile Operating Income (Loss) to					
Cash Provided by Operating Activities:					
Depreciation and amortization.....	5,682,700	3,502,717	1,329,274	10,514,691	3,271,600
Change in net assets					
(Increase) Decrease in Receivables.....	(1,039,279)	126,572	(126,187)	(1,038,894)	40,603
(Increase) Decrease in Inventories.....	-	-	(541)	(541)	(62,132)
(Increase) Decrease in Prepaid Expenses and Deferred Charges.....	(188,255)	-	1,626	(186,629)	-
Increase (Decrease) in Payables and Accrued Expenses.....	1,087,933	1,227,543	433,784	2,749,260	94,948
Increase (Decrease) in Deposits.....	24,518	17,459	405	42,382	-
Increase (Decrease) in Vacation Leave Accrual.....	53,154	22,430	5,194	80,778	442
Increase (Decrease) in Deferred Revenue.....	-	-	(681,407)	(681,407)	-
Total adjustments.....	5,620,771	4,896,721	962,148	11,479,640	3,345,461
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	\$ 15,753,172	\$ 2,010,474	\$ (474,445)	\$ 17,289,201	\$ 2,086,985

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, 2006

	<u>GENERAL AGENCY FUND</u>
<u>ASSETS</u>	
Cash and investments.....	\$ 751,231
Accounts receivable.....	558
Accrued interest.....	<u>925</u>
Total assets.....	<u><u>\$ 752,714</u></u>
<u>LIABILITIES</u>	
Liabilities:	
Accounts payable.....	<u>\$ 752,714</u>
Total liabilities.....	<u><u>\$ 752,714</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, 2006

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 94,500. 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.
3. 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.

4. 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, the Landfill Closure and Post-closure Reserve Fund, and the Storm Water Capital Projects Ordinance 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. These funds are consolidated as a governmental activity for the governmental-wide statement of activities.
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 single 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 2005 through February 2006 apply to the fiscal year ended June 30, 2006. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues. In addition, as of January 1, 2006, State law implemented a staggered expiration date system for annually registered vehicles as part of the conversion into the staggered registration. Originally, annual registration expired December 31st each year with taxes due by May 1st of the following year. To transition from the staggered into the annual registration, the initial 2006 registration renewals will vary from 7 to 18 months after December 31, 2005. Once these initial renewals have expired, all vehicles that were previously annually registered will be in the staggered system.

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 fund 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.

On and after January 6, taxes become delinquent; a lien attaches to the property, and a penalty of 2 percent is assessed. On 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, 2006, 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 \$5,000, 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

The City evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. Impaired capital assets that will no longer be used by the City are reported at the lower of carrying value or fair value. Impairment losses on capital assets that will continue to be used by the City are measured using the method that best reflects the diminished service utility of the capital asset. Any insurance recoveries received as a result of impairment events or changes in circumstances resulting in the impairment of a capital asset are netted against the impairment loss.

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 has been estimated based on historical trends. Compensated absences are reported in the governmental funds only if they have matured.

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 2006-2007 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 formal policy regarding custodial credit risk for deposits, but rely on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance.

At June 30, 2006, the City's deposits had a carrying amount of \$8,963,704 and a bank balance of \$9,013,096. The carrying amount of deposits for the ABC Board was \$1,419,780 and the bank balance was \$1,508,560. Of the bank balances, the City and the ABC Board had deposits covered by federal depository insurance of \$479,821 and \$136,576 respectively.

2. Investments

At June 30, 2006, the City's investment balances were as follows:

	Fair Value	Maturity	Rating
U.S. Treasuries	\$ 170,328,795	1 to 5 Years	AAA
American General Financial Commercial Paper	1,036,981	1/23/2006	A1P1
North Carolina Capital Management Trust	19,247,123	N/A	AAAm
	<u>\$ 190,612,899</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, 2006. 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 formal 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, 2006, 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	1,892,990
Assessments receivable	19,162

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.....	\$ 601,322
Community Development Fund.....	<u>15,126</u>
Total.....	<u>\$ 616,448</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.....	\$ 12,584,432	\$ -	\$ -	\$ 12,584,432
Rights of way.....	20,042,564	-	-	20,042,564
Construction in progress.....	7,145,609	8,020,101	7,394,290	7,771,420
Total capital assets not being depreciated	<u>39,772,605</u>	<u>8,020,101</u>	<u>7,394,290</u>	<u>40,398,416</u>
Capital assets being depreciated				
Buildings and improvements.....	42,316,677	151,654	-	42,468,331
Equipment.....	60,693,042	11,284,224	3,038,631	68,938,635
Roads.....	349,031,124	10,461,645	-	359,492,769
Bridges.....	3,495,967	1,726,326	-	5,222,293
Curbs and Gutters.....	26,837,373	3,011,850	-	29,849,223
Sidewalks.....	7,501,677	54,462	-	7,556,139
Total capital assets being depreciated	<u>489,875,860</u>	<u>26,690,161</u>	<u>3,038,631</u>	<u>513,527,390</u>
Less accumulated depreciation for:				
Buildings and improvements.....	28,484,849	1,512,150	-	29,996,999
Equipment.....	39,164,519	5,120,395	2,972,841	41,312,073
Roads.....	181,086,993	21,331,114	-	202,418,107
Bridges.....	2,193,218	451,877	-	2,645,095
Curbs and Gutters.....	17,433,900	1,725,427	-	19,159,327
Sidewalks.....	7,950,539	217,158	-	8,167,697
Total accumulated depreciation	<u>276,314,018</u>	<u>30,358,121</u>	<u>2,972,841</u>	<u>303,699,298</u>
Total capital assets being depreciated (net).....	<u>213,561,842</u>	<u>(3,667,960)</u>	<u>65,790</u>	<u>209,828,092</u>
Governmental activities capital assets, net.....	<u>\$ 253,334,447</u>	<u>\$ 4,352,141</u>	<u>\$ 7,460,080</u>	<u>\$ 250,226,508</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.....	\$ 23,383,888	\$ 436,953	\$ -	\$ 23,820,841
Construction in progress.....	50,430,170	19,929,422	-	70,359,592
Total capital assets not being depreciated.....	73,814,058	20,366,375	-	94,180,433
Capital assets being depreciated				
Infrastructure.....	138,947,324	3,290,918	-	142,238,242
Buildings and improvements.....	85,909,520	-	-	85,909,520
Equipment.....	139,256,037	4,926,328	3,696	144,178,669
Capital assets being depreciated.....	364,112,881	8,217,246	3,696	372,326,431
Less accumulated depreciation for:				
Infrastructure.....	63,722,071	3,538,543	-	67,260,614
Buildings and improvements.....	39,794,415	2,243,856	-	42,038,271
Equipment.....	57,884,140	4,732,292	2,803	62,613,629
Total accumulated depreciation.....	161,400,626	10,514,691	2,803	171,912,514
Total capital assets being depreciated(net).....	202,712,255	(2,297,445)	893	200,413,917
Business-type activities capital assets, net.....	\$ 276,526,313	\$ 18,068,930	\$ 893	\$ 294,594,350

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

Governmental activities:	
General government	\$ 3,455,583
Public safety.....	1,283,141
Public Services and Transportation.....	24,301,880
Planning and community development.....	208,065
Cultural and recreation.....	1,109,452
Total governmental activities depreciation expense	<u>\$ 30,358,121</u>
Business-type activities:	
Water and Sewer.....	\$ 5,682,700
Electric.....	3,502,717
Mass Transit.....	533,235
Parking Facilities.....	270,803
Landfill Facilities.....	519,044
Storm Water Facilities.....	6,192
Total business-type activities depreciation expense	<u>\$ 10,514,691</u>

A summary of proprietary fund type fixed assets for the ABC Board at June 30, 2006 follows:

	Assets
Land and buildings	\$ 2,145,501
Equipment	925,915
Leasehold improvements	31,337
Accumulated depreciation	(1,146,031)
Total ABC Board	<u>\$ 1,956,722</u>

B. Liabilities

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

	Accounts Payable	Accrued Payroll and expenses	Total
Governmental Activities			
General Fund	\$ 1,296,779	\$ 208	\$ 1,296,987
Other nonmajor governmental funds	<u>2,200,779</u>	<u>-</u>	<u>2,200,779</u>
Total governmental funds	<u>3,497,558</u>	<u>208</u>	<u>3,497,766</u>
Business -Type Activities			
Water and Sewer	1,800,982	-	1,800,982
Electric	8,901,670	-	8,901,670
Other nonmajor enterprise funds	<u>284,473</u>	<u>-</u>	<u>284,473</u>
Total enterprise funds	<u>10,987,125</u>	<u>-</u>	<u>10,987,125</u>
Total Primary Government	<u>\$ 14,484,683</u>	<u>\$ 208</u>	<u>\$ 14,484,891</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 4.92% 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, 2006, 2005 and 2004 were \$2,322,529, \$2,268,250, and \$2,047,896 respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2006, 2005, and 2004 were \$39,375, \$38,982, and \$38,672, 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, 2005, the Separation Allowance’s membership consisted of:

Retirees currently receiving benefits.....	30
Active plan members.....	<u>228</u>
Total.....	<u><u>258</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.

Amortization Method: Level percent of pay closed.

Amortization Period: 25 years.

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 contribution for the current year was determined as part of the December 31, 2005 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.

4. Annual Pension Cost and Net Pension Obligation.

The City's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution.....	\$ 508,065
Interest on net pension obligation.....	30,054
Adjustment to annual required contribution.....	(23,809)
Annual pension cost.....	<u>514,310</u>
Contributions made.....	<u>406,123</u>
Increase in net pension obligation.....	108,187
Net pension obligation, beginning of year.....	<u>414,537</u>
Net pension obligation, end of year.....	<u><u>\$ 522,724</u></u>

3-Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2004	\$ 403,453	91.15%	\$ 353,418
6/30/2005	\$ 455,122	77.58%	\$ 455,434
6/30/2006	\$ 514,310	78.96%	\$ 522,724

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. In addition, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2006 were \$1,175,775, which consisted of \$521,723 from the City and \$654,869 from the law enforcement officers.

d. Firemen's and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the City of High Point, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Workers' Pension Fund 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 the Fund. That report may be obtained by writing to the

Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

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, 2006, the City made contributions to the State for death benefits of \$62,673.

The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .10% 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 postclosure 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 postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$8,551,660 reported as landfill closure and postclosure care liability at June 30, 2006 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 postclosure cost of \$4,573,864 as the remaining estimated capacity is filled. The estimated total current cost of the landfill closure and postclosure care is \$13,125,524. These amounts are based on what it would cost to perform all closure and postclosure care in 2006. 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 postclosure care requirements. At June 30, 2006, the City has accumulated \$15,518,557 for future payment of closure and postclosure care costs. These are reported as restricted assets on the proprietary fund 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 postclosure 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.

4. 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).....	\$ 730,790	\$ -	\$ -	\$ -
Taxes receivable (net) (unavailable).....	1,862,298	-	-	-
Assessments (net) (unavailable).....	17,497	-	-	-
Notes (unavailable).....	-	3,481,106	-	-
Contributions (unearned).....	-	-	83,650	-
Unexpended pond maintenance funds (unearned).....	-	-	-	1,640,521
Total.....	<u>\$ 2,610,585</u>	<u>\$ 3,481,106</u>	<u>\$ 83,650</u>	<u>\$ 1,640,521</u>

5. Commitments

Commitments for the purchase of goods and services and for the construction and acquisition of assets are as follows at June 30, 2006:

General Fund	\$ 1,584,105
Capital Projects	20,339,011
Enterprise Funds	2,191,729
	<u>\$ 24,114,845</u>

6. 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, flood, 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.

7. Claims and Judgments

At June 30, 2006, 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.

8. 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, 2006 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>
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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	7,394,290
NetApp Server	194,724
City Hall Elevators	50,188
MS800 Scanner	<u>16,458</u>
Total	<u>\$ 11,079,564</u>

The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2006 were as follows:

Year Ending <u>June 30,</u>	Governmental <u>Activities</u>
2007.	\$ 1,408,436
2008.	1,616,983
2009.	1,426,981
2010.	1,161,108
2011.	1,326,131
2012-2016	<u>4,114,073</u>
Total minimum lease payments	11,053,712
Less: amounts representing interest	<u>(1,580,943)</u>
Present value of minimum lease payments	<u>\$ 9,472,769</u>
Listing of assets under capital leases	
Equipment.....	\$ 11,029,376
Construction in progress (City Hall Elevators).....	50,188
Less: accumulated amortization.....	<u>(508,925)</u>
Net asset under capital leases.....	<u>\$ 10,570,639</u>

Amortization is included in the financial statements in depreciation and amortization.

c. General Obligation Indebtedness

Bonds payable at June 30, 2006 are comprised of the following individual issues:

General Obligation Bonds	
Serviced by the General Fund:	<u>\$ 48,985,977</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 2026	
Serviced by Enterprise Funds:	\$ 61,613,578
Deferred loss and discount on advance refunding	<u>(392,021)</u>
	<u>\$ 61,221,557</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 2026	
Total general obligation bonds, net of deferred loss on advance refunding	<u>\$ 110,207,534</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 2026. Principal and interest requirements will be provided by appropriation in the year in which they become due.

In September 2006, the LGC authorized the City to issue \$52,735,000 Series 2006 Bonds consisting of \$37,920,000 General Obligation Refunding Bonds and \$14,815,000 General Obligation Public Improvement Bonds. The proceeds from the \$37.9 million refunding bonds were 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 were 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 is 3.067% with scheduled maturities in varying amounts through 2026.

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 coupon bonds, and \$16.2 million 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. As of June 30, 2006, \$506,839 had been drawn-down and principal payments of \$456,155 had been made, leaving an outstanding balance of \$50,684. Interest expense was \$2,930 for the year ended June 30, 2006.

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. As of June 30, 2006, a total of \$2,599,678 had been drawn-down and principal payments of \$1,162,477 had been made leaving an outstanding balance of \$1,437,201. Interest expense was \$54,481 for the year ended June 30, 2006.

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. As of June 30, 2006,

\$7,137,854 had been drawn-down and principal payments of \$3,608,306 had been made, leaving an outstanding balance of \$3,529,548. Interest expense was \$118,146 for the year ended June 30, 2006.

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. As of June 30, 2006, \$15,000,000 had been drawn-down and principal payments of \$3,000,000 have been made, leaving an outstanding balance of \$12,000,000. Interest expense was \$325,125 for the year ended June 30, 2006.

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, 2006 was \$1,066,272. Interest expense was \$47,506 for the year ended June 30, 2006.

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
2007	\$ 3,939,221	\$ 1,447,273	2007	\$ -	\$ 3,566,857
2008	3,636,298	1,302,457	2008	985,000	3,157,475
2009	3,281,638	1,158,711	2009	1,785,000	3,118,431
2010	3,171,972	1,050,406	2010	1,840,000	3,026,044
2011	2,719,894	939,712	2011	1,910,000	2,977,494
2012-2016	13,819,126	3,017,006	2012-2016	10,595,000	13,846,003
2017-2021	10,668,796	623,247	2017-2021	12,995,000	11,376,503
2022-2026	7,749,032	10,324,880	2022-2026	16,300,000	8,027,869
Total	<u>\$ 48,985,977</u>	<u>\$ 19,863,692</u>	2027-2031	20,610,000	2,373,338
			2032	4,735,000	176,838
			Total	<u>\$ 71,755,000</u>	<u>\$ 51,646,852</u>

Business -Type Activities Bonds

Year Ending June 30,	Water and Sewer		Parking Facilities		Storm Water	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 3,979,873	\$ 2,786,013	\$ 175,135	\$ 7,881	\$ 332,455	\$ 291,089
2008	4,256,688	2,625,227	-	-	424,948	297,828
2009	4,279,550	2,449,816	-	-	323,853	281,238
2010	4,271,062	2,270,094	-	-	286,936	268,576
2011	4,264,696	2,086,077	-	-	152,486	257,473
2012-2016	22,293,734	7,580,830	-	-	1,120,892	1,175,441
2017-2021	16,429,029	2,459,327	-	-	2,109,594	794,032
2022-2026	1,838,945	130,325	-	-	2,136,963	289,129
Total	<u>\$ 61,613,577</u>	<u>\$ 22,387,709</u>	<u>\$ 175,135</u>	<u>\$ 7,881</u>	<u>\$ 6,888,127</u>	<u>\$ 3,654,806</u>

Annual Debt Service Requirements (Continued):

Business Activities-Loans and Notes Payable							
Water and Sewer							
Year Ending June 30,	State Clean Water Bond Loan		Federal Revolving Loan		State Revolving Loan		
	Principal	Interest	Principal	Interest	Principal	Interest	
2007	\$ 130,935	\$ 49,918	\$ 1,142,172	\$ 413,122	\$ 50,684	\$ 1,465	
2008	130,935	45,355	1,142,172	382,094	-	-	
2009	130,935	40,788	1,142,172	351,067	-	-	
2010	130,935	36,219	1,142,172	320,040	-	-	
2011	130,935	31,656	1,142,172	289,012	-	-	
2012-2016	654,673	89,796	5,318,688	979,649	-	-	
2017-2021	127,853	4,385	3,750,000	382,500	-	-	
2022-2026	-	-	750,000	19,125	-	-	
Total	<u>\$ 1,437,201</u>	<u>\$ 298,117</u>	<u>\$ 15,529,548</u>	<u>\$ 3,136,609</u>	<u>\$ 50,684</u>	<u>\$ 1,465</u>	

Year Ending June 30,	Note Payable	
	Principal	Interest
2007	\$ 220,225	\$ 45,843
2008	223,871	37,453
2009	228,233	29,106
2010	393,943	49,798
Total	<u>\$ 1,066,272</u>	<u>\$ 162,200</u>

At June 30, 2006, the City of High Point had authorized bonds of \$69,335,000 and a legal debt margin of \$631,286,907. There are limitations and restrictions contained in the various bond indentures.

Changes in Long-term Liabilities

	Beginning Balance	Additions	Refundings & Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities:					
Bonds and notes payable:					
General obligation bonds.....	\$ 30,028,059	\$ 40,119,472	\$ 21,161,554	\$ 48,985,977	\$ 3,939,221
Capital leases.....	10,134,549	340,826	1,002,606	9,472,769	1,074,712
Total bonds and notes payable.....	40,162,608	40,460,298	22,164,160	58,458,746	5,013,933
Other liabilities:					
Compensated absences.....	2,986,360	2,986,360	2,546,084	3,426,636	2,543,190
Pension liabilities.....	455,434	67,290	-	522,724	-
Total other liabilities.....	3,441,794	3,053,650	2,546,084	3,949,360	2,543,190
Governmental activities long-term liabilities.....	\$ 43,604,402	\$ 43,513,948	\$ 24,710,244	\$ 62,408,106	\$ 7,557,123
Business-type Activities:					
Bonds and notes payable					
Water and Sewer General Obligation Bonds.....	\$ 65,962,388	\$ 20,395,528	\$ 24,744,338	\$ 61,613,578	\$ 3,979,873
Water and Sewer Revenue Bonds.....	40,375,000	31,380,000	-	71,755,000	-
Premium on Water and Sewer Revenue Bonds.....	1,656,741	-	62,518	1,594,223	-
Total Water and Sewer Revenue Bonds.....	42,031,741	31,380,000	62,518	73,349,223	-
Parking General Obligation Bonds.....	363,653	-	188,518	175,135	175,135
Storm Water General Obligation Bonds.....	209,926	6,800,000	27,793	6,888,117	332,455
Notes and loans payable.....	19,651,413	-	1,567,708	18,083,705	1,544,016
Less discount on refunding.....	-	-	392,021	(392,021)	-
Less deferred loss on refunding.....	(5,775)	(3,196)	2,408	(171)	(151)
Total bonds and notes payable.....	128,213,346	58,572,332	26,593,283	159,717,566	6,031,328
Other liabilities					
Arbitrage and contract payable	231,478	-	-	231,478	-
Landfill closure and post-closure	8,318,726	232,934	-	8,551,660	-
Compensated absences.....	776,874	857,650	776,874	857,650	-
Business-type activities long term liabilities.....	\$ 137,540,424	\$ 59,662,916	\$ 27,370,157	\$ 169,358,354	\$ 6,031,328

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, 2006.

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, 2006 is as follows:

Transfers to	Transfers from						Total
	General	Nonmajor Governmental	Water and Sewer	Electric	Nonmajor Enterprise	Internal Service	
General Fund.....	\$ -	\$ -	\$ -	\$ 450,000	\$ -	\$ -	\$ 450,000
Nonmajor governmental ..	7,103,806	25,810	83,282	76,937	26,967	19,036	7,335,838
All non-major enterprise...	744,325	-	-	-	-	-	744,325
Total.....	<u>\$ 7,848,131</u>	<u>\$ 25,810</u>	<u>\$ 83,282</u>	<u>\$ 526,937</u>	<u>\$ 26,967</u>	<u>\$ 19,036</u>	<u>\$ 8,530,163</u>

Transfers are used to move revenues from the appropriate funds for the payment of debt service principal and interest, move restricted borrowings to establish mandatory reserve accounts, and to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies of matching funds for various grant programs.

Note 4. Reserved Net Assets

By previous action of City Council, the Mass Transit Fund has designated \$402,541 of its net assets 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, 2005 is presented below (in thousands of dollars):

	<u>Total</u>
Cash and investments.....	\$ 331,056
Other assets.....	1,246,999
Property plant and equipment.....	<u>920,986</u>
Total assets.....	<u>\$ 2,499,041</u>
Other liabilities.....	\$ 654,571
Long term debt.....	1,837,070
Fund equity.....	<u>7,400</u>
Total liabilities and fund equity.....	<u>\$ 2,499,041</u>
Total revenues.....	\$ 422,273
Total expenses.....	<u>422,273</u>
Net increase(decrease) in fund equity.....	<u>\$ -</u>

As of December 31, 2005, the Agency had outstanding \$1,827,400,000 of bonds.

The following is a summary of debt service requirements for bonds outstanding at December 31, 2005 (in thousands of dollars):

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 93,150	\$ 91,393	\$ 184,543
2007	98,255	85,471	183,726
2008	102,590	81,170	183,760
2009	107,245	76,707	183,952
2010	111,775	71,868	183,643
2011 - 2015	651,790	267,742	919,532
2016 - 2019	662,595	86,020	748,615
	<u>\$ 1,827,400</u>	<u>\$ 760,371</u>	<u>\$ 2,587,771</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 did not make a contribution to the Authority during the year ended June 30, 2006. 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 6. 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, 2006.
- 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 7. 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 8. 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 9. 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, 2006 the City is contingently liable for a maximum of \$1,643,459 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, 2006 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, 2006, there has been \$3,912,435 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.

Note 10. 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.

Note 11. Deficit Fund Balance

The deficit fund balance in the General Capital Projects Fund resulted in incurring expenses for the bond related projects of the General Capital Projects Ordinance Fund that have not been reimbursed as of the end of the fiscal year. The General Fund has currently budgeted funds in fiscal year 2006-2007 to eliminate this deficit fund balance. Additionally the current year budgeted expenditures for the General Capital Projects Fund have been reduced to reduce this deficit fund balance.

Note 12. New GASB Pronouncements

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, 2006.

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, 2006
Required Supplementary Information

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL)- Projected Unit Credit	Unfunded AAL (UAAL) Obligation	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/1995	\$	\$ 2,150,788	\$ 2,150,788	0.00%	\$ 6,159,180	34.92%
12/31/1996	-	2,133,123	2,133,123	0.00%	6,614,994	32.25%
12/31/1997	-	2,137,009	2,137,009	0.00%	6,888,811	31.02%
12/31/1998	-	2,299,866	2,299,866	0.00%	7,017,459	32.77%
12/31/1999	-	2,459,214	2,459,214	0.00%	7,007,805	35.09%
12/31/2000	-	3,400,840	3,400,840	0.00%	7,235,089	47.00%
12/31/2001	-	3,800,004	3,800,004	0.00%	8,000,276	47.50%
12/31/2002	-	4,125,985	4,125,985	0.00%	8,204,368	50.29%
12/31/2003	-	4,550,112	4,550,112	0.00%	8,632,901	52.71%
12/31/2004	-	5,239,375	5,239,375	0.00%	10,054,732	52.11%
12/31/2005	-	4,737,887	4,737,887	0.00%	10,587,214	44.75%

CITY OF HIGH POINT, NORTH CAROLINA

Law Enforcement Officers' Special Separation Allowance

For the Year Ended June 30, 2006

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
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%
2005	460,684	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	12/31/2005
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	25 Years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	4.5-12.3%
*Includes inflation at	3.75%
Cost-of-living adjustments	None



The seal of the University of High Point, North Carolina, is a large, light gray watermark in the background. It features a central shield with a book and a torch, surrounded by a circular border with the text "University of High Point" at the top and "North Carolina" at the bottom. The seal is overlaid with a large, dark, stylized number "3".

**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.

B-1

CITY OF HIGH POINT, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL
FOR THE PERIOD ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Taxes				
Ad valorem taxes-current year	\$ 47,361,500	\$ 45,704,141	\$ (1,657,359)	\$ 43,734,815
Ad valorem taxes-prior years	367,700	503,687	135,987	333,007
Penalty and interest	116,100	137,146	21,046	121,592
Total taxes	<u>47,845,300</u>	<u>46,344,974</u>	<u>(1,500,326)</u>	<u>44,189,414</u>
Sales and Use Taxes				
Local option sales tax	13,214,000	13,837,550	623,550	14,818,161
Room occupancy tax	1,754,510	1,764,164	9,654	1,687,727
Total sales taxes	<u>14,968,510</u>	<u>15,601,714</u>	<u>633,204</u>	<u>16,505,888</u>
Intergovernmental Revenues				
Utility franchise tax	4,000,000	4,049,927	49,927	3,969,961
Beer and wine tax	600,000	623,635	23,635	462,099
Powell Bill	2,800,000	2,813,146	13,146	2,801,260
Half Housing tax reimbursement	600,000	689,845	89,845	728,806
Food stamp tax reimbursement	1,686,634	-	(1,686,634)	-
Guilford County	300,000	721,422	421,422	563,069
State Grants	-	750,000	750,000	-
Other intergovernmental revenues	1,274,230	2,434,518	1,160,288	1,645,112
Total Intergovernmental Revenues	<u>11,260,864</u>	<u>12,082,493</u>	<u>821,629</u>	<u>10,170,307</u>
Licenses and permits				
Privilege licenses	1,560,000	1,979,844	419,844	1,625,587
CATV franchise	790,000	833,206	43,206	829,394
Other licenses and fees	2,340,170	2,415,722	75,552	2,174,768
Total licenses and permits	<u>4,690,170</u>	<u>5,228,772</u>	<u>538,602</u>	<u>4,629,749</u>
Charges for services				
Fines and forfeitures	99,800	95,775	(4,025)	571,857
Inspection fees	-	405	405	40,210
Self-sustaining recreation programs	2,479,841	2,631,827	151,986	2,352,729
Sales and rentals	562,518	647,328	84,810	923,879
Other charges and services	611,500	572,947	(38,553)	349,820
Total charges for services	<u>3,753,659</u>	<u>3,948,282</u>	<u>194,623</u>	<u>4,238,495</u>
Interest Income and Miscellaneous Revenues				
Interest income	971,418	991,429	20,011	965,422
Miscellaneous revenues	15,000	160,743	145,743	749,053
Administrative reimbursements	4,394,348	4,998,981	604,633	4,994,829
	<u>5,380,766</u>	<u>6,151,153</u>	<u>770,387</u>	<u>6,709,304</u>

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CITY OF HIGH POINT, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL
FOR THE PERIOD ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Other financing sources				
Lease Purchase Proceeds	194,724	194,724	-	228,600
Operating transfer from Electric Fund	450,000	450,000	-	-
Fund balance appropriated	7,243,604	-	(7,243,604)	
	<u>7,888,328</u>	<u>644,724</u>	<u>(7,243,604)</u>	<u>228,600</u>
Total revenues and other financing sources	<u>95,787,597</u>	<u>90,002,112</u>	<u>(5,785,485)</u>	<u>86,671,757</u>
Expenditures				
General government				
Governing Body	343,042	337,218	5,824	281,006
Administration and general	3,200,528	3,061,231	139,297	2,673,317
Human Resources	1,015,379	986,175	29,204	943,611
Financial Services	2,937,953	2,893,067	44,886	3,139,435
Engineering	1,502,673	1,481,815	20,858	1,415,496
Communications	2,138,067	2,073,538	64,529	1,941,485
Business Development	451,596	444,979	6,617	402,605
ERP Project Management	-	140,347	(140,347)	-
Information Services	2,685,067	2,729,545	(44,478)	2,296,933
Public services administration	331,895	288,388	43,507	317,396
Facilities Maintenance	1,464,696	1,358,485	106,211	1,026,538
Contingency	350,000	-	350,000	-
Total general government	<u>16,420,896</u>	<u>15,794,788</u>	<u>626,108</u>	<u>14,437,822</u>
Public Safety				
Police	20,324,118	19,203,359	1,120,759	18,296,478
Fire	15,239,236	14,991,745	247,491	13,446,345
Park Rangers	-	-	-	321,451
Total public safety	<u>35,563,354</u>	<u>34,195,104</u>	<u>1,368,250</u>	<u>32,064,274</u>
Transportation				
Administration	694,721	529,816	164,905	555,498
Signs and signals	3,004,898	2,958,967	45,931	2,846,873
Streets maintenance	7,149,997	5,196,103	1,953,894	6,139,512
Total transportation	<u>10,849,616</u>	<u>8,684,886</u>	<u>2,164,730</u>	<u>9,541,883</u>
Environmental Services				
Environmental services	5,478,735	5,592,898	(114,163)	5,101,925
Cemeteries	213,007	182,157	30,850	210,784
Total environmental service	<u>5,691,742</u>	<u>5,775,055</u>	<u>(83,313)</u>	<u>5,312,709</u>
Total Public Service	<u>16,541,358</u>	<u>14,459,941</u>	<u>2,081,417</u>	<u>14,854,592</u>

B-1

CITY OF HIGH POINT, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL
FOR THE PERIOD ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Community and economic development				
Planning	1,060,081	1,040,282	19,799	1,070,917
Housing	70,065	68,761	1,304	68,101
Building inspections	1,822,315	1,789,916	32,399	1,725,552
Workforce development	-	130,198	(130,198)	-
Economic development	1,250,000	1,035,700	214,300	250,000
Total community and economic development	<u>4,202,461</u>	<u>4,064,857</u>	<u>137,604</u>	<u>3,114,570</u>
Cultural and recreation				
Parks and recreation	7,642,951	7,491,721	151,230	6,870,722
Library	4,240,864	4,026,864	214,000	3,913,652
Theatre	1,019,996	775,767	244,229	802,867
Special appropriations	2,102,704	2,164,136	(61,432)	2,140,667
Total cultural and recreation	<u>15,006,515</u>	<u>14,458,488</u>	<u>548,027</u>	<u>13,727,908</u>
Total expenditures	<u>87,734,584</u>	<u>82,973,178</u>	<u>4,761,406</u>	<u>78,199,166</u>
Other financing uses:				
Contributions to other funds:				
Transfer to Mass Transit Fund	539,443	539,443	-	490,858
Transfer to Parking Facilities Fund	204,882	204,882	-	218,037
Transfers to:				
General Debt Service Fund	5,753,420	5,753,420	-	5,603,420
Capital Projects Fund	1,350,386	1,350,386	-	1,372,000
General Capital Projects Ordinance Fund	204,882	-	204,882	100,000
Total other financing uses	<u>8,053,013</u>	<u>7,848,131</u>	<u>204,882</u>	<u>7,784,315</u>
Total expenditures and other financing uses	<u>95,787,597</u>	<u>90,821,309</u>	<u>4,966,288</u>	<u>85,983,481</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (819,197)</u>	<u>\$ (819,197)</u>	<u>\$ 688,276</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, 2006

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments.....	\$ -	\$ 7,678,119	\$ -	\$ 7,678,119
Receivables:				
Accounts receivable and accrued revenue (net).....	1,492,171	-	539,142	2,031,313
Notes.....	3,474,452	-	-	3,474,452
Accrued Interest.....	-	91,432	40,910	132,342
Restricted Assets:				
Cash and investments.....	-	-	21,600,298	21,600,298
TOTAL ASSETS	<u>\$ 4,966,623</u>	<u>\$ 7,769,551</u>	<u>\$ 22,180,350</u>	<u>\$ 34,916,524</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses.....	\$ 88,725	\$ -	\$ 1,563,724	\$ 1,652,449
Due to other funds.....	616,448	-	-	616,448
Other liabilities.....	-	-	193,965	193,965
Deferred revenue.....	3,481,106	-	83,650	3,564,756
TOTAL LIABILITIES	<u>4,186,279</u>	<u>-</u>	<u>1,841,339</u>	<u>6,027,618</u>
Fund balances:				
Reserved for:				
Specific programs.....	780,344	-	-	780,344
Debt Service.....	-	7,769,551	-	7,769,551
Capital Projects.....	-	-	20,339,011	20,339,011
TOTAL FUND BALANCES	<u>780,344</u>	<u>7,769,551</u>	<u>20,339,011</u>	<u>28,888,906</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,966,623</u>	<u>\$ 7,769,551</u>	<u>\$ 22,180,350</u>	<u>\$ 34,916,524</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, 2006

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Revenues				
Taxes.....	\$ -	\$ 2,773,507	\$ -	\$ 2,773,507
Intergovernmental Revenues.....	4,239,241	-	5,081,518	9,320,759
Interest on Investments.....	115	863,937	96,811	960,863
Miscellaneous Revenues.....	703,302	663,031	615,026	1,981,359
Total revenues.....	<u>4,942,658</u>	<u>4,300,475</u>	<u>5,793,355</u>	<u>15,036,488</u>
Expenditures				
General Government.....	397,777	-	422,322	820,099
Public Safety.....	1,891,398	-	-	1,891,398
Public Services.....	295,848	-	13,417,710	13,713,558
Planning and Community Development.....	2,215,500	-	290,990	2,506,490
Cultural and Recreation.....	374,291	-	218,040	592,331
Debt Service:				
Principal Retirement.....	-	3,983,277	-	3,983,277
Interest and Fiscal Charges.....	-	1,906,997	-	1,906,997
Total Expenditures.....	<u>5,174,814</u>	<u>5,890,274</u>	<u>14,349,062</u>	<u>25,414,150</u>
Deficiency of revenues over expenditures.....	<u>(232,156)</u>	<u>(1,589,799)</u>	<u>(8,555,707)</u>	<u>(10,377,662)</u>
Other Financing Sources (Uses)				
Proceeds from the issuance of general obligation bonds	-	-	40,119,472	40,119,472
General obligation bonds refunded.....	-	-	(17,474,472)	(17,474,472)
Transfers In	-	5,985,452	1,350,386	7,335,838
Transfers out.....	(25,810)	-	-	(25,810)
Total Other Financing Sources (uses).....	<u>(25,810)</u>	<u>5,985,452</u>	<u>23,995,386</u>	<u>29,955,028</u>
Net change in fund balances.....	<u>(257,966)</u>	<u>4,395,653</u>	<u>15,439,679</u>	<u>19,577,366</u>
Fund balances, beginning of the year.....	1,038,310	3,373,898	4,899,332	9,311,540
Fund balances, ending of the year.....	<u>\$ 780,344</u>	<u>\$ 7,769,551</u>	<u>\$ 20,339,011</u>	<u>\$ 28,888,906</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

Combining Balance Sheet
All Special Revenue Funds
June 30, 2006

	<u>SPECIAL GRANTS</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>TOTAL</u>
Assets:			
Receivables:.....			
Accounts and grants.....	\$ 964,057	\$ 528,114	\$ 1,492,171
Notes	-	3,474,452	3,474,452
	<u>964,057</u>	<u>3,474,452</u>	<u>3,474,452</u>
Total assets.....	<u>\$ 964,057</u>	<u>\$ 4,002,566</u>	<u>\$ 4,966,623</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable and accrued expenses.....	\$ 83,085	\$ 5,640	\$ 88,725
Due to other funds.....	601,322	15,126	616,448
Deferred Revenue.....	-	3,481,106	3,481,106
	<u>684,407</u>	<u>3,501,872</u>	<u>4,186,279</u>
Total Liabilities.....	<u>684,407</u>	<u>3,501,872</u>	<u>4,186,279</u>
Fund Balances:			
Reserved for Specific Programs.....	<u>279,650</u>	<u>500,694</u>	<u>780,344</u>
Total Fund Balances.....	<u>279,650</u>	<u>500,694</u>	<u>780,344</u>
Total Liabilities and Fund Balances	<u>\$ 964,057</u>	<u>\$ 4,002,566</u>	<u>\$ 4,966,623</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, 2006

	<u>SPECIAL GRANTS</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>TOTAL</u>
Revenues:			
Intergovernmental Revenues.....	\$ 2,579,905	\$ 1,659,336	\$ 4,239,241
Interest on Investments.....	115	-	115
Miscellaneous Revenues.....	4,779	698,523	703,302
 Total Revenues.....	 <u>2,584,799</u>	 <u>2,357,859</u>	 <u>4,942,658</u>
Expenditures			
Current:			
General Government.....	397,777	-	397,777
Public Safety.....	1,891,398	-	1,891,398
Public Services.....	295,848	-	295,848
Planning and Community Development.....	82,243	2,133,257	2,215,500
Cultural and Recreation.....	374,291	-	374,291
 Total expenditures.....	 <u>3,041,557</u>	 <u>2,133,257</u>	 <u>5,174,814</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 and other financing sources.....	(482,568)	224,602	(257,966)
 Fund balance, beginning of year.....	 <u>762,218</u>	 <u>276,092</u>	 <u>1,038,310</u>
 Fund balance, end of year.....	 <u>\$ 279,650</u>	 <u>\$ 500,694</u>	 <u>\$ 780,344</u>

CITY OF HIGH POINT, NORTH CAROLINA

Special Grants Fund
 Schedule of Revenues, Expenditures and Changes In Fund Balances - Budget and Actual
 For the Year Ended June 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Intergovernmental revenues				
Federal Grants.....	\$ 3,511,163	\$ 1,075,010	\$ (2,436,153)	\$ 1,186,794
State Grants.....	3,139,936	374,070	(2,765,866)	1,388,642
Local Grants and Matches.....	<u>976,015</u>	<u>1,130,825</u>	<u>154,810</u>	<u>1,053,906</u>
Total intergovernmental revenues.....	<u>7,627,114</u>	<u>2,579,905</u>	<u>(5,047,209)</u>	<u>3,629,342</u>
Interest on investments.....	-	115	115	559
Miscellaneous.....	<u>2,000</u>	<u>4,779</u>	<u>2,779</u>	<u>-</u>
Total revenues.....	<u>7,629,114</u>	<u>2,584,799</u>	<u>(5,044,315)</u>	<u>3,629,901</u>
Expenditures:				
General Government.....	716,827	397,777	319,050	-
Public Safety.....	6,408,383	1,891,398	4,516,985	2,504,766
Public Services.....	1,047,181	295,848	751,333	534,671
Planning and Community Development.....	113,327	82,243	31,084	216,902
Cultural and Recreation.....	<u>164,776</u>	<u>374,291</u>	<u>(209,515)</u>	<u>146,318</u>
Total expenditures.....	<u>8,450,494</u>	<u>3,041,557</u>	<u>5,408,937</u>	<u>3,402,657</u>
Other Financing Sources (Uses):				
Appropriated Fund Balance.....	847,190	-	(847,190)	-
Transfer to General Debt Service Fund.....	<u>(25,810)</u>	<u>(25,810)</u>	<u>-</u>	<u>(25,810)</u>
Total other financing sources (uses).....	<u>821,380</u>	<u>(25,810)</u>	<u>(847,190)</u>	<u>(25,810)</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses).....	<u>\$ -</u>	<u>(482,568)</u>	<u>\$ (482,568)</u>	201,434
Fund Balance, beginning of year.....		<u>762,218</u>		<u>560,784</u>
Fund Balance, end of year.....		<u>\$ 279,650</u>		<u>\$ 762,218</u>

CITY OF HIGH POINT, NORTH CAROLINA

Community Development Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Intergovernmental revenues, federal grants..	\$ 3,136,032	\$ 1,659,336	\$ (1,476,696)	\$ 2,402,594
Miscellaneous income.....	<u>5,892</u>	<u>698,523</u>	<u>692,631</u>	<u>353,760</u>
Total revenues.....	<u>3,141,924</u>	<u>2,357,859</u>	<u>(784,065)</u>	<u>2,756,354</u>
Expenditures:				
Community development				
Planning and community development.....	1,417,069	1,229,101	187,968	1,816,517
Home Program.....	1,713,039	902,492	810,547	953,548
Lead Base Paint.....	<u>11,816</u>	<u>1,664</u>	<u>10,152</u>	<u>5,924</u>
Total expenditures.....	<u>3,141,924</u>	<u>2,133,257</u>	<u>1,008,667</u>	<u>2,775,989</u>
Excess(deficiency) of revenues over expenditures.....	<u>\$ -</u>	224,602	<u>\$ 224,602</u>	(19,635)
Fund Balance, beginning of the year.....		<u>276,092</u>		<u>295,727</u>
Fund Balance, ending of the year.....		<u>\$ 500,694</u>		<u>\$ 276,092</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
 Schedule of Revenues, Expenditures and Changes In Fund Balances
 Budget to Actual
 For The Year Ended June 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Taxes.....	\$ 2,873,000	\$ 2,773,507	\$ (99,493)	\$ -
Interest on Investments.....	120,000	863,937	743,937	151,031
Miscellaneous revenue.....	-	663,031	663,031	-
Total Revenues.....	<u>2,993,000</u>	<u>4,300,475</u>	<u>1,307,475</u>	<u>151,031</u>
Other Financing Sources:				
Transfer from General Fund.....	5,753,420	5,753,420	-	5,603,420
Transfer from the Special Grants Fund.....	25,810	25,810	-	25,810
Transfer from the Central Services Fund.....	19,036	19,036	-	19,036
Transfer from Water and Sewer Fund.....	83,282	83,282	-	83,282
Transfer from the Electric Fund.....	76,937	76,937	-	76,937
Transfer from the Mass Transit Fund.....	793	793	-	793
Transfer from the Parking Fund.....	6,345	6,345	-	6,345
Transfer from the Landfill Facilities Fund.....	16,656	16,656	-	16,656
Transfer from the Storm Water Facilities Fund.....	3,173	3,173	-	3,173
Total transfers.....	<u>5,985,452</u>	<u>5,985,452</u>	<u>-</u>	<u>5,835,452</u>
Fund Balance Appropriated.....	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>	<u>-</u>
Total Other financing sources, and fund balance appropriated.....	<u>6,135,452</u>	<u>5,985,452</u>	<u>(150,000)</u>	<u>5,835,452</u>
Total Revenues, other financing sources, and fund balance appropriated.....	<u>9,128,452</u>	<u>10,285,927</u>	<u>1,157,475</u>	<u>5,986,483</u>
Expenditures:				
Debt service:				
Principal.....	6,988,305	3,983,277	3,005,028	3,709,888
Interest.....	1,773,731	1,671,227	102,504	1,885,670
Fiscal charges.....	366,416	235,770	130,646	50,295
Total Expenditures.....	<u>9,128,452</u>	<u>5,890,274</u>	<u>3,238,178</u>	<u>5,645,853</u>
Excess of Revenues and Other Financing Sources Over Total Expenditures.....	<u>\$ -</u>	<u>4,395,653</u>	<u>\$ 4,395,653</u>	<u>340,630</u>
Fund Balance, beginning of the year.....		<u>3,373,898</u>		<u>3,033,268</u>
Fund Balance, ending of the year.....		<u>\$ 7,769,551</u>		<u>\$ 3,373,898</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, 2006

	GENERAL CAPITAL PROJECTS FUND	GENERAL CAPITAL PROJECTS ORDINANCE	TOTAL
Assets:			
Receivables:			
Accounts receivable.....	\$ 520,209	\$ 18,933	\$ 539,142
Accrued interest.....	40,910	-	40,910
Restricted cash and investments.....	<u>(166,523)</u>	<u>21,766,821</u>	<u>21,600,298</u>
Total Assets.....	<u>\$ 394,596</u>	<u>\$ 21,785,754</u>	<u>\$ 22,180,350</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$ 1,489,596	\$ 74,128	\$ 1,563,724
Arbitrage	-	193,965	193,965
Deferred revenue.....	<u>33,650</u>	<u>50,000</u>	<u>83,650</u>
Total Liabilities.....	<u>1,523,246</u>	<u>318,093</u>	<u>1,841,339</u>
Fund Balance (deficit):			
Reserved for capital projects.....	<u>(1,128,650)</u>	<u>21,467,661</u>	<u>20,339,011</u>
Total Fund Balance (deficit).....	<u>(1,128,650)</u>	<u>21,467,661</u>	<u>20,339,011</u>
Total Liabilities and Fund Balances.....	<u>\$ 394,596</u>	<u>\$ 21,785,754</u>	<u>\$ 22,180,350</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, 2006

	GENERAL CAPITAL PROJECTS FUND	GENERAL CAPITAL PROJECTS ORDINANCE	TOTAL
Revenues:			
Interest on investments.....	\$ 36,017	\$ 60,794	\$ 96,811
Grants.....	4,496,912	584,606	5,081,518
Miscellaneous.....	615,026	-	615,026
	<hr/>	<hr/>	<hr/>
Total revenues.....	5,147,955	645,400	5,793,355
Expenditures:			
General government.....	422,322	-	422,322
Public service - transportation.....	8,890,767	4,526,943	13,417,710
Planning and community development.....	290,990	-	290,990
Culture and recreation.....	218,040	-	218,040
	<hr/>	<hr/>	<hr/>
Total expenditures.....	9,822,119	4,526,943	14,349,062
Other Financing Sources:			
Proceeds from issuance of general obligation bonds.....	-	40,119,472	40,119,472
General Obligation bonds refunded.....	-	(17,474,472)	(17,474,472)
Transfers In	1,350,386	-	1,350,386
	<hr/>	<hr/>	<hr/>
Total other financing sources.....	1,350,386	22,645,000	23,995,386
Excess (deficiency) of revenues and other financing sources under expenditures.....	(3,323,778)	18,763,457	15,439,679
Fund balance, beginning of the year.....	2,195,128	2,704,204	4,899,332
	<hr/>	<hr/>	<hr/>
Fund balance (deficit), ending of the year.....	\$ (1,128,650)	\$ 21,467,661	\$ 20,339,011
	<hr/>	<hr/>	<hr/>

CITY OF HIGH POINT, NORTH CAROLINA

General Capital Projects Fund
 Schedule of Revenues and Expenditures
 Budget and Actual
 For The Year Ended June 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Interest on investments.....	\$ 127,864	\$ 36,017	(91,847)	\$ 112,883
Grants.....	7,647,425	4,496,912	(3,150,513)	1,333,164
Miscellaneous revenue.....	<u>110,498</u>	<u>615,026</u>	<u>504,528</u>	<u>110,498</u>
Total revenues	<u>7,885,787</u>	<u>5,147,955</u>	<u>(2,737,832)</u>	<u>1,556,545</u>
Other Financing Sources:				
Transfer from the General Fund.....	1,662,386	1,350,386	(312,000)	1,372,000
Fund Balance Appropriated	<u>8,913,048</u>	<u>-</u>	<u>(8,913,048)</u>	<u>-</u>
Total other financing sources and fund balance appropriated.....	<u>10,575,434</u>	<u>1,350,386</u>	<u>(9,225,048)</u>	<u>1,372,000</u>
Total revenues, other financing sources, and fund balance appropriated.....	<u>18,461,221</u>	<u>6,498,341</u>	<u>(11,962,880)</u>	<u>2,928,545</u>
Expenditures:				
General government.....	775,230	422,322	352,908	501,990
Public safety	7,967,248	-	7,967,248	4,745,590
Public services - transportation	8,422,001	8,890,767	(468,766)	3,986,556
Planning and community development.....	605,296	290,990	314,306	393,574
Culture and recreation.....	<u>691,446</u>	<u>218,040</u>	<u>473,406</u>	<u>481,059</u>
Total Expenditures	<u>18,461,221</u>	<u>9,822,119</u>	<u>8,639,102</u>	<u>10,108,769</u>
Deficiency of revenues and financing sources over expenditures.....	<u>\$ -</u>	<u>(3,323,778)</u>	<u>\$ (3,323,778)</u>	<u>(7,180,224)</u>
Fund balance, beginning of the year.....		<u>2,195,128</u>		<u>9,375,352</u>
Fund balance (deficit), ending of the year.....		<u>\$ (1,128,650)</u>		<u>\$ 2,195,128</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, 2006

	<u>PROJECT AUTHORIZATION</u>	<u>PRIOR YEAR</u>	<u>ACTUAL CURRENT YEAR</u>	<u>TOTAL TO DATE</u>
Revenues:				
Interest on investments.....	\$ -	\$ 1,368,921	\$ 60,794	\$ 1,429,715
Miscellaneous.....	716,000	500,000	584,606	1,084,606
Total revenues.....	<u>716,000</u>	<u>1,868,921</u>	<u>645,400</u>	<u>2,514,321</u>
Expenditures:				
Public safety.....	10,272,050	3,735,968	-	3,735,968
Transportation.....	54,139,275	12,999,481	4,526,943	17,526,424
Cultural and recreation.....	16,868,475	4,150,404	-	4,150,404
Total expenditures.....	<u>81,279,800</u>	<u>20,885,853</u>	<u>4,526,943</u>	<u>25,412,796</u>
Other financing sources				
General obligation bonds.....	79,563,800	-	40,119,472	40,119,472
General obligation bonds refunded.....	-	-	(17,474,472)	(17,474,472)
Transfers from General Fund.....	1,000,000	900,000	-	900,000
Total other financing sources	<u>80,563,800</u>	<u>900,000</u>	<u>22,645,000</u>	<u>23,545,000</u>
Excess (deficiency) of revenues and financing sources under expenditures.....	<u>\$ -</u>	<u>\$ (18,116,932)</u>	\$ 18,763,457	<u>\$ 646,525</u>
Fund Balance, beginning of year.....			<u>2,704,204</u>	
Fund Balance, end of year.....			<u>\$ 21,467,661</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, 2006

ASSETS	MASS TRANSIT	PARKING FACILITIES	LANDFILL FACILITIES	STORM WATER	TOTAL
Current Assets:					
Cash and investments.....	\$ 409,949	\$ 439,969	\$ 23,325,153	\$ 2,164,242	\$ 26,339,313
Receivables:					
Accounts (net).....	257,329	8,781	265,690	54,653	586,453
Accrued Interest.....	10,447	9,490	214,937	44,702	279,576
Inventory.....	27,131	-	-	-	27,131
Prepaid Expenses.....	103,660	-	-	-	103,660
Total current assets.....	808,516	458,240	23,805,780	2,263,597	27,336,133
Noncurrent assets					
Restricted Assets:					
Cash and investments.....	402,541	7,725	99,858	6,822,970	7,333,094
Deferred charges.....	-	3,384	-	14,635	18,019
Capital Assets:					
Land.....	614,973	898,720	5,229,649	-	6,743,342
Buildings.....	750,036	8,735,372	4,499,081	-	13,984,489
Machinery and Equipment.....	5,888,491	540,376	8,116,461	64,583	14,609,911
Construction in progress.....	-	-	-	1,716,064	1,716,064
Accumulated Depreciation.....	(2,588,502)	(5,502,073)	(13,406,053)	(9,802)	(21,506,430)
Total capital assets.....	4,664,998	4,672,395	4,439,138	1,770,845	15,547,376
TOTAL ASSETS.....	\$ 5,876,055	\$ 5,141,744	\$ 28,344,776	\$ 10,872,047	\$ 50,234,622
LIABILITIES AND NET ASSETS:					
Liabilities					
Current Liabilities:					
Accounts Payable and Accrued Expenses.....	\$ 9,529	\$ 8,414	\$ 87,184	\$ 179,346	\$ 284,473
Current Maturities of Long-Term Debt.....	-	174,954	-	332,455	507,409
Accrued interest payable.....	-	8,333	-	72,772	81,105
Deposits.....	-	7,725	-	-	7,725
Total current liabilities	9,529	199,426	87,184	584,573	880,712
Long-term Liabilities					
Accrued Closure/Post closure Costs.....	-	-	8,551,660	-	8,551,660
General Obligation Bonds Payable.....	-	-	-	6,555,672	6,555,672
Vacation accrual.....	57,037	11,784	114,059	17,472	200,352
Deferred Revenue.....	-	-	-	1,640,521	1,640,521
Total Long-term liabilities.....	57,037	11,784	8,665,719	8,213,665	16,948,205
Total Liabilities.....	66,566	211,210	8,752,903	8,798,238	17,828,917
Net Assets					
Invested in capital assets, net of related debt.....	4,664,998	4,500,825	4,439,138	65,167	13,670,128
Restricted.....	402,541	-	99,858	-	502,399
Unrestricted.....	741,950	429,709	15,052,877	2,008,642	18,233,178
Total Net Assets.....	5,809,489	4,930,534	19,591,873	2,073,809	32,405,705
TOTAL LIABILITIES AND NET ASSETS.....	\$ 5,876,055	\$ 5,141,744	\$ 28,344,776	\$ 10,872,047	\$ 50,234,622

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, 2006

	MASS TRANSIT	PARKING FACILITIES	LANDFILL FACILITIES	STORM WATER	TOTAL NONMAJOR ENTERPRISE FUNDS
OPERATING REVENUES:					
Charges for Services.....	\$ 643,958	\$ 489,665	\$ 5,614,564	\$ 1,817,554	\$ 8,565,741
Miscellaneous.....	128,406	-	-	-	128,406
Total operating revenues.....	<u>772,364</u>	<u>489,665</u>	<u>5,614,564</u>	<u>1,817,554</u>	<u>8,694,147</u>
OPERATING EXPENSES:					
Management and administration.....	2,500,349	383,705	4,402,459	1,264,326	8,550,839
Maintenance and distribution.....	-	250,627	-	-	250,627
Depreciation and amortization.....	533,235	270,803	519,044	6,192	1,329,274
Total Operating Expenses.....	<u>3,033,584</u>	<u>905,135</u>	<u>4,921,503</u>	<u>1,270,518</u>	<u>10,130,740</u>
Operating income (loss).....	<u>(2,261,220)</u>	<u>(415,470)</u>	<u>693,061</u>	<u>547,036</u>	<u>(1,436,593)</u>
Nonoperating Revenues (Expenses)					
Interest Revenue.....	26,928	23,464	728,381	129,200	907,973
Interest Expense and Fiscal Charges.....	-	(20,666)	-	(77,456)	(98,122)
Amortization of Financing Costs.....	-	(2,823)	-	(1,626)	(4,449)
Intergovernmental revenues.....	1,383,043	-	-	-	1,383,043
Total Nonoperating revenues (expenses).....	<u>1,409,971</u>	<u>(25)</u>	<u>728,381</u>	<u>50,118</u>	<u>2,188,445</u>
Income(loss) before transfers.....	(851,249)	(415,495)	1,421,442	597,154	751,852
Transfers:					
Transfers In.....	539,443	204,882	-	-	744,325
Transfers Out.....	(793)	(6,345)	(16,656)	(3,173)	(26,967)
Change in net assets.....	(312,599)	(216,958)	1,404,786	593,981	1,469,210
Net assets, beginning of the year.....	6,122,088	5,147,492	18,187,087	1,479,828	30,936,495
Net assets, ending of the year.....	<u>\$ 5,809,489</u>	<u>\$ 4,930,534</u>	<u>\$ 19,591,873</u>	<u>\$ 2,073,809</u>	<u>\$ 32,405,705</u>

City of High Point, North Carolina

Combining Statement of Cash Flows
All Nonmajor Enterprise Funds
For The Year Ended June 30, 2006

	Business-Type - Enterprise Funds				
	MASS TRANSIT	PARKING FACILITIES	LANDFILL FACILITIES	STORM WATER	TOTAL
Cash Flows From Operating Activities					
Receipts from customers and users.....	\$ 627,220	\$ 507,427	\$ 5,630,376	\$ 1,121,954	\$ 7,886,977
Payments to employees and related fringe benefits.....	(1,425,199)	(328,640)	(1,779,034)	(430,105)	(3,962,978)
Payments to suppliers and operating costs.....	(1,083,515)	(300,849)	(2,347,983)	(666,097)	(4,398,444)
Net cash provided by (used in) by operating activities	(1,881,494)	(122,062)	1,503,359	25,752	(474,445)
Cash Flows From Non Capital Financing Activities					
Transfers In.....	539,443	204,882		(3,173)	741,152
Transfers Out.....	(793)	(6,345)	(16,656)	-	(23,794)
Intergovernmental revenues and reimbursements.....	1,383,043	-	-	-	1,383,043
Net Cash provided by (used in) noncapital financing activities	1,921,693	198,537	(16,656)	(3,173)	2,100,401
Cash Flows From Financing Activities					
Proceeds from Issuance of Long-Term Debt	-	-	-	6,704,367	6,704,367
Principal Payments on Long-Term Debt.....	-	(188,518)	-	(27,793)	(216,311)
Interest payments on Long-Term Debt.....	-	(16,659)	-	(6,245)	(22,904)
Acquisition and Construction of Capital Assets.....	(130,413)	(11,490)	(262,080)	(830,926)	(1,234,909)
Net cash provided by (used in) noncapital financing activities	(130,413)	(216,667)	(262,080)	5,839,403	5,230,243
Cash Flows From Investing Activities					
Interest Earned on Investments.....	21,526	17,502	586,495	104,307	729,830
Net cash provided by investing activities	21,526	17,502	586,495	104,307	729,830
Net increase (decrease) in cash and investments	(68,688)	(122,690)	1,811,118	5,966,289	7,586,029
Cash and investments, beginning of the year	881,178	570,384	21,613,893	3,020,923	26,086,378
Cash and investments end of the year	\$ 812,490	\$ 447,694	\$ 23,425,011	\$ 8,987,212	\$ 33,672,407
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income (loss).....	\$ (2,261,220)	\$ (415,470)	\$ 693,061	\$ 547,036	\$ (1,436,593)
Adjustments to Reconcile Operating Income (Loss) to					
Cash Provided by (Used in) Operating Activities:.....					
Depreciation and amortization.....	533,235	270,803	519,044	6,192	1,329,274
Change in Assets and Liabilities:					
(Increase) Decrease in Receivables.....	(145,144)	17,338	15,812	(14,193)	(126,187)
(Increase) Decrease in Inventories.....	(541)	-	-	-	(541)
(Increase) Decrease in Prepaid Expenses and Deferred Charges.....	-	-	-	1,626	1,626
Increase (Decrease) in Payables and Accrued Expenses.....	(12,686)	3,084	279,449	163,937	433,784
Increase (Decrease) in Deposits.....	-	405	-	-	405
Increase (Decrease) in Vacation Leave Accrual.....	4,862	1,778	(4,007)	2,561	5,194
Increase (Decrease) in Deferred Revenue.....	-	-	-	(681,407)	(681,407)
Total adjustments.....	379,726	293,408	810,298	(521,284)	962,148
Net cash provided by (used in) operating activities.....	\$ (1,881,494)	\$ (122,062)	\$ 1,503,359	\$ 25,752	\$ (474,445)

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, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues				
Charges for Services.....	\$ 33,379,001	\$ 33,776,892	\$ 397,891	\$ 30,944,696
Miscellaneous revenues.....	37,000	50,241	13,241	210,802
Total operating revenues.....	<u>33,416,001</u>	<u>33,827,133</u>	<u>411,132</u>	<u>31,155,498</u>
Operating Expenses				
Management and administration.....	1,167,039	515,630	651,409	832,099
Maintenance and distribution.....	5,783,187	5,422,495	360,692	7,268,425
Treatment plants.....	8,289,247	7,650,253	638,994	4,972,656
Other services and charges.....	487,963	2,058,244	(1,570,281)	454,378
Total operating expenses.....	<u>15,727,436</u>	<u>15,646,622</u>	<u>80,814</u>	<u>13,527,558</u>
Nonoperating revenues (expenses)				
Interest on Investments.....	504,500	1,143,486	638,986	596,149
Interest expense and fiscal charges.....	(3,934,333)	(3,674,694)	259,639	(4,040,112)
Grants and contributions.....	-	-	-	(13,500)
Reimbursement to General Fund.....	(2,206,069)	(2,206,069)	-	(2,158,756)
Reimbursement to Electric Fund.....	(1,507,626)	(1,507,626)	-	(1,501,461)
Total non-operating revenues(expenses).....	<u>(7,143,528)</u>	<u>(6,244,903)</u>	<u>898,625</u>	<u>(7,117,680)</u>
Other Financing Sources (Uses)				
Contingency.....	(300,000)	-	300,000	-
Revenue Bond Proceeds.....	28,475,000	31,001,330	2,526,330	42,478,804
Capital projects.....	-	-	-	(2,766,609)
Payment of debt principal.....	(6,234,465)	(5,792,696)	441,769	(5,487,038)
Transfer to Electric Funds.....	-	-	-	(100,000)
Transfer to General Debt Service Fund.....	(83,282)	(83,282)	-	(83,282)
Transfer to Water Capital Ord. Projects Fund.....	(34,766,430)	(34,766,430)	-	(37,575,000)
Net assets appropriated.....	2,364,140	-	(2,364,140)	-
Total other financing sources (uses).....	<u>(10,545,037)</u>	<u>(9,641,078)</u>	<u>903,959</u>	<u>(3,533,125)</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>\$ 2,294,530</u>	<u>\$ 2,294,530</u>	<u>\$ 6,977,135</u>
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual				
Reconciling Items				
Changes in net assets				
Water and Sewer Fund.....		\$ 2,294,530		\$ 6,977,135
Water Capital Project Ordinance Fund		(340,140)		(2,217,320)
Sewer Capital Project Ordinance Fund.....		17,999,178		23,803,771
Water Capital Reserve Fund.....		65,037		1,778,957
Sewer Capital Reserve Fund.....		170,279		22,210
		<u>20,188,884</u>		<u>30,364,753</u>
Depreciation.....		(5,682,700)		(5,877,095)
Capital Additions.....		22,656,859		17,067,240
Bond Proceeds.....		(31,001,330)		(42,478,804)
Bond Principal Paid.....		5,792,696		5,487,038
Loss on Disposal of Assets.....		-		(2,392)
Assessments Principal and Interest Paid.....		-		-
Total Reconciling Items.....		<u>(8,234,475)</u>		<u>(25,804,013)</u>
Net change in net assets - full accrual.....		<u>\$ 11,954,409</u>		<u>\$ 4,560,740</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, 2006

	PROJECT AUTHORIZATION	PRIOR YEAR	ACTUAL CURRENT YEAR	TOTAL TO DATE
Revenues:				
Interest on investments.....	\$ -	\$ 47,176	\$ 18,087	\$ 65,263
Total revenues.....	<u>-</u>	<u>47,176</u>	<u>18,087</u>	<u>65,263</u>
Expenditures:				
Water system improvements.....	4,000,000	3,626,407	358,227	3,984,634
Total expenditures.....	<u>4,000,000</u>	<u>3,626,407</u>	<u>358,227</u>	<u>3,984,634</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>2,251,914</u>	<u>-</u>	<u>2,251,914</u>
Change in net assets.....	<u>\$ -</u>	<u>\$ (1,327,317)</u>	<u>\$ (340,140)</u>	<u>\$ (1,667,457)</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, 2006

	PROJECT AUTHORIZATION	PRIOR YEAR	ACTUAL CURRENT YEAR	TOTAL TO DATE
Revenues:				
Interest on investments.....	\$ -	\$ 468,916	\$ 896,168	\$ 1,365,084
Total revenues.....	-	468,916	896,168	1,365,084
Expenditures:				
Solids handling project.....	11,194,517	11,165,987	6,828,346	17,994,333
Sewer system improvements.....	113,425,000	65,193,620	10,835,074	76,028,694
Total expenditures.....	124,619,517	76,359,607	17,663,420	94,023,027
Other financing sources:				
Contributed Capital.....	8,850,000	8,850,000	-	8,850,000
General obligation bonds.....	52,000,000	52,000,000	-	52,000,000
Proceeds from Revenue bonds.....	37,575,000	37,575,000	28,475,000	66,050,000
Proceeds from State Loans.....	25,606,517	25,244,271	-	25,244,271
Transfer from Water and Sewer	588,000	588,000	6,291,430	6,879,430
Total other financing sources.....	124,619,517	124,257,271	34,766,430	159,023,701
Change in net assets.....	\$ -	\$ 48,366,580	\$ 17,999,178	\$ 66,365,758

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, 2006

	<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
Total Other Financing Sources:.....	-	-	-	1,748,086
Nonoperating Revenues				
Interest on Investments.....		65,037	65,037	30,871
Total Revenues.....	-	65,037	65,037	30,871
Total Other Financing Sources and Revenues.....	-	65,037	65,037	1,778,957
Total Other Financing Sources and Revenues over other Financing Uses.....	<u>\$ -</u>	<u>\$ 65,037</u>	<u>\$ 65,037</u>	<u>\$ 1,778,957</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, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Nonoperating Revenues				
Interest on Investments.....	\$ -	\$ 170,279	\$ 170,279	\$ 22,210
Total Revenues.....	<u>-</u>	<u>170,279</u>	<u>170,279</u>	<u>22,210</u>
Total Other Financing Sources and Revenues.....	<u>-</u>	<u>170,279</u>	<u>170,279</u>	<u>22,210</u>
Total Other Financing Sources and Revenues over other Financing Uses.....	<u>\$ -</u>	<u>\$ 170,279</u>	<u>\$ 170,279</u>	<u>\$ 22,210</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, 2006

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	PRIOR YEAR ACTUAL
Operating Revenues				
Charges for Services.....	\$ 87,547,068	\$ 88,186,527	\$ 639,459	\$ 84,791,637
Miscellaneous revenues.....	190,000	1,463,639	1,273,639	1,465,285
Total operating revenues.....	<u>87,737,068</u>	<u>89,650,166</u>	<u>1,913,098</u>	<u>86,256,922</u>
Operating Expenses				
Management and administration.....	1,131,053	590,420	540,633	547,150
Maintenance and distribution.....	85,954,272	87,182,492	(1,228,220)	75,067,730
Other services and charges.....	1,025,815	1,013,158	12,657	1,287,271
Total operating expenses.....	<u>88,111,140</u>	<u>88,786,070</u>	<u>(674,930)</u>	<u>76,902,151</u>
Nonoperating Revenues (Expenses)				
Interest on Investments.....	500,000	866,545	366,545	469,951
Reimbursement from General Fund.....	63,497	63,497	-	58,145
Reimbursement from Water and Sewer Facilities Fund.....	1,507,626	1,507,626	-	1,501,461
Reimbursement to General Fund.....	<u>(1,784,381)</u>	<u>(1,734,381)</u>	<u>50,000</u>	<u>(1,763,938)</u>
Total nonoperating revenues.....	<u>286,742</u>	<u>703,287</u>	<u>416,545</u>	<u>265,619</u>
Other Financing Sources (Uses)				
Contingency.....	450,000	-	(450,000)	-
Capital projects.....	(7,533,556)	(3,843,379)	3,690,177	(9,922,133)
Transfers from Water and Sewer Facilities Fund.....	-	-	-	100,000
Transfers to General Debt Service Fund.....	(76,937)	(76,937)	-	(76,937)
Transfer to Economic Development Fund.....	(450,000)	(450,000)	-	(228,600)
Net assets appropriated.....	7,697,823	-	(7,697,823)	-
Total other financing sources (uses).....	<u>87,330</u>	<u>(4,370,316)</u>	<u>(4,457,646)</u>	<u>(10,127,670)</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>\$ (2,802,933)</u>	<u>\$ (2,802,933)</u>	<u>\$ (507,280)</u>
Reconciliation From Budgetary Basis (Modified Accrual) To Full Accrual				
Reconciling Items:				
Depreciation.....		(3,502,717)		(3,401,578)
Capital Additions.....		3,759,011		6,173,466
Loss on Disposal of Assets.....		<u>(893)</u>		<u>(3,489)</u>
Total reconciliation items.....		<u>255,401</u>		<u>2,768,399</u>
Change in net assets - full accrual basis.....		<u>\$ (2,547,532)</u>		<u>\$ 2,261,119</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, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues:				
Charges for Services.....	\$ 608,095	\$ 643,958	\$ 35,863	\$ 1,301,509
Miscellaneous revenues.....	76,600	128,406	51,806	111,967
Total operating revenues.....	<u>684,695</u>	<u>772,364</u>	<u>87,669</u>	<u>1,413,476</u>
Operating Expenses:				
Management and administration.....	3,884,271	2,630,762	1,253,509	1,882,954
Other services and charges.....	-	-	-	4,865,616
Total operating expenses.....	<u>3,884,271</u>	<u>2,630,762</u>	<u>1,253,509</u>	<u>6,748,570</u>
Nonoperating revenues (expenses)				
Interest on Investments.....	-	642	642	-
Intergovernmental revenues.....	2,777,821	1,378,346	(1,399,475)	4,432,417
Total non-operating revenues.....	<u>2,777,821</u>	<u>1,378,988</u>	<u>(1,398,833)</u>	<u>4,432,417</u>
Other Financing Sources (uses)				
Transfer from General Fund.....	419,548	539,443	119,895	490,858
Transfer from Mass Transit CPO Fund.....	-	-	-	450,000
Transfer from Mass Transit Cap. Reserve Fund.....	-	-	-	331,131
Transfer to General Debt Service Fund.....	(793)	(793)	-	(793)
Net assets appropriated.....	3,000	-	(3,000)	-
Total other financing sources (uses).....	<u>421,755</u>	<u>538,650</u>	<u>116,895</u>	<u>1,271,196</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>\$ 59,240</u>	<u>\$ 59,240</u>	<u>\$ 368,519</u>
Reconciliation From Budgetary Basis (Modified Accrual) To Full Accrual				
Change in net assets - budgetary basis				
Mass Transit Fund.....		\$ 59,240		\$ 368,519
Mass Transit Capital Projects.....		-		(450,000)
Mass Transit Capital Reserve Fund.....		30,983		14,005
		<u>90,223</u>		<u>(67,476)</u>
Reconciling items:				
Depreciation.....		(533,235)		(489,222)
Capital Additions.....		130,413		4,407,099
Loss on Disposal of Assets.....		-		20,328
Total reconciling items.....		<u>(402,822)</u>		<u>3,938,205</u>
Change in net assets - full accrual basis.....		<u>\$ (312,599)</u>		<u>\$ 3,870,729</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, 2006

	<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>-</u>	<u>-</u>	<u>(450,000)</u>
 Change in net assets.....	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ (450,000)</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, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Other Financing Sources:				
State Maintenance Assistance Grant.....	\$ -	\$ 4,697	\$ 4,697	\$ 328,493
Interest.....	-	26,286	26,286	16,643
Total Financing Sources.....	<u>-</u>	<u>30,983</u>	<u>30,983</u>	<u>345,136</u>
Other Financing Uses:				
Transfer to Mass Transit Operating.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>331,131</u>
Change in net assets.....	<u>\$ -</u>	<u>\$ 30,983</u>	<u>\$ 30,983</u>	<u>\$ 14,005</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, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues:				
Charges for Services.....	\$ 494,500	\$ 489,665	\$ (4,835)	\$ 497,556
Operating Expenses				
Management and administration.....	325,358	383,705	(58,347)	88,908
Other services and charges.....	237,841	115,264	122,577	432,940
Total operating expenses	<u>563,199</u>	<u>498,969</u>	<u>64,230</u>	<u>521,848</u>
Nonoperating Revenues (Expenses)				
Interest on Investments.....	15,000	23,464	8,464	14,489
Interest expense.....	<u>(16,365)</u>	<u>(20,666)</u>	<u>(4,301)</u>	<u>(22,841)</u>
Total nonoperating revenues (expenses)	<u>(1,365)</u>	<u>2,798</u>	<u>4,163</u>	<u>(8,352)</u>
Other Financing Sources (Uses)				
Transfer from General Fund.....	204,882	204,882	-	218,037
Transfer to the General Debt Service Fund.....	(6,345)	(6,345)	-	(6,345)
Capital projects.....	(237,840)	(146,853)	90,987	(14,585)
Payment of debt principal.....	(188,518)	(188,518)	-	(193,173)
Net assets appropriated.....	297,885	-	(297,885)	-
Total other financing sources (uses)	<u>70,064</u>	<u>(136,834)</u>	<u>(206,898)</u>	<u>3,934</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>\$ (143,340)</u>	<u>\$ (143,340)</u>	<u>\$ (28,710)</u>
Reconciliation From Budgetary Basis (Modified Accrual) To Full Accrual				
Reconciling Items				
Depreciation.....		(270,803)		(274,166)
Capital Additions.....		11,490		27,723
Bond Principal Paid.....		188,518		193,173
Amortization of financing costs.....		<u>(2,823)</u>		<u>(6,304)</u>
Total Reconciling Items.....		<u>(73,618)</u>		<u>(59,574)</u>
Change in net assets - full accrual basis.....		<u>\$ (216,958)</u>		<u>\$ (88,284)</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, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues				
Charges for Services.....	\$ 6,795,728	\$ 5,614,564	\$ (1,181,164)	\$ 6,107,444
Operating Expenses				
Management and administration.....	2,446,702	3,798,178	(1,351,476)	3,710,496
Total operating expenses.....	<u>2,446,702</u>	<u>3,798,178</u>	<u>(1,351,476)</u>	<u>3,710,496</u>
Nonoperating Revenues				
Interest on Investments.....	140,000	277,110	137,110	126,602
Total nonoperating revenues.....	<u>140,000</u>	<u>277,110</u>	<u>137,110</u>	<u>126,602</u>
Other Financing (Uses)				
Reimbursement to General Fund.....	(467,394)	(467,394)	-	(484,705)
Transfer to General Debt Service Fund.....	(16,656)	(16,656)	-	(16,656)
Transfer to Landfill Maintenance Reserve Fund.....	(948,000)	(948,000)	-	(1,267,186)
Capital projects.....	(3,056,976)	(398,967)	2,658,009	(604,352)
Net assets appropriated.....	<u>(1,258,433)</u>	<u>-</u>	<u>1,258,433</u>	<u>-</u>
Total other financing (uses).....	<u>(4,489,026)</u>	<u>(1,831,017)</u>	<u>2,658,009</u>	<u>(2,372,899)</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>\$ 262,479</u>	<u>\$ 262,479</u>	<u>\$ 150,651</u>
Reconciliation From Budgetary Basis (Modified Accrual) to To Full Accrual Basis				
Change in net assets.....				
Landfill Facilities Fund.....		\$ 262,479		\$ 150,651
Landfill Maintenance Reserve Fund.....		1,632,196		1,294,565
		<u>1,894,675</u>		<u>\$ 1,445,216</u>
Reconciling Items				
Depreciation.....		(519,044)		(919,467)
Capital Additions.....		262,080		854,804
Landfill closure and post-closure costs.....		<u>(232,925)</u>		<u>(171,100)</u>
Total Reconciling Items.....		<u>(489,889)</u>		<u>(235,763)</u>
Change in net assets - full accrual basis.....		<u>\$ 1,404,786</u>		<u>\$ 1,209,453</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, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Other financing sources:				
Interest on Investments.....	\$ -	\$ 451,271	\$ 451,271	\$ 198,479
Transfer from Landfill Facilities Fund.....	-	948,000	948,000	1,267,186
Total other financing Sources.....	<u>-</u>	<u>1,399,271</u>	<u>1,399,271</u>	<u>1,465,665</u>
Expenses				
Landfill closure/post-closure costs.....	-	(232,925)	232,925	171,100
Total financing sources over financing uses.....	<u>\$ -</u>	<u>\$ 1,632,196</u>	<u>\$ 1,632,196</u>	<u>\$ 1,294,565</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, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues				
Charges for Services.....	\$ 1,133,590	\$ 1,817,554	\$ 683,964	\$ 1,137,594
Operating Expenses				
Management and administration.....	2,763,996	1,277,825	1,486,171	912,227
Total operating expenses.....	<u>2,763,996</u>	<u>1,277,825</u>	<u>1,486,171</u>	<u>912,227</u>
Nonoperating Revenues (Expenses)				
Interest on Investments.....	60,000	129,200	69,200	68,189
Interest expense.....	(6,245)	(77,456)	(71,211)	(6,435)
Total nonoperating revenues.....	<u>53,755</u>	<u>51,744</u>	<u>(2,011)</u>	<u>61,754</u>
Other Financing Sources (Uses)				
Transfer to General Debt Service Fund.....	(3,173)	(3,173)	-	(3,173)
Net assets appropriated.....	1,607,617	-	(1,607,617)	-
Payment of debt principal.....	(27,793)	(27,793)	-	(9,757)
Total other financing sources	<u>1,576,651</u>	<u>(30,966)</u>	<u>(1,607,617)</u>	<u>(12,930)</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>\$ 560,507</u>	<u>\$ 560,507</u>	<u>\$ 274,191</u>
Reconciliation From Budgetary Basis (Modified Accrual)				
To Full Accrual				
Change in net assets.....				
Storm Water Facilities Fund.....		\$ 560,507		\$ 274,191
Storm Water Facilities Capital Project Ordinance Fund		5,982,573		(905,298)
		<u>6,543,080</u>		<u>(631,107)</u>
Reconciling Items				
Capital Assets additions.....		830,926		949,720
Depreciation.....		(6,192)		(3,610)
Bond Proceeds.....		(6,800,000)		-
Bond Principal Paid.....		27,793		9,757
Amortization of financing costs.....		(1,626)		(1,626)
Total Reconciling Items.....		<u>(5,949,099)</u>		<u>954,241</u>
Change in net assets - full accrual basis.....		<u>\$ 593,981</u>		<u>\$ 323,134</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, 2006

	<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	\$ 817,427	\$ 1,722,725
Total expenditures.....	<u>15,400,000</u>	<u>905,298</u>	<u>817,427</u>	<u>1,722,725</u>
Other financing sources				
General obligation bonds.....	15,400,000	-	6,800,000	6,800,000
Total other financing sources	<u>15,400,000</u>	<u>-</u>	<u>6,800,000</u>	<u>6,800,000</u>
Change in fund balance.....	\$ -	\$ (905,298)	\$ 5,982,573	\$ 5,077,275

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, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues:				
Sales of merchandise	\$ 4,100,000	\$ 3,847,428	\$ (252,572)	\$ 3,822,885
Interfund charges.....	10,140,960	10,705,989	565,029	8,825,952
Total sales and services.....	<u>14,240,960</u>	<u>14,553,417</u>	<u>312,457</u>	<u>12,648,837</u>
Operating Expenditures:				
Fleet maintenance.....	8,050,201	7,674,988	375,213	3,654,558
Warehouse operations.....	4,477,309	3,784,970	692,339	6,328,959
Radio repair shop.....	958,840	872,371	86,469	1,110,395
Maintenance operations.....	1,775,664	1,671,865	103,799	1,541,214
Computer replacement.....	527,060	513,133	13,927	494,365
Total operating expenses.....	<u>15,789,074</u>	<u>14,517,327</u>	<u>1,271,747</u>	<u>13,129,491</u>
Other financing sources (uses):				
Interest income.....	-	2,486	2,486	-
Transfer to the General Debt Service Fund.....	(19,036)	(19,036)	-	(19,036)
Proceeds from capital leases.....	165,000	165,000		
Proceeds from sale of assets.....	100,000	370,890	270,890	239,814
Appropriated retained earnings.....	1,302,150	-	(1,302,150)	-
Total other financing sources (uses).....	<u>1,548,114</u>	<u>519,340</u>	<u>(1,028,774)</u>	<u>220,778</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	\$ 555,430	<u>\$ (555,430)</u>	\$ (259,876)
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Increase in inventory.....		(62,132)		628,225
Capital Additions.....		1,740,480		2,972,647
Capital lease principal payments.....		86,482		75,594
Depreciation.....		(3,271,600)		(3,229,411)
Basis of capital assets disposed.....		<u>(81,495)</u>		<u>(187,179)</u>
Change in net assets - full accrual basis.....		<u>\$ (1,032,835)</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, 2006

General Capital Assets:	Current Year
Land and land improvements.....	\$ 12,131,471
Infrastructure.....	422,162,988
Buildings.....	28,193,205
Machinery and Equipment.....	37,122,906
Construction in progress.....	<u>7,721,232</u>
 Total Governmental Capital Assets.....	 <u><u>\$ 507,331,802</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>405,143,727</u>
 Total Investment in Governmental Capital Assets.....	 <u><u>\$ 507,331,802</u></u>

CITY OF HIGH POINT, NORTH CAROLINA

Capital Assets Used In the Operation of Governmental Funds:
By Function and Activity
June 30, 2006

	Land and Land Improvements	Infrastructure	Buildings	Machinery and Equipment	Construction In Progress	Total
General government						
Governing body.....	\$ 6,940,006	\$ -	\$ 350,916	\$ 68,927	\$ -	\$ 7,359,849
Administration.....	-	-	37,222	9,602,721	-	9,639,943
Theatre and Exhibition Center.....	-	-	2,752,801	492,804	-	3,245,605
Human Resources.....	-	-	-	59,492	-	59,492
Finance.....	107,904	-	-	131,246	-	239,150
Library.....	507,835	-	5,723,566	5,451,541	-	11,682,942
Total general government.....	<u>7,555,745</u>	<u>-</u>	<u>8,864,505</u>	<u>15,806,731</u>	<u>-</u>	<u>32,226,981</u>
Public safety:						
Police.....	-	-	101,856	2,642,157	-	2,744,013
Fire.....	725,646	-	7,120,693	9,756,151	-	17,602,490
Inspections.....	-	-	59,417	58,574	-	117,991
Transportation.....	7,264	-	503,728	2,415,456	3,193,843	6,120,291
Park Rangers.....	-	-	-	2,371	-	2,371
Total public safety.....	<u>732,910</u>	<u>-</u>	<u>7,785,694</u>	<u>14,874,709</u>	<u>3,193,843</u>	<u>26,587,156</u>
Public works.....	<u>429,726</u>	<u>422,126,988</u>	<u>261,171</u>	<u>2,546,939</u>	<u>4,527,389</u>	<u>429,892,213</u>
Parks and recreation.....	<u>3,413,090</u>	<u>-</u>	<u>11,207,581</u>	<u>3,504,910</u>	<u>-</u>	<u>18,125,581</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>36,000</u>	<u>9,058</u>	<u>187,772</u>	<u>-</u>	<u>232,830</u>
Total General Capital Assets	<u>\$ 12,131,471</u>	<u>\$ 422,162,988</u>	<u>\$ 28,193,205</u>	<u>\$ 37,122,906</u>	<u>\$ 7,721,232</u>	<u>\$ 507,331,802</u>

CITY OF HIGH POINT, NORTH CAROLINA

Schedule of Changes in Capital Assets Used In the Operation of Governmental Funds
By Function and Activity
For the Year Ended June 30, 2006

	Capital Assets June 30, 2005	Additions	Disposals	Capital Assets June 30, 2006
General government:				
Governing Body.....	\$ 7,359,849	\$ -	\$ -	\$ 7,359,849
Administration.....	9,315,262	7,718,971	7,394,290	9,639,943
Theatre and Exhibition Center.....	3,245,697	-	92	3,245,605
Human Resources.....	59,492	-	-	59,492
Finance.....	239,150	-	-	239,150
Library.....	11,232,942	450,000	-	11,682,942
Total general government.....	<u>31,452,392</u>	<u>8,168,971</u>	<u>7,394,382</u>	<u>32,226,981</u>
Public safety:				
Police.....	2,593,303	163,760	13,050	2,744,013
Fire.....	17,520,490	82,000	-	17,602,490
Inspections.....	117,991	-	-	117,991
Transportation.....	2,917,705	3,203,536	950	6,120,291
Park Rangers.....	2,371	-	-	2,371
Total public safety.....	<u>23,151,860</u>	<u>3,449,296</u>	<u>14,000</u>	<u>26,587,156</u>
Public works.....	408,845,940	21,046,273	-	429,892,213
Parks and recreation.....	17,922,565	213,277	10,261	18,125,581
Planning.....	224,106	-	-	224,106
Special Grants Fund.....	42,935	-	-	42,935
Community development.....	140,665	92,165	-	232,830
Total General Capital Assets.....	<u>\$ 481,780,463</u>	<u>\$ 32,969,982</u>	<u>\$ 7,418,643</u>	<u>\$ 507,331,802</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, 2006

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2006</u>
Assets:				
Cash and investments	\$ 747,557	\$ 3,714	\$ 40	\$ 751,231
Accounts receivable	377	181	-	558
Accrued interest	447	478	-	925
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 748,381</u>	<u>\$ 4,373</u>	<u>\$ 40</u>	<u>\$ 752,714</u>
Liabilities:				
Accounts Payable: Due to other organizations	<u>\$ 748,381</u>	<u>\$ 4,373</u>	<u>\$ 40</u>	<u>\$ 752,714</u>



CITY OF HIGH POINT, NORTH CAROLINA

SUPPORTING SCHEDULES

- (1) Schedule of Ad Valorem Taxes Receivable June 30, 2006
- (2) Analysis of Current Tax Levy June 30, 2006

CITY OF HIGH POINT, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2006

<u>Year</u>	<u>Uncollected Balance June 30, 2005</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2006</u>
2005 - 2006	\$	\$ 50,310,351	\$ 49,543,853	\$ 766,498
2004 - 2005	637,963		436,785	201,178
2003 - 2004	223,213		77,907	145,306
2002 - 2003	122,890		15,484	107,406
2001 - 2002	104,440		4,602	99,838
2000 - 2001	80,048		2,428	77,620
1999 - 2000	60,722		1,650	59,072
1998 - 1999	51,635		465	51,170
1997 - 1998	52,364		613	51,751
1996 - 1997	42,091		334	41,757
1995 - 1996	37,139		37,139	616,514
	<u>\$ 1,412,505</u>	<u>\$ 50,310,351</u>	<u>\$ 50,121,260</u>	<u>2,218,110</u>
Plus: uncollected 2005 - 2006 ad valorem taxes receivable on annually registered vehicles				4,929
Less: allowance for uncollectable accounts: General Fund				<u>542,673</u>
Ad valorem taxes receivable - net				<u>\$ 1,680,366</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				\$ 49,118,481
Vehicle user fees				480,172
Reconciling items:				
Discounts and adjustments allowed				485,468
Taxes written off				<u>37,139</u>
Subtotal				<u>522,607</u>
Total collections and credits				<u>\$ 50,121,260</u>

CITY OF HIGH POINT, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
CITY - WIDE LEVY
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>City - Wide</u>		<u>Total Levy</u>		
	<u>Property</u>	<u>(1)</u>	<u>Total</u>	<u>Property</u>	<u>Registered</u>
	<u>Valuation</u>	<u>Rate</u>	<u>Levy</u>	<u>excluding</u>	<u>Motor</u>
				<u>Registered</u>	<u>Motor</u>
				<u>Motor</u>	<u>Motor</u>
				<u>Vehicles</u>	<u>Vehicles</u>
Original levy:					
Property taxed at current year's rate	\$ 8,416,838,486	0.622	\$ 49,988,502	\$ 46,298,140	\$ 3,690,362
Registered motor vehicles taxed at prior year's rate	21,251,433	0.622	126,021	-	126,021
Total	<u>8,438,089,919</u>		<u>50,114,523</u>	<u>46,298,140</u>	<u>3,816,383</u>
Discoveries:					
Current year taxes	18,867,964	0.622	141,011	141,011	
Prior year taxes		0.622	-	-	
Total	<u>18,867,964</u>		<u>141,011</u>	<u>141,011</u>	
Net penalties			<u>20,904</u>	<u>20,904</u>	
Discounts allowed			<u>(247,511)</u>	<u>(247,511)</u>	
Releases :					
Current year's taxes	(50,561,383)	0.622	(299,829)	(237,957)	(61,872)
Prior year taxes	(104,722)	0.622	(621)		(621)
Total	<u>(50,666,105)</u>		<u>(300,450)</u>	<u>(237,957)</u>	<u>(62,493)</u>
Total assessed value	<u>\$ 8,406,291,778</u>				
Total adjusted tax levy			\$ 49,728,477	\$ 45,974,587	\$ 3,753,890
Uncollected taxes at June 30, 2006			767,016	456,032	310,984
Current year's taxes collected			<u>\$ 48,961,461</u>	<u>\$ 45,518,555</u>	<u>\$ 3,442,906</u>
Current levy collection percentage			<u>98.46%</u>	<u>99.01%</u>	<u>91.72%</u>





STATISTICAL SECTION

CITY OF HIGH POINT, NORTH CAROLINA
TABLE I
NET ASSETS BY COMPONENT,
LAST FOUR FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 235,462,448	\$ 217,483,238	\$ 213,391,739	\$ 213,536,521
Restricted	15,845,598	20,775,167	14,141,184	13,946,595
Unrestricted	<u>26,673,580</u>	<u>25,486,747</u>	<u>25,867,575</u>	<u>23,178,515</u>
Total governmental activities net assets	<u><u>\$ 277,981,626</u></u>	<u><u>\$ 263,745,152</u></u>	<u><u>\$ 253,400,498</u></u>	<u><u>\$ 250,661,631</u></u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 147,056,289	\$ 166,454,291	\$ 186,983,381	\$ 192,054,588
Restricted	37,935,540	22,696,388	817,141	3,902,913
Unrestricted	<u>46,229,568</u>	<u>51,455,656</u>	<u>64,947,701</u>	<u>67,666,809</u>
Total business-type activities	<u><u>\$ 231,221,397</u></u>	<u><u>\$ 240,606,335</u></u>	<u><u>\$ 252,748,223</u></u>	<u><u>\$ 263,624,310</u></u>
Primary government				
Invested in capital assets, net of related debt	\$ 382,518,737	\$ 383,937,529	\$ 400,375,120	\$ 405,591,109
Restricted	53,781,138	43,471,555	14,958,325	17,849,508
Unrestricted	<u>72,903,148</u>	<u>76,942,403</u>	<u>90,815,276</u>	<u>90,845,324</u>
Total primary government net assets	<u><u>\$ 509,203,023</u></u>	<u><u>\$ 504,351,487</u></u>	<u><u>\$ 506,148,721</u></u>	<u><u>\$ 514,285,941</u></u>

Note: Accrual-basis financial information for the City of High Point as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

CITY OF HIGH POINT, NORTH CAROLINA
TABLE II
CHANGES IN NET ASSETS,
LAST FOUR FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses				
Governmental activities:				
General government	\$ 13,197,876	\$ 14,097,596	\$ 27,914,659	\$ 26,079,638
Public safety	31,375,441	34,253,880	34,758,588	38,192,667
Public Services	28,144,946	38,605,309	41,404,266	50,073,130
Planning and Community Development	4,789,475	2,551,518	6,452,158	2,839,298
Cultural and recreation	12,932,978	14,084,464	14,992,492	15,951,176
Interest on long term debt	2,224,392	2,072,867	1,968,433	2,109,696
Total governmental activities	<u>92,665,108</u>	<u>105,665,634</u>	<u>127,490,596</u>	<u>135,245,605</u>
Business-type activities:				
Water and Sewer	23,974,918	25,483,351	29,307,657	27,369,416
Electric	81,766,031	82,479,807	84,256,727	92,536,413
Mass Transit	1,644,646	2,061,753	3,351,162	3,033,584
Parking	889,704	764,673	812,021	928,624
Landfill	7,314,005	4,751,994	5,206,416	4,921,503
Stormwater	870,672	774,371	877,850	1,349,600
Total business-type activities	<u>116,459,976</u>	<u>116,315,949</u>	<u>123,811,833</u>	<u>130,139,140</u>
Total primary government expenses	<u>\$ 209,125,084</u>	<u>\$ 221,981,583</u>	<u>\$ 251,302,429</u>	<u>\$ 265,384,745</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 5,125,286	\$ 2,305,180	\$ 11,210,431	\$ 8,195,048
Public safety	128,961	-	1,597,293	1,597,293
Public Services	-	1,981,781	330,518	5,559,290
Planning and Community Development	-	81,135	4,706,832	4,706,832
Cultural and recreation	3,417,628	3,431,981	3,672,008	3,672,008
Operating grants and contributions:				
Public safety	3,775,725	1,270,835	2,575,436	3,422,182
Public Services	2,741,968	5,473,920	4,134,784	4,239,241
Planning and Community Development	1,108,181	1,713,976	2,402,594	1,659,336
Cultural and recreation	-	87,644	-	-
Capital grants and contributions:				
Public Services	11,101,309	5,940,144	10,349,900	13,473,495
Planning and Community Development	119,894	-	-	-
Total governmental activities program revenues	<u>27,518,952</u>	<u>22,286,596</u>	<u>40,979,796</u>	<u>46,524,725</u>
Business-type activities:				
Charges for Services				
Charge for services - Water and Sewer	28,858,889	30,481,421	31,155,498	33,827,133
Charge for services - Electric	85,029,325	82,791,841	86,256,922	89,650,166
Charge for services - Mass Transit	1,003,609	1,086,079	1,413,476	772,364
Charge for services - Parking	537,222	500,307	497,556	489,665
Charge for services -Landfill	6,897,804	7,230,486	6,107,444	5,614,564
Charge for services - Storm Water	739,599	846,109	1,137,594	1,817,554
Operating and Capital Grants				
Water	-	115,000	-	-
Electric	523,854	-	-	-
Mass Transit	498,250	513,154	-	1,383,043
Capital grants and contributions - Water	4,750,000	-	-	3,286,918
Capital grants and contributions - Mass Transit	-	-	5,281,379	-
Total business-type activities program revenues	<u>128,838,552</u>	<u>123,564,397</u>	<u>131,849,869</u>	<u>136,841,407</u>
Total primary government program revenues	<u>\$ 156,357,504</u>	<u>\$ 145,850,993</u>	<u>\$ 172,829,665</u>	<u>\$ 183,366,132</u>

(continue)

CITY OF HIGH POINT, NORTH CAROLINA
TABLE II
CHANGES IN NET ASSETS,
LAST FOUR FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Net (Expense)/Revenue				
Governmental activities	\$ (65,146,156)	\$ (83,379,038)	\$ (86,510,800)	\$ (88,720,880)
Business-type activities	<u>12,378,576</u>	<u>7,248,448</u>	<u>8,038,036</u>	<u>6,702,267</u>
Total primary government net (expense)/revenue	<u>\$ (52,767,580)</u>	<u>\$ (76,130,590)</u>	<u>\$ (78,472,764)</u>	<u>\$ (82,018,613)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Property taxes	\$ 39,879,436	\$ 40,586,808	\$ 44,555,015	\$ 49,118,481
Sales Taxes	13,025,288	13,986,485	16,505,888	15,601,714
Intergovernmental revenues	7,107,955	6,401,076	-	-
Grants, Contributions and revenues not restricted	7,623,961	7,832,700	14,415,754	19,414,179
Investment earnings	857,839	717,492	1,279,438	1,954,778
Miscellaneous	(32,381)	(84,893)	(296,840)	-
Transfers	<u>(639,365)</u>	<u>(297,104)</u>	<u>(293,109)</u>	<u>(107,139)</u>
Total governmental activities:	<u>67,822,733</u>	<u>69,142,564</u>	<u>76,166,146</u>	<u>85,982,013</u>
Business-type activities:				
Investment earnings	1,761,550	1,525,924	2,034,710	4,067,574
Gain(loss) on the disposal of capital assets	(68,698)	-	1,762,533	(893)
Miscellaneous	-	314,461	13,500	-
Transfers	<u>639,365</u>	<u>297,104</u>	<u>293,109</u>	<u>107,139</u>
Total business-type activities	<u>2,332,217</u>	<u>2,137,489</u>	<u>4,103,852</u>	<u>4,173,820</u>
Total primary government	<u>\$ 70,154,950</u>	<u>\$ 71,280,053</u>	<u>\$ 80,269,998</u>	<u>\$ 90,155,833</u>
Change in Net Assets				
Governmental activities	\$ 2,676,577	\$ (14,236,474)	\$ (10,344,654)	\$ (2,738,867)
Business-type activities	<u>14,710,793</u>	<u>9,385,937</u>	<u>12,141,888</u>	<u>10,876,087</u>
Total primary government	<u>\$ 17,387,370</u>	<u>\$ (4,850,537)</u>	<u>\$ 1,797,234</u>	<u>\$ 8,137,220</u>

Note: Accrual-basis financial information for the City of High Point as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

CITY OF HIGH POINT, NORTH CAROLINA
TABLE III
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund										
Reserved for:										
State statute	\$ 1,764,462	\$ 1,620,455	\$ 3,685,791	\$ 1,672,688	\$ 3,878,514	\$ 2,822,583	\$ 2,819,357	\$ 2,338,164	\$ 4,450,833	\$ 2,977,521
For prepaid items	246,330	34,020	281,499	27,439	47,664	11,196	76,966	102,613	131,928	235,539
Specific programs	-	-	-	-	-	-	73,035	415,974	751,173	-
Encumbrances	-	-	-	570,157	1,049,559	2,390,000	2,685,021	2,390,579	2,098,653	1,584,105
Economic Development Purposes	-	-	-	-	-	-	598,131	420,043	420,043	580,568
	-	-	-	626,204	789,513	842,988	-	-	-	-
Total reserved	2,010,792	1,654,475	3,967,290	2,896,488	5,765,250	6,066,767	6,252,510	5,667,373	7,852,630	5,377,733
Unreserved										
Designated for subsequent year's expenditure	2,886,483	2,600,000	2,375,000	2,400,000	2,896,007	3,785,811	3,784,838	4,670,022	4,999,246	4,128,876
Undesignated	4,995,033	6,172,185	6,138,768	8,593,665	13,081,030	12,811,758	13,307,688	12,788,563	10,962,358	13,506,660
	4,995,033	6,172,185	6,138,768	8,593,665	13,081,030	12,811,758	13,307,688	12,788,563	10,962,358	13,506,660
Total General Fund	\$ 9,892,308	\$ 10,426,660	\$ 12,481,058	\$ 13,890,153	\$ 21,742,287	\$ 22,664,336	\$ 23,345,036	\$ 23,125,958	\$ 23,814,234	\$ 23,013,269
All Other Governmental Funds										
Reserved for:										
State statute	\$ 4,294	\$ 1,489	\$ 548,910	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Specific programs	3,282,803	3,268,709	4,380,216	1,257,680	785,357	294,694	769,027	856,511	1,038,310	780,344
Capital projects	-	-	-	-	-	7,645,834	8,040,303	12,330,589	4,899,332	7,769,551
Debt service	-	-	-	-	-	1,823,791	2,356,477	3,033,268	3,373,898	20,339,011
	-	-	-	-	-	1,823,791	2,356,477	3,033,268	3,373,898	20,339,011
Total reserved	3,287,097	3,270,198	4,929,126	1,257,680	785,357	9,764,319	11,165,807	16,220,368	9,311,540	28,888,906
Unreserved										
Undesignated/(deficit)										
Special revenue	(506,786)	121,738	(621,352)	-	-	-	-	-	-	-
Designated for capital projects	(472,572)	-	-	-	-	-	-	-	-	-
Undesignated	58,794	1,541,983	(1,123,318)	13,906,542	12,068,497	-	-	-	-	-
	(979,564)	1,663,721	(1,744,670)	13,906,542	12,068,497	-	-	-	-	-
Total all other governmental funds	\$ 2,366,533	\$ 4,933,919	\$ 3,184,456	\$ 15,164,222	\$ 12,853,854	\$ 9,764,319	\$ 11,165,807	\$ 16,220,368	\$ 9,311,540	\$ 51,902,175

CITY OF HIGH POINT, NORTH CAROLINA
TABLE IV
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues										
Taxes:										
Property	\$ 28,418,704	\$ 30,290,536	\$ 32,727,712	\$ 32,205,438	\$ 35,603,060	\$ 37,880,381	\$ 39,414,150	\$ 40,494,558	\$ 44,189,414	\$ 49,118,481
Sales	7,491,832	8,326,951	8,389,832	10,262,747	11,074,790	10,941,081	11,468,207	12,378,265	14,818,161	15,601,714
Other	1,986,566	2,120,670	2,253,959	1,188,881	1,227,652	1,476,168	1,557,081	1,608,217	1,687,727	-
Total taxes	<u>37,897,102</u>	<u>40,738,157</u>	<u>43,371,503</u>	<u>43,657,066</u>	<u>47,905,502</u>	<u>50,297,630</u>	<u>52,439,438</u>	<u>54,481,040</u>	<u>60,695,302</u>	<u>64,720,195</u>
Intergovernmental	9,186,646	10,382,043	9,554,509	13,130,490	14,572,405	11,981,846	14,834,834	14,947,451	16,481,501	21,403,252
Licenses and Permits	2,677,423	2,690,014	3,130,427	3,622,375	3,696,696	4,638,359	4,371,456	4,380,607	4,629,749	5,228,772
Fines and Forfeitures	103,160	109,452	123,688	114,758	110,524	106,931	90,323	97,473	571,857	-
Charges for Services	3,302,483	2,928,305	3,266,928	3,233,336	3,495,370	3,357,823	3,456,266	3,481,587	3,666,638	3,948,282
Interest	970,179	1,263,080	1,307,625	1,202,364	2,585,207	2,300,860	784,767	685,268	1,279,438	1,952,292
Miscellaneous	4,359,292	4,113,155	5,236,228	1,630,705	1,546,027	1,885,936	2,523,063	3,092,429	2,267,217	7,141,083
Administrative reimbursements	-	-	-	2,756,833	2,758,208	3,752,099	4,231,632	4,400,603	4,994,829	-
Total Revenues	<u>58,496,285</u>	<u>62,224,206</u>	<u>65,990,908</u>	<u>69,347,927</u>	<u>76,669,939</u>	<u>78,321,484</u>	<u>82,731,779</u>	<u>85,566,458</u>	<u>94,586,531</u>	<u>104,393,876</u>
Expenditures										
General Government	12,673,004	5,792,718	13,116,991	11,857,337	10,389,406	11,937,580	12,616,839	13,522,897	14,939,812	16,579,056
Public Safety	22,401,059	24,112,261	24,711,330	22,702,665	26,061,017	29,620,614	32,595,299	35,091,686	39,715,207	35,973,681
Public Works	7,292,485	8,367,334	8,108,731	12,543,839	13,763,673	14,097,504	12,902,823	17,173,905	19,375,819	28,173,499
Planning	2,633,817	2,604,460	2,200,875	4,529,568	5,424,101	5,554,982	4,789,223	5,148,808	6,501,035	6,571,347
Culture and Recreation	8,018,043	8,605,546	9,652,547	11,576,844	12,129,049	13,183,410	12,558,012	13,870,764	14,355,284	15,050,819
Reimbursement s	-	180,540	174,255	-	-	-	-	-	-	-
Other Services and Charges	-	1,348,780	3,663,330	-	-	-	-	-	-	-
Capital Outlay	2,449,141	4,373,518	888,187	-	-	-	-	-	-	-
Debt Service:										
Principal	2,983,769	2,539,080	2,485,913	2,809,968	3,439,475	3,467,341	3,347,625	3,327,103	3,709,888	4,088,867
Interest	847,935	1,428,474	1,742,355	1,666,360	2,321,939	2,162,086	2,000,405	1,742,936	1,935,965	1,914,228
Total Expenditures	<u>59,299,253</u>	<u>59,352,711</u>	<u>66,744,514</u>	<u>67,686,581</u>	<u>73,528,660</u>	<u>80,023,517</u>	<u>80,810,226</u>	<u>89,878,099</u>	<u>100,533,010</u>	<u>108,351,497</u>
Excess of revenues over (under) expenditures	<u>(802,968)</u>	<u>2,871,495</u>	<u>(753,606)</u>	<u>1,661,346</u>	<u>3,141,279</u>	<u>(1,702,033)</u>	<u>1,921,553</u>	<u>(4,311,641)</u>	<u>(5,946,479)</u>	<u>(3,957,621)</u>
Other Financing Sources (Uses)										
Lease purchase proceeds	-	-	-	-	-	-	800,000	1,485,236	-	194,724
Transfers in	8,041,152	9,269,903	7,868,273	8,421,641	7,688,489	7,273,478	228,600	543,062	7,510,242	7,785,838
Contributions to	-	(636,214)	(665,458)	(847,851)	(808,172)	(604,053)	(618,097)	(590,166)	(708,895)	-
Transfers out	(5,844,367)	(6,078,234)	(6,146,966)	(7,628,341)	(7,180,012)	(7,134,878)	(7,938,699)	(7,052,750)	(7,075,420)	(7,873,941)
General obligation bonds	5,000,000	5,600,000	-	15,200,000	-	-	-	-	-	40,119,472
Refunding bonds issued	-	-	-	-	-	-	-	-	-	(17,474,472)
Payment to refunding escrow agent	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>7,196,785</u>	<u>8,155,455</u>	<u>1,055,849</u>	<u>15,145,449</u>	<u>(299,695)</u>	<u>(465,453)</u>	<u>(7,528,196)</u>	<u>(5,614,618)</u>	<u>(274,073)</u>	<u>22,751,621</u>
Net change in fund balances	\$ <u>6,393,817</u>	\$ <u>11,026,950</u>	\$ <u>302,243</u>	\$ <u>16,806,795</u>	\$ <u>2,841,584</u>	\$ <u>(2,167,486)</u>	\$ <u>(5,606,643)</u>	\$ <u>(9,926,259)</u>	\$ <u>(6,220,552)</u>	\$ <u>18,794,000</u>
Debt service as a percentage of noncapital expenditures	6.74%	7.22%	6.42%	6.61%	7.84%	7.03%	6.62%	5.64%	5.62%	5.54%

Note: Amounts shown above for years prior to fiscal 2003 have been restated to show transfers in/out with component units as revenue and expenditures.

CITY OF HIGH POINT, NORTH CAROLINA

TABLE V

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year	Real Property				Personal Property	Public Service Companies (2)	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Taxable Value (4)
	Real Property	Personal Property	Industrial Property	Present-use Value (1)					
1997	\$ 1,971,656,097	\$ 1,004,107,398	\$ 570,565,015	\$ 102,471	\$ 1,007,337,477	\$ 88,191,068	\$ 4,641,959,525	\$ 0.570	\$ 8,143,788,641
1998	2,054,173,018	1,124,843,887	600,594,752	107,299	1,052,986,581	94,687,112	4,927,392,650	0.570	8,644,548,508
1999	2,139,763,560	1,169,569,311	632,205,003	113,544	1,116,315,148	99,687,882	5,157,654,447	0.595	8,668,326,801
2000	2,252,382,695	1,231,125,590	665,478,950	118,275	1,210,117,353	103,590,068	5,462,812,931	0.595	9,181,198,203
2001	2,389,151,265	1,299,266,290	703,601,810	29,837	1,228,471,472	100,414,882	5,720,935,556	0.622	9,197,645,588
2002	2,440,753,169	1,544,761,860	732,867,434	30,578	1,323,717,669	108,526,990	6,150,657,700	0.622	9,888,517,203
2003	2,532,885,972	1,626,256,464	748,963,523	36,048	1,323,404,973	106,052,487	6,337,599,467	0.622	10,189,066,667
2004 (5)	2,631,511,652	1,731,506,793	778,580,623	25,490	1,309,933,022	96,395,635	6,547,953,215	0.622	10,527,255,973
2005	3,437,991,396	2,467,112,513	961,955,850	28,380	1,353,571,796	111,464,661	8,332,124,596	0.540	15,429,860,363
2006	3,481,796,314	2,491,961,869	942,275,410	18,541	1,372,316,382	117,923,262	8,406,291,778	0.593	14,175,871,464

Source: Annual County Report of Valuation and Property Tax Levies

Notes:

- (1) Present use value property is agricultural, horticultural and forestland for which the owner has applied for the property to be taxed at its present use. The difference in taxes on the present use basis and the taxes that would have been payable are a lien on the property and are deferred. The taxes become due if the property ceases to qualify for present use value. The preceding three fiscal years taxes are then required to be paid.
- (2) Public service companies valuations are provided to the County by the North Carolina Department of Revenue. These amounts include both real and personal property.
- (3) Per \$100 of value.
- (4) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year. The ratio for the most recent year is not yet available.
- (5) Property in Guilford County is reassessed every eight years. The last reassessment was on January 1, 2004 and was the basis for fiscal 2005 taxes.

CITY OF HIGH POINT, NORTH CAROLINA
TABLE VI
DIRECT AND OVERLAPPING PROPERTY TAX RATES,
LAST TEN FISCAL YEARS

	Year Taxes Are Payable									
	1997	1998	1999	2000	2001	2002	2003(1)	2004	2005	2006
Guilford County	\$ 0.6572	\$ 0.6572	\$.5700	\$.5700	\$.5700	\$.6000	\$.5800	\$.5600	\$.5600	\$.6100
High Point City	0.5700	0.5700	0.5950	0.5950	0.6220	0.6220	0.6220	0.6220	0.5400	0.5930

Note: (1) Real property was revalued on January 1, 2004

**CITY OF HIGH POINT, NORTH CAROLINA
TABLE VII
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	Type of Business	Fiscal Year 2006			Fiscal Year 1997		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
International Home Furnishings Center	Showroom Rental	\$ 182,030,139	1	3.02%	\$ 135,550,347	1	3.70%
Liberty Property Ltd. Ptsp.	Real Estate	112,194,118	2	1.86%	-		
Market Square LLC	Real Estate	82,469,500	3	1.37%	52,436,897	3	1.43%
HP Showplace Investors	Real Estate	72,330,454	4	1.20%	-		0.00%
Polo Ralph Lauren Corp	Clothing	60,625,356	5	1.01%	-		0.00%
North State Telephone Co.	Communications	60,232,527	6	1.00%	41,838,130	4	1.14%
High Point Development Ltd. Ptsp.	Real Estate	54,063,807	7	0.90%	59,708,100	2	
Thomas Built Buses Inc.	Bus Bodies	53,882,701	8	0.89%	24,370,031	7	0.66%
Mannington Wood Floors	Manufacturing	49,872,747	9	0.83%	-		0.00%
Tyco Electronics	Electrical Parts	46,825,850	10	0.78%	20,376,251	10	0.56%
Nationsbank	Banking	-		0.00%	39,371,345	5	1.07%
High Point Chemical Company	Chemicals	-		0.00%	27,942,401	6	0.76%
Adams Millis/Silver Knit	Hosiery	-		0.00%	22,301,954	8	0.61%
Piedmont Natural Gas Co.	Natural Gas	-		0.00%	21,384,586	9	0.58%
Totals		\$ 774,527,199		12.86%	\$ 445,280,042		12.14%

Source: Guilford County Tax Department

CITY OF HIGH POINT, NORTH CAROLINA
TABLE VIII
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year		Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Uncollected
	(Original Levy)	¹ Adjustments		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy	
1997	\$ 26,993,622	\$ (354,881)	\$ 26,638,741	\$ 26,321,380	98.81%	\$ 138,678	\$ 26,460,058	99.33%	\$ 178,683
1998	28,197,314	17,788	28,215,102	27,939,027	99.02%	200,821	28,139,848	99.73%	75,254
1999	30,901,218	65,271	30,966,489	30,684,130	99.09%	211,769	30,895,899	99.77%	70,590
2000	32,279,217	3,574	32,282,791	31,929,803	98.91%	264,741	32,194,544	99.73%	88,247
2001	35,484,600	112,994	35,597,594	35,211,863	98.92%	289,298	35,501,161	99.73%	96,433
2002	38,529,924	(345,067)	38,184,857	37,749,349	98.86%	326,632	38,075,981	99.71%	108,876
2003	39,898,208	(63,868)	39,834,340	39,325,183	98.72%	381,818	39,707,001	99.68%	127,340
2004	40,595,141	1,606	40,596,747	40,050,117	98.65%	409,973	40,460,090	99.66%	136,658
2005	45,963,928	(956,106)	45,007,822	44,189,414	98.18%	637,963	44,827,377	99.60%	180,445
2006	50,114,523	(386,046)	49,728,477	48,961,461	98.46%	575,262	49,536,723	99.61%	191,754

1 Adjustments are Discoveries, Discounts, Releases, and Net Penalties

Source: High Point City Finance Department

CITY OF HIGH POINT, NORTH CAROLINA
TABLE IX
PRINCIPAL WATER AND SEWER USERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Fiscal Year 2006		
	Water and Sewer Charges	Rank	Percentage of Water and Sewer Charges
High Point Housing Authority	\$ 512,635	1	1.51%
KAO Specialties	417,903	2	1.23%
High Point Regional Hospital	348,829	3	1.03%
Thomas Built Buses	319,914	4	0.94%
Town of Jamestown	289,566	5	0.85%
Hunter Jersey Farms	243,187	6	0.72%
City of Archdale	228,112	7	0.67%
Slane Hosiery Mill	190,568	8	0.56%
Banner Pharmacaps Inc	186,745	9	0.55%
Liberty Property LTD Partnership	160,110	10	0.47%
Totals	\$ <u>2,897,569</u>		<u>0.05%</u>

Source: City of High Public Services Department
Information prior to 2006 is not available.

**CITY OF HIGH POINT, NORTH CAROLINA
TABLE X
PRINCIPAL ELECTRIC CUSTOMERS,
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	Fiscal Year 2006		
	Electric Charges	Rank	Percentage of Total Electric Charges
High Point Regional Health System	\$ 2,537,449	1	0.04%
International Home Furnishings	2,418,998	2	0.04%
Banner Pharmacaps, Inc	1,659,270	3	0.03%
KAO Specialities of America, LLC	1,634,558	4	0.03%
Thomas Built Buses Inc.	1,623,592	5	0.03%
HPC Waste Disposal	1,289,590	6	0.02%
High Point Development Ltd. Ptsp.	946,355	7	0.02%
Mannington Wood Floors	823,780	8	0.01%
High Point University	806,214	9	0.01%
Liberty Property LTD Partnership	793,661	10	0.01%
Totals	\$ <u>14,533,467</u>		0.24%

Source: City of High Point Electric Department
Information prior to 2006 is not available.

**CITY OF HIGH POINT, NORTH CAROLINA
SCHEDULE OF WATER AND SEWER, AND ELECTRIC REVENUES
TABLE XI
FOR THE LAST TEN YEARS**

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Sales - Sewer	\$ 8,113,348	\$ 9,414,922	\$ 9,195,440	\$ 10,049,749	\$ 11,707,547	\$ 12,995,740	\$ 15,525,952	\$ 17,096,893	\$ 17,894,044	\$ 19,088,863
Sales - Water	6,441,741	7,214,015	7,158,354	7,889,534	8,878,876	9,565,617	10,096,931	10,097,991	10,599,458	11,781,595
City Sales - Water	276,531	290,029	301,330	293,320	300,001	345,835	71,047	81,271	94,144	87,567
City Sales - Sewer	35,303	38,493	39,104	45,566	51,722	66,184	322,470	330,792	358,524	340,956
Wastewater - Archdale	352,648	376,510	369,667	357,051	354,305	326,971	505,028	389,927	373,287	342,985
Wastewater - Jamestown	437,671	442,804	430,048	444,725	435,987	411,724	497,054	441,280	423,764	463,209
Wastewater - Greensboro	53,230	62,819	77,433	312,878	289,347	521,587	668,750	758,462	782,571	322,207
Wastewater - Sedgefield	75,583	56,071	3,683	50,442	34,882	35,240	64,493	67,104	65,033	40,749
Other	674,621	629,090	1,198,695	2,412,641	1,194,217	942,533	1,107,164	1,216,701	564,673	1,359,002
Total	\$ 16,460,676	\$ 18,524,753	\$ 18,773,754	\$ 21,855,906	\$ 23,246,884	\$ 25,211,431	\$ 28,858,889	\$ 30,480,421	\$ 31,155,498	\$ 33,827,133
Electric										
Residential	\$ 24,920,032	\$ 29,078,350	\$ 27,904,629	\$ 30,016,865	\$ 31,385,964	\$ 28,641,020	\$ 32,941,788	\$ 31,117,279	\$ 32,058,229	\$ 33,779,198
Industrial	8,003,146	8,069,868	7,335,731	7,977,430	8,114,084	7,620,309	7,930,464	7,696,746	8,410,064	9,044,046
Commercial	29,532,332	30,254,392	31,855,550	33,149,634	34,645,974	34,764,658	36,778,049	36,839,225	37,640,817	39,187,841
City	2,550,226	2,623,045	2,675,328	2,800,460	3,054,712	2,938,192	3,128,955	3,147,343	3,189,477	3,289,930
Street Lighting	1,110,026	1,146,925	1,047,642	1,148,087	1,177,481	1,214,672	1,259,836	1,279,640	1,390,427	1,456,755
Private Lighting	1,110,026	717,054	823,281	884,134	926,546	984,194	1,007,347	1,063,312	1,135,956	1,170,112
Other	345,464	168,260	392,450	2,442,517	1,460,774	1,518,771	1,982,886	1,648,296	2,431,952	1,722,284
Total	\$ 67,571,252	\$ 72,057,894	\$ 72,034,611	\$ 78,419,127	\$ 80,765,535	\$ 77,681,816	\$ 85,029,325	\$ 82,791,841	\$ 86,256,922	\$ 89,650,166

Source: City of High Point Public Services and Electric Departments

CITY OF HIGH POINT, NORTH CAROLINA
SCHEDULE OF OUTSTANDING DEBT BY TYPE
TABLE XII
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
	General Obligation Bonds	Revenue Bonds	Notes and Loans	Capital Leases	General Obligation Bonds	Revenue Bonds	Notes and Loans	Capital Leases			
1997	\$ 33,221,346	\$ -	\$ -	\$ -	\$ 18,699,355	\$ 6,605,000	\$ 2,806,839	\$ -	\$ 61,332,540	\$ 806	3.27%
1998	36,582,210	-	-	-	30,741,353	5,380,000	8,509,089	-	81,212,652	1,040	4.05%
1999	34,150,379	-	-	-	28,285,285	4,110,000	8,277,326	-	74,822,990	942	3.53%
2000	46,540,412	-	-	-	41,170,603	2,795,000	8,460,176	-	98,966,191	1,161	4.52%
2001	43,101,391	-	-	149,620	38,351,247	1,470,064	14,929,030	316,636	98,001,352	1,099	4.14%
2002	39,634,050	-	-	45,021	63,649,194	-	24,216,161	162,325	127,544,426	1,428	5.31%
2003	36,650,340	-	-	725,388	73,910,135	-	22,772,225	-	134,058,088	1,481	5.62%
2004	33,323,237	-	-	11,069,055	70,660,789	-	21,216,559	-	136,269,640	1,473	5.49%
2005	30,028,059	-	-	10,134,549	66,535,967	42,031,741	19,651,413	-	168,381,729	1,804	6.29%
2006	48,985,997	-	-	9,472,769	68,676,830	71,755,000	18,083,705	-	216,974,301	2,296	8.11%

* Information not yet available

Notes: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
 Calendar 2005 personal income not available to calculate fiscal year 2006.

CITY OF HIGH POINT, NORTH CAROLINA

TABLE XIII

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING,
LAST TEN FISCAL YEARS**

Fiscal Year	General Bonded Debt Outstanding			Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total			
1997	\$ 51,920,701	\$ 58,794	\$ 51,861,907	2.77%	1.12%	\$ 682
1998	67,323,563	326,013	66,997,550	3.34%	1.36%	858
1999	62,435,664	613,045	61,822,619	2.92%	1.20%	779
2000	87,711,015	1,102,942	86,608,073	3.95%	1.59%	1,016
2001	81,452,638	1,485,227	79,967,411	3.37%	1.40%	897
2002	103,283,244	1,823,791	101,459,453	4.23%	1.65%	1,136
2003	110,560,475	2,356,477	108,203,998	4.54%	1.71%	1,195
2004	103,984,026	3,033,268	100,950,758	4.07%	1.54%	1,091
2005	96,564,026	3,373,898	93,190,128	3.48%	1.12%	998
2006	117,662,827	7,769,552	109,893,275	4.11%	1.31%	1,163

Notes: Details regarding the County's outstanding debt can be found in the notes to the Financial Statements.

(1) See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Calendar 2005 personal income not available to calculate fiscal year 2006.

(2) See schedule 5 for property value data.

CITY OF HIGH POINT, NORTH CAROLINA
TABLE XVI
LEGAL DEBT MARGIN INFORMATION,
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Assessed Value of Property	\$ 4,641,960	\$ 4,927,393	\$ 5,157,654	\$ 5,462,813	\$ 5,720,936	\$ 6,150,658	\$ 6,337,599	\$ 6,547,953	\$ 8,332,125	\$ 8,406,292
Debt Limit, 8% of Assessed Value (Statutory Limitation)	371,357	394,191	412,612	437,025	457,675	492,053	507,008	523,836	666,570	672,503
Amount of Debt Applicable to Limit										
Gross debt	61,333	81,213	74,823	98,966	98,001	127,544	134,058	136,270	168,382	216,974
Less: Amount available for repayment of general obligation bonds	59	326	613	1,103	1,485	1,824	2,356	3,033	3,374	7,770
Debt outstanding for water and sewer purposes	21,506	39,250	36,563	49,631	53,280	63,649	96,682	91,877	86,187	86,761
Revenue bonds	<u>6,605</u>	<u>5,380</u>	<u>4,110</u>	<u>2,795</u>	<u>1,470</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,032</u>	<u>71,755</u>
Total net debt applicable to limit	33,163	36,256	33,537	45,437	41,766	62,071	35,019	41,359	36,789	50,689
Legal Debt Margin	<u>\$ 338,194</u>	<u>\$ 357,935</u>	<u>\$ 379,075</u>	<u>\$ 391,588</u>	<u>\$ 415,909</u>	<u>\$ 429,981</u>	<u>\$ 471,989</u>	<u>\$ 482,477</u>	<u>\$ 629,781</u>	<u>\$ 621,814</u>
Total net debt applicable to the limit as a percentage of debt limit	8.93%	9.20%	8.13%	10.40%	9.13%	12.61%	6.91%	7.90%	5.52%	7.54%

Note: NC Statute GS159-55 limits the county's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit: money held for payment of principal; debt incurred for water, sewer, gas, or electric power purposes; uncollected special assessments, funding and refunding bonds not yet issued; and revenue bonds. The legal debt margin is the difference between the debt limit and the county's net debt outstanding applicable to the limit, and represents the county's legal borrowing authority.

CITY OF HIGH POINT, NORTH CAROLINA

TABLE XV

COMPUTATION OF DIRECT AND OVERLAPPING DEBT - END OF THE 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%	\$ 216,974,301
Guilford County	419,470,000	16.5%	<u>69,212,550</u>
Total direct and overlapping debt			<u><u>\$ 286,186,851</u></u>

CITY OF HIGH POINT, NORTH CAROLINA
TABLE XVI
WATER AND SEWER REVENUE BOND COVERAGE
CURRENT FISCAL YEAR

Fiscal Year	Prior Year	Operating Revenues ²	Operating Expenses ³	Income Available for Debt Service	Parity Debt Service Requirement	Total Debt Service Requirement	Coverage on	Coverage on
	Unrestricted Net Assets ¹						Including 15% Unrestricted Net Assets ⁴	Excluding 15% Unrestricted Net Assets ⁵
2005	\$ 28,133,279	\$ 31,751,647	\$ 16,399,369	\$ 15,352,278	\$ 189,988	\$ 10,356,238	103.02	1.48
2006	\$ 30,546,267	\$ 33,827,133	\$ 18,012,032	\$ 15,815,101	\$ 185,416	\$ 9,427,029	107.07	1.66

Notes: The City issued water and sewer revenue bonds in the amount of \$31,380,000 dated June 2006.

¹ From the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2006.

² Includes Operating Revenues and investment income.

³ Includes Operating Expenses, less depreciation and interest expense.

⁴ Most restrictive required coverage is 1.20

⁵ Most restrictive required coverage is 1.00

**CITY OF HIGH POINT, NORTH CAROLINA
TABLE XVII
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Year	Population(1)	Personal Income (2) (thousands of dollars)	Per Capita Personal Income (2)	Public School Enrollment(3)	Unemployment Rate(4)	Number of Building Inspections Performed(5)
1997	76,066	\$ 1,874,372	\$ 21,393	14,990	4.80%	N/A
1998	78,116	2,004,798	22,493	14,748	4.40%	N/A
1999	79,394	2,118,079	23,523	14,613	4.40%	N/A
2000	85,239	2,190,549	24,114	14,690	4.30%	N/A
2001	89,152	2,370,029	25,857	14,644	4.20%	6,450
2002	89,306	2,400,702	26,026	14,465	5.70%	7,124
2003	90,522	2,385,406	26,168	14,362	6.20%	6,767
2004	92,489	2,481,804	27,050	14,388	5.90%	8,744
2005	93,352	2,675,333	29,456	14,523	5.00%	10,426
2006	94,500	2,675,333	29,456	14,609	5.00%	12,633

Notes:

- (1) N.C. State Data Center. Estimates are as of beginning of fiscal year.
- (2) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year
- (3) N.C. Department of Public Instruction, First Month Average Daily Membership
- (4) N. C. Employment Security Commission, Annual Average for prior calendar year.
- (5) Total number of inspections performed by Craven County Inspections Department. Does not include inspections by municipalities.

**CITY OF HIGH POINT, NORTH CAROLINA
TABLE XVIII
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2006			1997		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
High Point Regional Health Center	1,825	1	0.76%	1,250	2	0.56%
High Point City Schools	1,683	2	0.70%	1,225	4	0.55%
Thomas Built Buses	1,614	3	0.67%	1,210	5	0.54%
Bank of America	1,550	4	0.64%	1,230	3	0.55%
City of High Point	1,368	5	0.57%	-	-	0.00%
NCO Group Inc	994	6	0.41%	-	-	0.00%
Tyco Electronics	934	7	0.39%	-	-	0.00%
Polo Ralph Lauren	920	8	0.38%	-	-	0.00%
Aetna	710	9	0.29%	625	7	0.28%
Marsh Furniture Company	658	10	0.27%	-	-	0.00%
Cornerstone Healthcare	-	-	0.00%	1,250	1	0.56%
AMP, Inc	-	-	0.00%	825	6	0.37%
Old Dominion Freight Line, Inc	-	-	0.00%	350	9	0.16%
North State Telephone Company	-	-	0.00%	250	10	0.11%
Hattaras Yachts, Inc	-	-	0.00%	450	8	0.20%

Source: North Carolina ESC, City of High Point Economic Development

CITY OF HIGH POINT, NORTH CAROLINA

TABLE XIX

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION,
LAST TEN FISCAL YEARS**

Function/Program	Full-time Equivalent Employees as of June 30									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government	72	125	113	115	115	121	119	120	120	121
Public safety	415	441	440	445	464	476	477	483	489	507
Public Services	195	153	152	152	157	157	157	161	161	161
Planning and Community Development	43	29	30	29	36	27	27	38	38	39
Cultural and recreation	135	150	149	150	154	161	161	161	159	159
Water and Sewer	148	148	148	141	133	132	132	140	141	143
Electric	109	109	116	115	119	122	122	121	122	121
Mass Transit	32	32	32	33	33	33	33	33	33	33
Parking	6	6	5	5	5	5	5	5	5	5
Landfill	46	46	47	47	47	46	46	46	46	46
Stormwater	7	7	7	7	7	8	8	8	9	10
Central Services	56	56	56	50	49	42	42	42	42	42
Total	1,264	1,302	1,295	1,289	1,319	1,330	1,329	1,358	1,365	1,387

Source: City Finance Department

Note: This schedule represents number of persons employed as of June 30 of each year. Vacant positions are not included in the above numbers. Full time personnel work 2,080 hours per year (less vacation and sick leave). For purposes of this schedule the number of part time employees has been divided by 2.5 to arrive at the full time equivalents.

CITY OF HIGH POINT, NORTH CAROLINA
 TABLE XX
 OPERATING INDICATORS FOR MAJOR FUNCTIONS/PROGRAMS
 LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Police										
Calls dispatched	170,000	192,874	168,874	140,000	151,000	129,338	133,528	125,920	140,161	148,899
Fire										
Emergency responses	7,514	7,812	8,004	8,498	9,299	10,307	10,715	11,114	11,332	11,585
Inspections	79	6	494	872	1,570	1,668	3,565	3,335	4,613	3,988
Streets										
Streets paved (miles)	2	52	23	-	15	1	10	13	-	6
Water and Sewer										
Water pumped (mg per day)	12	12	12	12	12	12	12	12	12	12
Sewer Treated (mg per day)	19	18	18	18	18	18	18	18	18	18
Electric										
Customers	32,645	31,356	32,023	33,442	33,682	35,690	36,748	37,037	38,364	39,649
KWH Purchased	901,241,622	844,025,422	891,613,000	966,017,000	981,281,000	1,062,077,000	1,060,289,000	1,080,987,000	1,116,574,300	1,168,651,877

Source: City 2006-2007 Budget

CITY OF HIGH POINT, NORTH CAROLINA

TABLE XXI

CAPITAL ASSET STATISTICS, BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	196	193	205	205	207	211	212	220	220	251
Fire stations	10	10	11	11	11	11	11	13	14	14
Streets										
Paved Streets (miles)	364	416	439	439	454	455	465	478	478	484
Unpaved Streets (miles)	4	2	4	4	4	3	2	2	4	4
Alleys (miles)	2	2	2	2	2	2	2	2	2	2
Parks and Recreation										
Acreage	3,090	3,090	3,796	3,796	3,799	3,799	3,799	3,799	3,799	3,804
Parks	25	25	35	35	36	36	36	36	37	38
Swimming pools (City owned)	2	2	2	2	2	2	2	2	2	2
Golf Courses (City owned)	2	2	2	2	2	2	2	2	2	2
Recreation and Community Centers	5	5	5	5	5	5	5	5	5	4
Library										
Books and Volumes	292,010	292,010	292,010	292,010	292,010	297,973	302,945	284,711	320,322	343,444
Theatre										
Seats	967	967	967	967	967	967	967	967	967	967
Water and Sewer										
Water and Sewer mains (miles)	950	950	1,018	1,018	1,041	1,063	974	984	991	1,311
Storage capacity (mg/day)	24	24	24	24	24	24	24	24	24	24
Treatment capacity(mg/day)	22	22	22	22	22	22	22	22	32	26
Electric										
Overhead lines	571	578	580	580	587	597	591	597	416	416
Underground lines									184	286
Electric substations	12	12	13	13	13	13	13	14	14	13
Mass Transit										
Buses	16	16	16	16	16	16	16	18	18	18
Parking										
Parking spaces	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237
Landfill										
Usuable landfill										
Stormwater										
Storm sewers (miles)	525	530	530	530	541	542	545	545	549	570

Source: City 2006-2007 Budget





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 City Council
City of 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, as of and for the year ended June 30, 2006, which collectively comprises the City of High Point's basic financial statements, and have issued our report thereon dated November 21, 2006. 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 solely 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'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 over financial reporting 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 did however, note certain other matters that we reported to management of the City of High Point, in a separate letter dated November 21, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of High Point'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, 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
November 21, 2006

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on 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 City Council
City of 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, 2006. 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; 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 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, 2006.

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 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 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
November 21, 2006

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major State Program and on 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 City Council
City of 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 each of its major State programs for the year ended June 30, 2006. The City of High Point's major State 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 State 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 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 each of its major State programs for the year ended June 30, 2006.

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 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 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 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
November 21, 2006

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2006

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- ◆ Material weakness identified? yes no
- ◆ Reportable conditions identified that are not considered to be material weakness? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

- ◆ Material weakness identified? yes no
- ◆ Reportable conditions identified that are not considered to be material weakness? yes none reported

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

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
16.738	Justice Assistance Grant
20.507	Federal Transit – Formula Grants

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

Auditee qualified as low-risk auditee? yes no

(Continued)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended June 30, 2006

Section I. Summary of Auditor's Results (Continued)

State Awards

Internal control over major State programs:

- ◆ Material weakness identified? yes no
- ◆ Reportable conditions identified that are not considered to be material weakness yes none reported

Type of auditor's report issued on compliance for major State programs: 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 programs: Department of Transportation, Powell Bill, State Maintenance Assistance and Moving Ahead Grants

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, 2006

There were no prior year audit findings.

CITY OF HIGH POINT, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For Period Ended June 30, 2006

<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 - 2005	14.218	B-05-MC-37008	\$ 1,229,101	\$ -
HOME Consortium Program PJ - 2005	14.239		\$ 488,063	
Lead Based Paint	14.900	97-L-0006	1,664	-
Passed through City of Greensboro:				
Home Consortium Program	14.239	M-01-DC-37-0206	414,429	-
Total U.S. Department of Housing and Urban Development			2,133,257	
<u>U.S. Department of Transportation</u>				
Direct Programs:				
Section 9 Operating Grant	20.507	NC-90-X364	780,318	
Passed through N.C. Department of Transportation:				
Public Transportation Planning Grant - FY 2005-06	20.507	05-08-005	29,222	
Advanced Technology Grant - FY 2005-06	20.507		155,435	
Public Transportation Capital & Planning Grant - FY 2003-04	20.507	NC-90-X321-00	11,159	
Public Transportation Capital & Planning Grant - FY 2005-06	20.507	NC-90-X284-01	116,703	-
Public Transportation Capital Grant - FY 2004-2005	20.507	NC-90-X344-00	275,327	-
Section 104(f) Highway Planning Grant- FY 2004-2005	20.205	8.53812	138,717	-
Furniture market transportation terminal	20.507	TD-4728A,B,C	2,667,274	
Highway Maintenance			-	220,000
Lindsay Street Bridge - FY 2003-2004	20.205		-	-
Depot Restoration	20.205	8.2492501	-	4,321
Total U.S. Department of Transportation			4,174,155	224,321
<u>U.S. Department of Justice</u>				
Direct Programs:				
COPS More	16.710	2002-CM-WX-0002	-	-
COPS Universal hiring '03-'04			532,519	
Forfeiture Funds	16.000		171,121	-
Bulletproof Vest Partnership	16.607		36,105	
Weed and Seed	16.595	00-LB-VX-3684	98,476	-
Weed and Seed Supplemental Grant	16.595		13,849	
Justice Assistance Grant			369,614	-
COPS Homeland Security Overtime Program		03-OM-WX-0153	-	
Passed through NC Department of Crime				
Control and Public Safety:				
Violent Crime	16.575	41-1-00-008-D370	-	-
Total U.S. Department of Justice			1,221,684	-
<u>Department of Homeland Security</u>				
Direct Programs:				
FIRE and line Safety Initiative			7,747	
Homeland Security			197,002	
Assistance to firefighters program	97.044		432,209	185,233
Total Homeland Security			636,958	185,233
<u>US Environmental Protection Agency</u>				
Direct Programs:				
Water Vulnerability grant	66.477	82992101	-	-
Total Environmental Protection Agency			-	-

See accompanying Notes to Schedule of Expenditures of Federal and State Award:

CITY OF HIGH POINT, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For Period Ended June 30, 2006

<u>Grantor/Program Title</u>	Federal CFDA Number	Grant/ Work Order Number	Federal Expenditures	State Expenditures
Total Federal Emergency Management Agency			-	-
Total assistance - federal programs			8,166,054	409,554
State Grants:				
<u>N.C. Department of Transportation</u>				
Direct Programs:				
Computerized Signal system reimbursement				23,302
Braddock Road/Skeet Club Road Improvement		9.8079004		-
N.C. Moving Ahead		WBS-39862		87,054
NCDOT Grants				76,895
N.C. Moving Ahead				3,301
Tarrant Rd. sidewalk project				54,462
Greenway transportation	20.205	E-4939	-	4,880
Penny Road		WBS-37190		400,000
State Maintenance Assistance		9.9051123	-	361,180
Powell Bill Funds		9.90000	-	2,813,146
Total N.C. Department of Transportation			-	3,824,220
<u>N.C. Information Technology Services</u>				
Wireless 911 Board			-	214,507
Total N.C. Information Technology Services			-	214,507
<u>N.C. Department of Commerce</u>				
Total N.C. Department of Commerce			-	-
<u>N.C. Department of Cultural Resources</u>				
LSTA Powerful Partners Grant				6,811
State Aid to Libraries			-	90,163
Total N.C. Department of Cultural Resources			-	96,974
Total cash assistance - State Programs			-	4,135,701
Total assistance			\$ 8,166,054	\$ 4,545,255

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, 2006**

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 30,2004. 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, 2006

	<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, 2006**

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>

