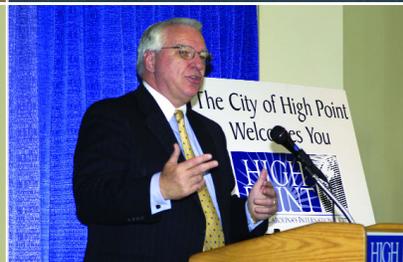


# City of High Point

N O R T H C A R O L I N A

## Comprehensive Annual Financial Report

For The Fiscal Year  
Ended June 30, 2007







**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

*CITY COUNCIL*

**REBECCA R. SMOTHERS..... MAYOR**  
**JOHN FAIRCLOTH.....MAYOR PRO-TEMPORE**  
**LATIMER B. ALEXANDER IV.....AT- LARGE**  
**BERNITA SIMS..... WARD 1**  
**RONALD B. WILKINS..... WARD 2**  
**MICHAEL PUGH..... WARD 3**  
**WILLIAM S. BENCINI..... WARD 4**  
**M. CHRISTOPHER WHITLEY..... WARD 5**  
**LISA STAHLMAN..... WARD 6**

*CITY MANAGER*

**STRIB BOYNTON**

*ASSISTANT CITY MANAGERS*

**WILLIAM P. PATE**  
**RANDY E. MCCASLIN**

*FINANCIAL SERVICES DIRECTOR*  
**JEFFREY A. MOORE, CPA**

*PREPARED BY THE FINANCIAL SERVICES DEPARTMENT*



# T

able of Contents

---

## INTRODUCTORY SECTION

Letter of Transmittal	i
Certificate of Achievement	xii
Organization Chart	xiii

## FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	15
Statement of Activities	16
Fund Financial Statements	
Balance Sheet - Governmental Funds	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	21
Statement of Net Assets - Proprietary Funds	22
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	24
Statement of Cash Flows - Proprietary Funds	26
Statement of Fiduciary Net Assets - Fiduciary Funds	28

# T

able of Contents

---

Notes to Financial Statements	29
<b>Required Supplemental Financial Information</b>	
Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress	59
Law Enforcement Officers' Special Separation Allowance Schedule of Employer Contributions	60
<b>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES</b>	
<b>General Fund</b>	
General Fund	61
Schedule of Revenue and Expenditures-Budget and Actual	62
<b>Non-major Governmental Funds</b>	
Combining Balance Sheet - All Non-major Governmental Funds	66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - All Non-major Governmental Funds	67
<b>Special Revenue Funds</b>	
Combining Balance Sheet-All Special Revenue Funds	69
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-All Special Revenue Funds	70
Special Grants Fund-Schedule of Revenues, Expenditures, And Changes in Fund Balances- Budget and Actual	71
Community Development Fund-Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual	72

# T

able of Contents

---

<b>Debt Service Fund</b>	73
Debt Service Fund-Schedule of Revenues, Expenditures, And Changes in Fund Balances-Budget and Actual	74
<b>Capital Projects Funds</b>	75
Combining Balance Sheet-All Capital Projects Funds	76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-All Capital Projects Funds	77
General Capital Projects Fund-Schedule of Revenues and Expenditures-Budget and Actual	78
General Capital Projects Ordinance Fund-Schedule of Revenues & Expenditures Compared with Project Authorizations	79
<b>Proprietary Fund Types</b>	80
Combining Balance Sheet-All Nonmajor Enterprise Funds	81
Combining Statement of Revenues, Expenses, and Changes in Net Assets-All Nonmajor Enterprise Funds	82
Combining Statement of Cash Flows-All Nonmajor Enterprise Funds	83
Water and Sewer Fund-Schedule of Revenues and Expenses - Budget to Actual	84
Water Capital Projects Ordinance Fund-Schedule of Revenue and Expenditures Compared with Authorizations	85
Sewer Fund Capital Projects Ordinance Fund-Schedule of Revenue and Expenses Compared with Authorizations	86

# T

able of Contents

---

Water Capital Reserve Fund-Schedule of Revenue and Expenditures Compared to Authorizations	87
Sewer Capital Reserve Fund-Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual	88
Electric Fund-Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual	89
Mass Transit Fund-Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual	90
Transit Capital Projects Reserve Fund-Schedule of Revenues and Expenditures Compared to Project Authorizations	91
Parking Facilities Fund - Schedule of Revenues, Expenses and Changes in Net Assets - Budget to Actual	92
Landfill Facilities Fund-Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual	93
Landfill Closure and Postclosure Reserve Fund-Schedule of Revenues and Expenditures Compared to Authorizations	94
Storm Water Fund-Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual	95
Storm Water Capital Projects Fund-Schedule of Revenue and Expenditures Compared to Authorizations	96
<b>Internal Service Fund</b>	98
Internal Service Fund- Financial Plan	100
<b>Capital Assets</b>	102
Capital Assets Used In The Operation of Governmental Funds By Source	104
Capital Assets Used In The Operation of Governmental Funds By Function and Activity	105

# T

able of Contents

---

	Schedule of Changes in Capital Assets Used in the Operation of Governmental Funds by Function and Activity	106
	<b>Fiduciary Fund Types</b>	108
	Agency Fund	110
	<b>Supporting Schedules</b>	112
	Schedule of Ad Valorem Taxes Receivable	113
	Analysis of Current Tax Levy	114
	<b>STATISTICAL SECTION</b>	
<b>Table</b>		
I	Net Assets By Component -Last Four Fiscal Years	116
II	Changes in Net Assets -Last Four Fiscal Years	118
III	Fund Balances, Governmental Funds – Last Ten Fiscal Years	120
IV	Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	122
V	Assessed Value and Actual Value of Taxable Property Last Ten Fiscal Years	124
VI	Property Tax Rates -Direct and Overlapping Governments- Last Ten Fiscal Years	126
VII	Principal Property Taxpayers, Current and Nine Years Ago	127
VIII	Property Tax Levies and Collections – Last Ten Fiscal Years	129
IX	Principal Water and Sewer Users	131
X	Principal Electric Users	133
XI	Schedule of Water, Sewer and Electric Revenues	135
XII	Schedule of Outstanding Debt, By Type -Last Ten Fiscal Years	137

# T

## able of Contents

---

### Table

XIII	Ratios of Net General Bonded Debt Outstanding, Last Ten Fiscal Years	139
XIV	Legal Debt Margin Information, Last Ten Fiscal Years	140
XVI	Computation of Direct and Overlapping Debt - End of Fiscal Year	142
XVII	Water and Sewer Revenue Bond Coverage -Last Three Fiscal Years	143
XVII	Demographic and Economic Statistics - Last Ten Fiscal Years	144
XVIII	Principal Employers - Current Year and Nine Years Ago	145
XIX	Full -time Equivalent City Employees By Function - Last Ten Fiscal Years	146
XX	Operating Indicators for Major Functions/Programs	149
XXI	Capital Asset Statistics, By Function/Program	151
	<b>COMPLIANCE SECTION</b>	151
	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 <u>Government Auditing Standards</u>	152
	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	154
	Independent Auditor's Report on Compliance with Requirements Applicable to Each Major State Program and On Internal Control Over Compliance in Accordance With OMB Circular A-133 and the State Single Audit Implementation Act	156
	Schedule of Compliance Findings and Questioned Costs	158
	Summary Schedule of Prior Audit Findings	161

# T

able of Contents

---

Schedule of Expenditures of Federal and State Awards	162
Notes to Schedule of Expenditures of Federal and State Awards	164
Department of Transportation-Federal Transit Administration Statement of Operating Deficit	165
Department of Transportation-Federal Transit Administration Computation of Federal Grant-Operating Subsidy	166



NORTH CAROLINA'S INTERNATIONAL CITY™



**INTRODUCTORY SECTION**



## Financial Services

**Jeffrey A. Moore, CPA**

DIRECTOR



October 16, 2007

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, 2007. 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.

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

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.

Accounting  
336.883.3240

Internal Audit  
336.883.3122

Purchasing  
336.883.3219

Treasury Services  
336.883.3230

---

City of High Point, P.O. 230, 211 South Hamilton Street, High Point, NC 27261 USA  
Fax: 336.883.8572 Phone: 336.883.3237 TDD 336.883.8517

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, 2006. This marked the 20<sup>th</sup> time the City has received the Certificate of Achievement since 1980, and the twelfth 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 two 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 nearly 97,000.

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 have historically been held in November of odd-numbered years. In 2006 the City Charter was changed to conduct municipal elections in November of even-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.

## **Citizen Surveys Say...**

In December 2006 the City completed an independent citizen survey to assess citizen satisfaction with the quality of city services. This survey was sent to a random sample of 1,200 households in the City of High Point. The results of this survey showed that most of the residents surveyed were satisfied with city services. Ninety percent of the residents surveyed who had an opinion were satisfied with the quality of fire department services and response to medical emergencies. 84% were satisfied with the quality of trash, recycling and yard waste services. 82% were satisfied with the quality of library services, and 76% were satisfied with the quality of customer service received from City employees.

Over three fourths (76%) of the residents surveyed, who expressed an opinion, indicated that they felt High Point was an "excellent" or "good" place to live while only 8% felt it was "below average" or "poor". 88% of respondents also stated that they felt safe in their homes. Almost 9 out of 10 respondents noted that it was "important" or "very important" to retain existing business and industries and to attract new businesses and industries.

## **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*<sup>TM</sup> -- 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/Research Triangle Park. High Point is part of North Carolina's Piedmont Triad region, the nation's 30th largest metro area with over 1.5 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 average annual unemployment rate for the Piedmont Triad Region was 5.0% and High Point's estimated unemployment rate through 2007 continued to trend downward to 4.7% and continues to steadily decrease as the local economy grows and expands.

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 Allegiant, American Eagle, Continental, Delta, Comair, Northwest, Skybus, United, and US Airways. Annually more than 1 million people use the airport. PTIA's air cargo facilities and seven air cargo airlines offer an established international gateway superior to many larger markets. Flexibility of congestion-free air space, on-going expansion, regularly-scheduled international service and independent cargo support allows PTIA to handle virtually all types of cargo. PTI is a multi-model cargo facility with virtually all major trucking lines operating terminals near the airport.

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 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.

### **2006-2007 Economic Development Announcements**

The City of High Point was pleased to announce several economic development projects in the 2006-2007 Fiscal Year. Among them were:

- **Polo.com**, a division of Polo Ralph Lauren, announced that it will open a major fulfillment / distribution center facility in High Point. The project will create 250 jobs and add at least \$40 million to High Point's tax base.
- **Legacy Classic Furniture** opened a major facility in High Point. The company built a 347,000-square foot distribution center, investing more than \$18 million, and moved 120 positions to High Point.
- **La-Z-Boy**, one of the world's leading residential furniture producers, announced it will move its divisional headquarters to High Point. The project will add \$3.1 million to High Point's tax base.
- **Lifestyle Enterprises** – the largest importer of Asian home furnishings – announced plans to expand again its presence in High Point. The company purchased land next to City Hall and is designing the construction of a combined furniture showroom/office building that will add at least \$10 million to the City's tax base.

- **Honda Aircraft Company, Inc.** -- a subsidiary of Honda Motor Co. -- has selected Piedmont Triad International Airport for its HondaJet world headquarters and manufacturing facilities. Honda will invest up to \$100 million in this project and will, over five years, create 300 jobs that pay an average of more than \$70,000 per year. The location is just outside the High Point city limits.

### **2006 Job Growth / #1 in the Nation**

The High Point Economic Development Corp. announced in March 2007 that more than 2,610 jobs were created or announced in High Point in calendar year 2006.

That jobs announcement came just days after Governor Mike Easley announced that High Point / Greensboro is ranked **#1** in the nation for attracting new industry, for regions with a population of 200,000 to one million. *Site Selection* magazine's annual Governor's Cup is the basis for the top ranking.

The impressive job growth in High Point came from a host of industry sectors. The largest job announcements came from these companies:

- Polo.com (distribution), 250 jobs
- Bank of America (customer service), 250 jobs
- Cornerstone Health Group (healthcare), 129 jobs
- NCO Group (customer service), 115 jobs
- Tyco Electronics (high tech), 66 jobs
- Brown Jordan / Lodging by Liberty (furniture-related), 53 jobs
- NASCAR's Bill Davis Racing (automotive-related / motorsports), 50 jobs

### **The High Point Market**

High Point is the Home Furnishings Capital of the World™. The High Point Market, formerly known as the International Home Furnishings 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. A 2004 University of North Carolina at Greensboro study reported the annual direct economic impact of the Market on North Carolina exceeds \$1.2 billion. A High Point University study published in May 2007 showed that the annual economic impact the home furnishings industry has on the immediate High Point Area (defined as High Point and the neighboring cities of Archdale, Trinity and Thomasville) is estimated to be \$3.93 billion and accounts for approximately 31,000 jobs. Additionally, the study estimates that the annual economic impact on the whole Triad Region (defined as Davidson, Forsyth, Guilford and Randolph Counties) is estimated to be \$8.25 billion and accounts for approximately 65,000 jobs.

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 over 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 210 businesses in the corporate park occupying more than 6 million square feet, Piedmont Centre represents an overall capital investment of more than \$400 million. More than 11,000 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 management 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 – Home Meridian International will be moving its corporate headquarters to the building's third floor. Legacy Classic Furniture completed in 2007 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 Spring 2008.

### **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, 2007 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 substantially 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 High Point Theatre is a year round performing arts facility meeting the cultural needs of the community. It is one of the finest stage and gallery spaces in the Southeast. The Theatre features an elegant 965 seat auditorium with continental style seating. Other facilities include three large exhibition galleries for meetings, display, or receptions. The center is suited for convention use, as well as functions of the arts, and is rented year-round to both amateur and professional groups, including the North Carolina Shakespeare Festival discussed more below.

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 within the City limits offering a variety of baccalaureate and master degree programs. 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 software 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 departmental operating balances, are not released until additional appropriations are made available.

Open encumbrances at June 30, 2007 are treated as commitments, rather than expenditures, and such encumbered funds are appropriated for expenditure in fiscal year 2007-2008.

### **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 2.48% to 5.87%. 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 FY2007 produced investment earnings across all funds of \$9,172,378, or an increase of \$2,324,400 for the year ended June 30, 2007. The investment management program earnings totaled \$6,847,978 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 the vitality and growth from its economic diversity 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 High Point Market to the City, surrounding region, and State. 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 97,000 residents having a wide variety of 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 increasingly complex and expensive 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 during continued rapid, high quality urban residential, commercial and industrial growth. Mandates from federal and State government continue to impact local government operations across functional areas.

The management of the City of High Point continues to accept the challenge of managing all the City's resources in the best possible manner to support Council's commitments and initiatives and to deliver municipal services at a cost its citizens will agree to bear. We feel this can be accomplished through our coordinated planning efforts using the Annual Budget, the Capital Improvement Program, and strategic business planning. Based on the Citizen Satisfaction Survey taken last year, it appears that the City is doing a very good job in this respect. 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 our tasks.

#### Acknowledgments

The preparation of this report could not have been accomplished without the dedicated efforts of the Accounting Division, contributions from the Public Information Department and Economic Development Corporation, 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, 2006

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.



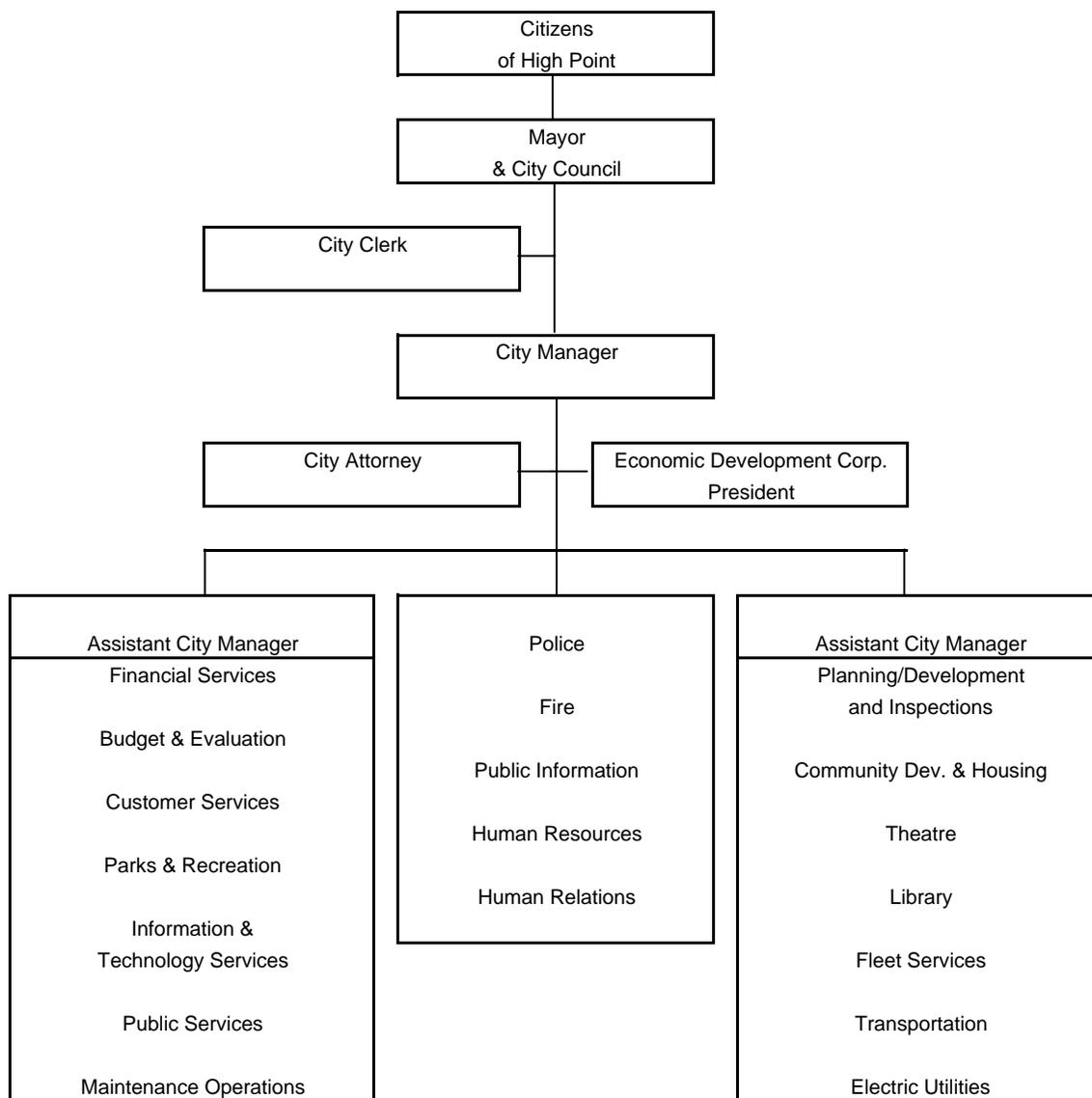
A handwritten signature in black ink, appearing to read "Thomas J. Sloan".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

**Organization Chart**  
**CITY OF HIGH POINT**  
*as of June 30, 2007*





NORTH CAROLINA'S INTERNATIONAL CITY™



**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, 2007, 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, 2007, and the respective changes in financial position and cash flows, where applicable, 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 October 16, 2007 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 59 through 60, 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  
October 16, 2007

## 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, 2007. 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 \$552 million. Governmental net assets totaled \$264 million, while business-type net assets totaled \$288 million.
- As of the close of the current fiscal year, the City of High Point's governmental funds reported combined ending fund balances of \$52,962,272 an increase of \$1,060,097 in comparison with the prior year. Approximately 35 percent of this total amount, or \$18,630,644, is available for spending at the government's discretion, or 21 percent of total general fund expenditures for the fiscal year.
- The City's general obligation bond rating continues to carry the second highest possible rate of AA, AA and Aa3, a rating that have been consistently affirmed 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 15–17) 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 18. 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 or worse 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 services, and parks and recreation departments. Property taxes, sales and use taxes, intergovernmental revenues (utility franchise taxes, Powell Bill, etc.), along with various Federal and State 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 18. 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 type 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*

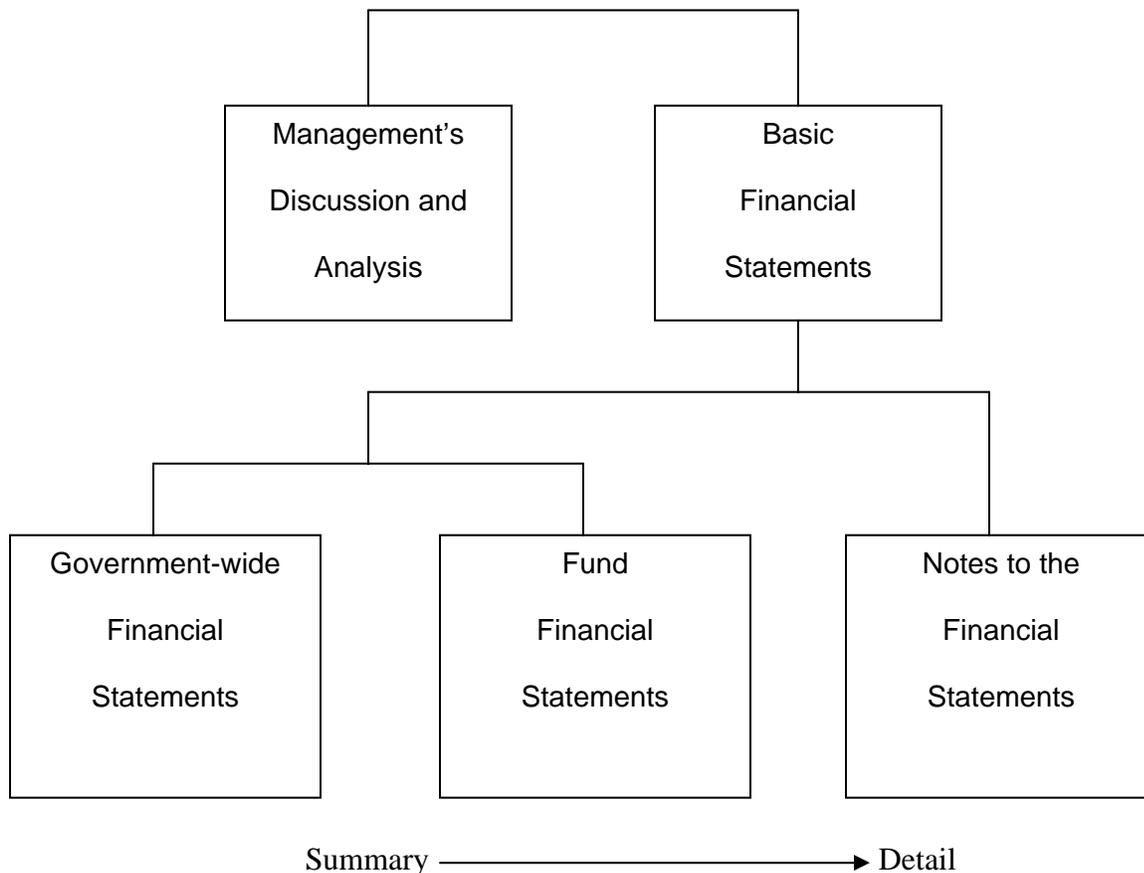
The City is a trustee responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. All of the City’s fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We excluded these activities from 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, 2007 are presented in accordance with GASB Statement (GASBS) No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments.

*Required Components of Annual Financial Report*

**Figure 1**



The City's combined net assets increased 7 % this year—increasing to \$552 million from \$514 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, 2007  
(In Thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b>Assets</b>						
Current and other assets.....	\$ 66,326	\$ 67,989	\$ 151,835	\$ 153,105	\$ 218,161	\$ 221,094
Capital assets (net).....	<u>266,603</u>	<u>250,227</u>	<u>319,317</u>	<u>294,594</u>	<u>585,920</u>	<u>544,821</u>
Total assets.....	<u>332,929</u>	<u>318,216</u>	<u>471,152</u>	<u>447,699</u>	<u>804,081</u>	<u>765,915</u>
<b>Liabilities</b>						
Current liabilities and payables.....	6,325	5,146	19,377	14,717	25,702	19,863
Long-term debt.....	<u>62,467</u>	<u>62,408</u>	<u>163,721</u>	<u>169,358</u>	<u>226,188</u>	<u>231,766</u>
Total liabilities.....	<u>68,792</u>	<u>67,554</u>	<u>183,098</u>	<u>184,075</u>	<u>251,890</u>	<u>251,629</u>
<b>Net Assets</b>						
Invested in capital assets, net of debt.....	239,574	213,537	205,189	193,709	444,763	407,246
Restricted.....	8,486	13,946	1,781	3,903	10,267	17,849
Unrestricted.....	<u>16,077</u>	<u>23,179</u>	<u>81,084</u>	<u>66,012</u>	<u>97,161</u>	<u>89,191</u>
Total net assets.....	<u>\$ 264,137</u>	<u>\$ 250,662</u>	<u>\$ 288,054</u>	<u>\$ 263,624</u>	<u>\$ 552,191</u>	<u>\$ 514,286</u>

### *Net Assets*

Net assets of the City's governmental activities increased due to increased capital investment spending, and roads contributed by contractors for various developments within the City. 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 \$23,178,515 at June 30, 2006, to \$16,077,362 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 9 percent (\$288 million compared to \$264 million) in 2007 due to increased spending on capital projects to replace and improve the water and sewer and electric infrastructure. The City will use the unrestricted 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 13 percent (\$35 million) over the previous fiscal year. The primary reason for the increase was due to higher amounts contributed by contractors developing the City's infrastructure and increased charges for services. The total cost of all programs and services increased 2 percent (\$6 million).

Table 2  
Changes in Net Assets for the Year Ended June 30, 2007  
(In Thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b>City Revenues</b>						
<b>Program revenue</b>						
Charges for services.....	\$ 16,447	\$ 23,730	\$ 142,871	\$ 132,171	\$ 159,318	\$ 155,901
Operating grants and contributions.....	9,557	9,321	791	1,383	10,348	10,704
Capital grants and contributions.....	30,340	13,473	6,202	3,287	36,542	16,760
<b>General revenue:</b>						
Property taxes.....	52,945	49,118	-	-	52,945	49,118
Sales taxes.....	17,643	15,602	-	-	17,643	15,602
Grants, contributions not restricted .....						
to specific programs.....	22,039	19,414	-	-	22,039	19,414
Other .....	3,318	1,956	5,854	4,068	9,172	6,024
Total City revenues.....	<u>152,289</u>	<u>132,614</u>	<u>155,718</u>	<u>140,909</u>	<u>308,007</u>	<u>273,523</u>
<b>City Expenses</b>						
General Government.....	28,543	26,080	-	-	28,543	26,080
Public Safety.....	37,563	38,193	-	-	37,563	38,193
Public and Environmental Services.....	43,852	50,073	-	-	43,852	50,073
Planning and Community Development.....	5,356	2,839	-	-	5,356	2,839
Cultural and Recreation.....	15,892	15,951	-	-	15,892	15,951
Interest expenses and related debt service.....	2,964	2,110	-	-	2,964	2,110
Water and Sewer.....	-	-	29,585	27,369	29,585	27,369
Electric.....	-	-	94,772	92,536	94,772	92,536
Mass Transit.....	-	-	3,170	3,034	3,170	3,034
Parking.....	-	-	902	929	902	929
Landfill.....	-	-	5,019	4,922	5,019	4,922
Stormwater.....	-	-	2,484	1,350	2,484	1,350
Total City expenses .....	<u>134,170</u>	<u>135,246</u>	<u>135,932</u>	<u>130,140</u>	<u>270,102</u>	<u>265,386</u>
Increase (decrease) in net assets						
before transfers.....	18,119	(2,632)	19,786	10,769	37,905	8,137
Transfers.....	(4,644)	(107)	4,644	107	-	-
Increase (decrease) in net assets.....	13,475	(2,739)	24,430	10,876	37,905	8,137
Net assets, beginning.....	<u>250,662</u>	<u>253,401</u>	<u>263,624</u>	<u>252,748</u>	<u>514,286</u>	<u>506,149</u>
Net assets, ending.....	<u>\$ 264,137</u>	<u>\$ 250,662</u>	<u>\$ 288,054</u>	<u>\$ 263,624</u>	<u>\$ 552,191</u>	<u>\$ 514,286</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 98.3.
- ◆ The net assets for business-type operations increased this year by \$24 million due to the City's increasing rates for water, sewer and electric services, which have been utilized to improve and continue efforts to improve and replace the water and sewer, and electric system infrastructure and distribution system. Additionally, this increase in net assets will be used to service the annual debt requirements of the Water and Sewer Fund.

*Governmental Activities*

Net assets of the governmental activities changed for several reasons:

- ◆ Infrastructure developed by the City and contributed by developers amounted to \$30.3 million dollars.
- ◆ Restricted net assets decreased marginally over the past fiscal year due to expenses incurred on the High Point International Furniture Market Transportation Terminal and other capital projects during the year.

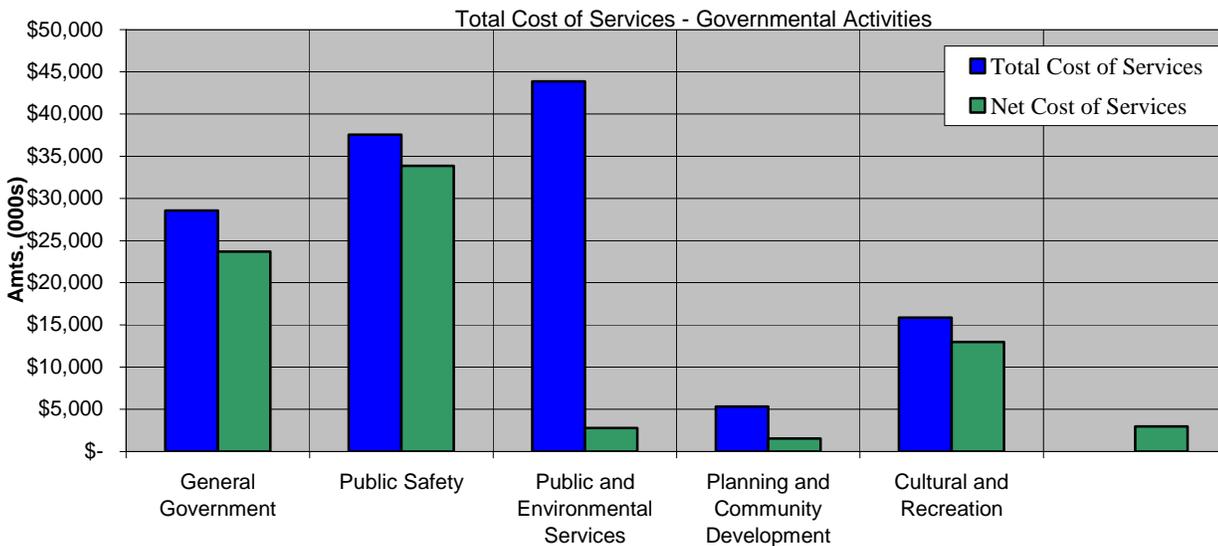
Property tax revenues increased \$3.8 million compared to the prior year because of increased construction related to furniture showrooms in downtown and residential development in the northern and northwestern parts of the City combined with a property tax increase of 1.5 cents for the fiscal year.

The total cost of all governmental activities this year was \$134 million. However, as shown in the Statement of Activities on pages 16-17, the amount that our taxpayers ultimately financed for these activities through City taxes was \$52 million (39%) because some of the cost was paid by those who directly benefited from the programs (\$16 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$10 million). The City paid for the remaining “public benefit” portion of governmental activities with \$18 million in sales taxes and \$22 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 and environmental 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.....	\$ 28,543,278	\$ 23,697,027
Public Safety.....	37,562,840	33,852,188
Public and Environmental Services.....	43,851,774	2,795,142
Planning and Community Development.....	5,356,419	1,551,354
Cultural and Recreation.....	15,892,000	12,966,034
Interest on long-term debt.....	2,964,267	2,964,267
Total.....	<u>\$ 134,170,578</u>	<u>\$ 77,826,012</u>



*Business-type Activities*

Charges for services of the City’s business-type activities (see Table 2) increased over the past fiscal year (\$143 million in 2007 compared to \$132 million in 2006). This was mainly due to a combined \$9 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 increased operating revenues of \$1.6 million. The average increase in the combined water and sewer rates averaged 4.9 percent for the fiscal year.

The Electric Fund increase of \$8.3 million was due to an average one percent rate increase and customer power consumption, which was and continues to be utilized to absorb wholesale electric rate increases and fund capital improvements. Additionally during the month of February 2007, the City implemented a 6 percent retail electric rate increase because the previous electric rates were not covering the cost of wholesale power.

The net assets of the nonmajor business-type funds increased \$1.4 million primarily due to increased tipping fees for the landfill.

**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 \$53 million, approximately the same as last year’s total. Of this amount, \$18.6 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 \$18,630,644 while total fund balance reached \$24,273,633, representing an increase of \$995,108 and an increase of \$1,260,364, 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 19 percent of total General Fund expenditures, while total fund balance represents 25 percent of General Fund expenditures.

The 2007-2008 Annual Budget appropriated \$4,495,500 of the \$18,630,644 of the General Fund's unreserved fund balance to finance operations and capital improvements in the next fiscal year, leaving a balance of undesignated fund balance for future fiscal years of \$14,135,144.

*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. 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

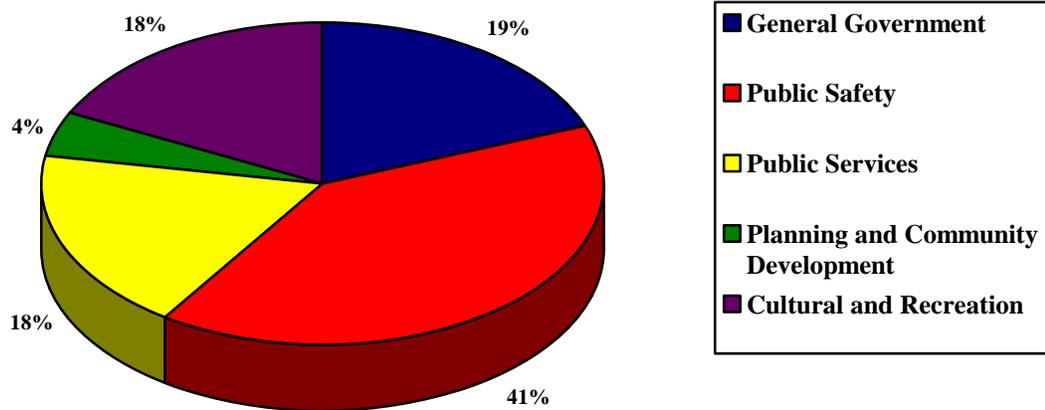
Revenue Sources	Amount	Percent of Total	Increase (Decrease) from 2006
Property taxes.....	\$ 49,191,970	50.5%	\$ 2,846,996
Sales and use taxes.....	17,643,440	18.1%	2,041,726
Intergovernmental revenues.....	12,881,387	13.2%	798,894
Licenses and Permits.....	5,168,953	5.3%	(59,819)
Charges for services.....	5,523,952	5.7%	1,575,670
Interest on investments.....	1,337,354	1.4%	345,925
Miscellaneous revenues.....	5,683,067	5.8%	523,343
	<u>\$ 97,430,123</u>	<u>100.0%</u>	<u>\$ 8,072,735</u>

The most significant increase in General Fund revenues occurred in property taxes. Property taxes increased due to moderate growth in the tax base and an increase in property tax rates.

Charges for services increased \$2 million dollars due the higher attendance at parks and recreation facilities and increased fees received for the rentals and sales of City property, particularly the sale of city-owned property in the amount of \$1.6 million.

General Fund Expenditures on the Governmental Fund Basis

Functions	Amount	Percent of Total	Increase (Decrease) from 2006
General Government.....	\$ 17,171,621	19.1%	\$ 1,376,833
Public Safety.....	35,895,577	40.1%	1,700,473
Public Services.....	16,318,067	18.2%	1,858,126
Planning and Community Dev.....	3,928,795	4.5%	(136,062)
Cultural and Recreation.....	16,269,549	18.2%	1,811,061
	<u>\$ 89,583,609</u>	<u>100.1%</u>	<u>\$ 6,610,431</u>



*Other Nonmajor Governmental Funds*

Capital Projects Fund - The largest variance in resources available for appropriation occurred in the General Capital Projects Fund where, as a result of appropriating and spending on the Transportation Terminal, fund balance was \$1 million higher than in the previous year. Although the financing was received in the prior fiscal year, the funds were not expended until this fiscal year. Fund balance of the General Capital Projects Ordinance Fund decreased approximately \$4.6 million dollars largely due to spending on various bond related capital projects during the year.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets*

At the end of 2007, the City had \$1.1 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 \$84 million, or 8 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 41.

Table 4  
Capital Assets  
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Land and land improvements.....	\$ 12,942	\$ 12,584	\$ 24,147	\$ 23,821	\$ 37,089	36,405
Construction in progress.....	19,396	7,771	98,085	70,360	117,481	78,131
Buildings and related improvements.....	43,437	42,468	86,027	85,910	129,464	128,378
Equipment.....	72,632	68,939	145,815	144,179	218,447	213,118
Infrastructure.....	452,620	422,163	148,728	142,238	601,348	564,401
Totals.....	<u>\$ 601,027</u>	<u>\$ 553,925</u>	<u>\$ 502,802</u>	<u>\$ 466,508</u>	<u>\$ 1,103,829</u>	<u>\$ 1,020,433</u>

This years major additions included the following:

Road network (right of ways, road and etc.)	\$ 29,205,962
Water and Sewer System Improvements...	\$ 34,466,685
Electric system improvements.....	\$ 3,728,641
Transportation Terminal.....	\$ 6,392,000

The City's fiscal year 2008 capital budget calls for it to spend another \$21 million for capital projects, principally for the electrical system improvements and water and sewer improvements. These capital projects are budgeted as follows:

General Fund.....	\$ 3,795,688
Water and Sewer Fund.....	4,678,218
Electric.....	6,720,185
Miscellaneous.....	6,196,884
Total.....	<u>\$ 21,390,975</u>

### Debt

At year-end, the City had approximately \$211 million in bonds and notes outstanding versus \$218 million last year—a decrease of 3 percent—as shown in Table 5. New debt resulted mainly from issuing capital lease obligations of \$4.2 million to finance the Transportation Terminal and equipment.

Table 5  
Outstanding Debt  
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
General Obligation Bonds.....	\$ 45,147	\$ 48,986	\$ 63,881	\$ 68,286	\$ 109,028	\$ 117,272
Revenue Bonds.....	-	-	73,287	73,349	73,287	73,349
State and Federal Revolving Bond Loans.....	-	-	15,694	17,017	15,694	17,017
Notes payable and capital leases.....	12,645	9,473	837	1,066	13,482	10,539
Total.....	<u>\$ 57,792</u>	<u>\$ 58,459</u>	<u>\$ 153,699</u>	<u>\$ 159,718</u>	<u>\$ 211,491</u>	<u>\$ 218,177</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 \$690 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.8 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 2008 budget, tax rates, and fees that will be charged for the business-type activities. One of those factors is the economy. Unemployment in the City now stands at 5.3 percent versus 4.9 percent a year ago. This is slightly higher than the State's unemployment rate of 4.9 percent and the national rate of 4.6 percent. This is a result of a slower recovery from the loss of manufacturing jobs in the area.

Inflation in the City continues to be lower than the national Consumer Price Index (CPI) increase. The City's CPI increase was 2.6 percent for fiscal year 2007 compared with the average U.S. city rate of 4 percent and the national rate of 3.1 percent.

In adopting the Annual Budget for fiscal year 2007-2008, 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 \$101 million, an increase of 6.3 percent over the adopted 2007 budget of \$93 million. Property taxes (benefiting from increased residential and light manufacturing development) and appropriations from fund balance were utilized to finance 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.

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 2008:

- Water and sewer rates were increased an average of 4.85% based on rate study recommendations, pay-as-you-go infrastructure and debt funded projects.
- Electric rates will increase during the 2007 – 2008 budget year 1.65 to 2%.
- There were no rate increases for the Mass Transit, Parking Facilities, and Landfill Facilities Funds.
- Storm Water fund will increase their rates a \$1 ERU (Equivalent Residential Units) for a total of \$2 ERU per month. This increase is anticipated to generate \$1.2 million to meet State storm water permit requirements and fund various pay-as-we-go capital storm water projects.

## **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, 2007

	PRIMARY GOVERNMENT			COMPONENT UNIT
	Governmental Activities	Business-type Activities	TOTAL	HIGH POINT ABC BOARD
<b>ASSETS</b>				
Cash and investments.....	\$ 37,500,158	\$ 97,486,040	\$ 134,986,198	\$ 1,555,600
Receivables:				
Taxes (net).....	2,062,022	-	2,062,022	-
Accounts receivable and accrued revenue (net).....	4,960,709	7,271,131	12,231,840	-
Assessments (net).....	17,497	97,359	114,856	-
Notes.....	3,412,441	-	3,412,441	-
Accrued interest.....	465,930	880,851	1,346,781	-
Inventory.....	139,856	3,910,688	4,050,544	709,668
Prepaid Items.....	147,011	111,300	258,311	35,077
Restricted Assets:				
Cash and investments.....	17,619,727	41,239,774	58,859,501	-
Deferred charges.....	-	838,502	838,502	-
Capital Assets:				
Land, improvements, and construction in progress.....	53,632,478	122,252,300	175,884,778	-
Other capital assets, net of related depreciation.....	212,970,809	197,064,379	410,035,188	2,292,232
Total capital assets.....	266,603,287	319,316,679	585,919,966	2,292,232
<b>TOTAL ASSETS</b>	<b>332,928,638</b>	<b>471,152,324</b>	<b>804,080,962</b>	<b>4,592,577</b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses.....	5,069,007	15,084,588	20,153,595	993,872
Accrued interest payable.....	843,295	1,293,771	2,137,066	-
Other current liabilities.....	331,153	1,204,758	1,535,911	-
Unearned revenue.....	81,388	1,794,364	1,875,752	-
Long-term liabilities:				
Due in one year.....	9,944,200	7,170,679	17,114,879	152,476
Due in more than one year.....	52,522,804	156,550,026	209,072,830	-
<b>TOTAL LIABILITIES</b>	<b>68,791,847</b>	<b>183,098,186</b>	<b>251,890,033</b>	<b>1,146,348</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt.....	239,573,737	205,189,262	444,762,999	2,139,756
Restricted for:				
Capital projects.....	-	1,378,007	1,378,007	-
High Point ABC Board.....	-	-	-	336,436
Economic Development.....	903,937	-	903,937	-
Grants and Community development.....	7,581,755	-	7,581,755	-
Mass Transit.....	-	402,541	402,541	-
Unrestricted.....	16,077,362	81,084,328	97,161,690	970,037
<b>TOTAL NET ASSETS</b>	<b>\$ 264,136,791</b>	<b>\$ 288,054,138</b>	<b>\$ 552,190,929</b>	<b>\$ 3,446,229</b>

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, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental activities:				
General Government.....	\$ 28,543,278	\$ 4,142,566	\$ 703,685	\$ -
Public Safety.....	37,562,840	919,369	2,791,283	-
Public and Environmental Services.....	43,851,774	6,477,450	4,239,241	30,339,941
Planning and Community Development.....	5,356,419	2,075,285	1,729,780	-
Cultural and Recreation.....	15,892,000	2,832,825	93,141	-
Interest on long-term debt.....	2,964,267	-	-	-
Total governmental activities.....	<u>134,170,578</u>	<u>16,447,495</u>	<u>9,557,130</u>	<u>30,339,941</u>
Business-type activities:				
Water and Sewer .....	29,585,248	35,389,889	-	6,194,074
Electric.....	94,772,144	97,956,590	-	-
Mass Transit.....	3,169,756	1,491,025	791,439	-
Parking.....	901,670	429,998	-	-
Landfill.....	5,019,471	6,512,504	-	-
Stormwater.....	2,484,244	1,098,650	-	-
Total business-type activities.....	<u>135,932,533</u>	<u>142,878,656</u>	<u>791,439</u>	<u>6,194,074</u>
Total primary government.....	<u>\$ 270,103,111</u>	<u>\$ 159,326,151</u>	<u>\$ 10,348,569</u>	<u>\$ 36,534,015</u>
<b>Component unit:</b>				
High Point ABC Board.....	\$ 2,644,850	\$ 2,901,038	\$ -	\$ -
Total component unit.....	<u>\$ 2,644,850</u>	<u>\$ 2,901,038</u>	<u>\$ -</u>	<u>\$ -</u>
<b>General revenues:</b>				
Property Taxes.....				
Sales Taxes.....				
Grants, contributions and revenues not restricted to specific programs.....				
Investment earnings.....				
Transfers.....				
Total general revenues and transfers.....				
Change in net assets.....				
Net assets, beginning.....				
Net assets, ending.....				

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

Net Revenue (Expense) and Change in Net Assets			Component Unit ABC Board
Primary Government			
Governmental Activities	Business-type Activities	Total	
\$ (23,697,027)	\$ -	\$ (23,697,027)	\$ -
(33,852,188)	-	(33,852,188)	-
(2,795,142)	-	(2,795,142)	-
(1,551,354)	-	(1,551,354)	-
(12,966,034)	-	(12,966,034)	-
(2,964,267)	-	(2,964,267)	-
<u>(77,826,012)</u>	<u>-</u>	<u>(77,826,012)</u>	<u>-</u>
-	11,998,715	11,998,715	-
-	3,184,446	3,184,446	-
-	(887,292)	(887,292)	-
-	(471,672)	(471,672)	-
-	1,493,033	1,493,033	-
-	(1,385,594)	(1,385,594)	-
<u>-</u>	<u>13,931,636</u>	<u>13,931,636</u>	<u>-</u>
<u>\$ (77,826,012)</u>	<u>\$ 13,931,636</u>	<u>\$ (63,894,376)</u>	<u>-</u>
\$ -	\$ -	\$ -	\$ 256,188
\$ -	\$ -	\$ -	\$ 256,188
\$ 52,944,945	\$ -	\$ 52,944,945	\$ -
17,643,440	-	17,643,440	-
22,038,601	-	22,038,601	-
3,318,216	5,854,162	9,172,378	-
(4,644,030)	4,644,030	-	-
<u>91,301,172</u>	<u>10,498,192</u>	<u>101,799,364</u>	<u>-</u>
13,475,160	24,429,828	37,904,988	256,188
250,661,631	263,624,310	514,285,941	3,190,041
<u>\$ 264,136,791</u>	<u>\$ 288,054,138</u>	<u>\$ 552,190,929</u>	<u>\$ 3,446,229</u>

**CITY OF HIGH POINT, NORTH CAROLINA**

Balance Sheet  
Governmental Funds  
June 30, 2007

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and investments.....	\$ 23,624,849	\$ 11,847,816	\$ 35,472,665
Receivables:			
Taxes (net).....	2,062,022	-	2,062,022
Accounts receivable and accrued revenue (net).....	4,568,842	325,259	4,894,101
Assessments (net).....	17,497	-	17,497
Notes.....	-	3,412,441	3,412,441
Accrued interest.....	325,477	140,453	465,930
Prepaid items.....	147,011	-	147,011
Restricted Assets:			
Cash and investments.....	-	17,619,727	17,619,727
<b>TOTAL ASSETS</b>	<u>\$ 30,745,698</u>	<u>\$ 33,345,696</u>	<u>\$ 64,091,394</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Accounts payable and accrued expenses.....	\$ 3,786,291	\$ 907,348	\$ 4,693,639
Other current liabilities.....	84,188	246,965	331,153
Deferred revenue.....	2,601,586	3,502,744	6,104,330
<b>TOTAL LIABILITIES</b>	<u>6,472,065</u>	<u>4,657,057</u>	<u>11,129,122</u>
<b>FUND BALANCES</b>			
Fund balances:			
Reserved for:			
Encumbrances.....	635,689	-	635,689
Prepaid items.....	147,011	-	147,011
State statute.....	3,015,032	-	3,015,032
Specific programs.....	941,320	617,493	1,558,813
Economic development.....	903,937	-	903,937
Debt service.....	-	11,352,774	11,352,774
Capital projects.....	-	16,718,372	16,718,372
Unreserved:			
Designated for subsequent years' expenditures.....	4,495,500	-	4,495,500
Undesignated.....	14,135,144	-	14,135,144
<b>TOTAL FUND BALANCES</b>	<u>24,273,633</u>	<u>28,688,639</u>	<u>52,962,272</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 30,745,698</u>	<u>\$ 33,345,696</u>	<u>\$ 64,091,394</u>
Fund balances as reported above			\$ 52,962,272
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.			251,565,936
Other assets that are not available to pay for current-period expenditures and are deferred in the funds.			6,022,942
Internal services funds used to allocate costs among the funds are included in the statement of net assets.			15,741,190
Compensated absences are not recorded in the governmental funds			(4,000,194)
Accrued interest payable			(843,295)
Unfunded pension liability			(544,960)
Long-term debt and capital leases			(56,767,100)
Net assets of governmental activities			<u>\$ 264,136,791</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, 2007

	<b>General</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
Taxes.....	\$ 49,191,970	\$ 3,032,696	\$ 52,224,666
Sales and use taxes.....	17,643,440	-	17,643,440
Intergovernmental Revenues.....	12,881,387	7,582,594	20,463,981
Licenses and Permits.....	5,168,953	-	5,168,953
Charges for Services.....	5,523,952	-	5,523,952
Interest on Investments.....	1,337,354	1,974,536	3,311,890
Miscellaneous Revenues.....	5,683,067	468,452	6,151,519
Total revenues.....	<u>97,430,123</u>	<u>13,058,278</u>	<u>110,488,401</u>
<b>Expenditures</b>			
Current:			
General Government.....	17,171,621	653,545	17,825,166
Public Safety.....	35,352,773	1,702,508	37,055,281
Public Services and Transportation.....	10,833,591	11,162,424	21,996,015
Public Services - Environmental services.....	5,484,476	-	5,484,476
Planning and Community Development.....	3,928,795	2,348,593	6,277,388
Cultural and Recreation.....	16,259,253	1,774,883	18,034,136
Debt Service:			
Principal Retirement.....	520,989	4,311,692	4,832,681
Interest and Fiscal Charges.....	32,111	2,418,016	2,450,127
Total Expenditures.....	<u>89,583,609</u>	<u>24,371,661</u>	<u>113,955,270</u>
Excess (deficiency) of revenue over expenditures	<u>7,846,514</u>	<u>(11,313,383)</u>	<u>(3,466,869)</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from issuance of capital leases.....	75,196	4,200,000	4,275,196
Transfers In.....	1,210,000	7,470,484	8,680,484
Transfers out.....	(7,871,346)	(557,368)	(8,428,714)
Total Other Financing Sources (Uses).....	<u>(6,586,150)</u>	<u>11,113,116</u>	<u>4,526,966</u>
Net change in fund balances.....	1,260,364	(200,267)	1,060,097
Fund balances, beginning.....	23,013,269	28,888,906	51,902,175
Fund balances, ending.....	<u>\$ 24,273,633</u>	<u>\$ 28,688,639</u>	<u>\$ 52,962,272</u>

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, 2007**

Net change in fund balances - total governmental funds	\$	1,060,097
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		658,268
Principal payments are not considered expenditures in the statement of activities		4,088,867
Accrued interest is recognized as an expense in the statement of activities		199,076
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.		14,956,656
Depreciation is recognized as an expense in the statement of activities		(28,516,614)
Infrastructure contributed by developers is considered capital contribution for the statement of net assets		30,339,941
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.		(145,005)
Proceeds from bonds and capital leases are not reported as revenues in the statement of activities		(4,275,196)
Gain on the disposal of Internal Service Funds capital assets.		115,769
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.		(5,006,699)
Change in net assets of governmental activities	\$	<u>13,475,160</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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes.....	\$ 49,218,100	\$ 49,218,100	\$ 49,191,970	\$ (26,130)
Sales and use taxes.....	17,145,000	17,200,000	17,643,440	443,440
Intergovernmental revenues.....	11,404,434	12,137,596	12,881,387	743,791
Licenses and permits.....	5,654,500	5,855,000	5,168,953	(686,047)
Charges for services.....	4,237,311	3,666,241	5,523,952	1,857,711
Interest on investments.....	575,000	575,000	1,337,354	762,354
Miscellaneous revenues.....	5,364,924	5,139,886	5,683,067	543,181
Total revenues.....	<u>93,599,269</u>	<u>93,791,823</u>	<u>97,430,123</u>	<u>3,638,300</u>
Expenditures				
Current:				
General government.....	19,130,354	18,993,493	17,171,621	1,821,872
Public safety.....	36,408,138	36,408,138	35,895,577	512,561
Public Services and Transportation.....	10,471,799	10,578,281	10,833,591	(255,310)
Public Services - Environmental protection.....	5,965,631	5,965,631	5,484,476	481,155
Community and economic development.....	4,369,232	4,490,929	3,928,795	562,134
Cultural and recreation.....	16,065,539	16,166,775	16,269,549	(102,774)
Total expenditures.....	<u>92,410,693</u>	<u>92,603,247</u>	<u>89,583,609</u>	<u>3,019,638</u>
Revenues over (under) expenditures.....	<u>1,188,576</u>	<u>1,188,576</u>	<u>7,846,514</u>	<u>6,657,938</u>
Other financing sources (uses):				
Proceeds from capital leases.....	75,196	75,196	75,196	-
Transfers in.....	1,450,000	1,210,000	1,210,000	-
Transfers out.....	(8,240,807)	(8,000,807)	(7,871,346)	129,461
Appropriated fund balance.....	5,527,035	5,527,035	-	(5,527,035)
Total other financing sources (uses).....	<u>(1,188,576)</u>	<u>(1,188,576)</u>	<u>(6,586,150)</u>	<u>(5,397,574)</u>
Revenues and other sources over expenditures and other uses.....	<u>\$ -</u>	<u>\$ -</u>	1,260,364	<u>\$ 1,260,364</u>
Fund balances, beginning.....			<u>23,013,269</u>	
Fund balances, ending.....			<u>\$ 24,273,633</u>	

CITY OF HIGH POINT, NORTH CAROLINA

Statement of Net Assets  
Proprietary Funds  
June 30, 2007

	Business-type Activities -Enterprise Funds	
	WATER AND SEWER	ELECTRIC
<b>ASSETS</b>		
Current Assets		
Cash and investments.....	\$ 39,234,683	\$ 26,984,149
Receivables:.....		
Accounts (net).....	2,071,140	4,851,227
Assessments (net).....	97,359	-
Accrued Interest.....	335,758	302,495
Inventory.....	-	3,839,683
Prepaid Expenses.....	-	-
<b>Total current assets</b>	<b>41,738,940</b>	<b>35,977,554</b>
Noncurrent assets		
Restricted Assets:		
Cash and investments.....	36,618,784	853,348
Deferred charges.....	825,493	-
Capital Assets:		
Land, rights of way and water rights.....	16,247,248	837,451
Buildings and System.....	97,323,012	103,920
Machinery and Equipment.....	131,739,970	122,844,447
Construction in progress.....	92,187,338	2,089,497
Less accumulated depreciation.....	(102,365,694)	(58,263,022)
Total capital assets (net of accumulated depreciation).....	235,131,874	67,612,293
Total noncurrent assets.....	272,576,151	68,465,641
<b>Total Assets</b>	<b>\$ 314,315,091</b>	<b>\$ 104,443,195</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Current Liabilities		
Accounts Payable and Accrued Expenses.....	\$ 5,154,932	\$ 8,900,689
Current Maturities of Long-Term Debt.....	6,745,731	-
Accrued interest payable.....	1,196,327	-
Deposits.....	343,345	853,348
<b>Total current liabilities</b>	<b>13,440,335</b>	<b>9,754,037</b>
Noncurrent liabilities		
Payable from Restricted Assets:		
Accrued Closure/Postclosure Costs.....	-	-
Arbitrage Liability.....	188,490	-
Loans Payable.....	15,034,108	-
General Obligation Bonds Payable.....	52,967,395	-
Revenue Bonds Payable.....	72,301,704	-
Obligation under capital leases.....	-	-
Vacation accrual.....	413,101	379,592
Deferred revenue.....	-	-
<b>Total Noncurrent liabilities</b>	<b>140,904,798</b>	<b>379,592</b>
<b>Total Liabilities</b>	<b>154,345,133</b>	<b>10,133,629</b>
Net assets		
Invested in Capital Assets, Net of Related Debt.....	124,358,375	67,612,293
Restricted.....	1,317,131	-
Unrestricted.....	34,294,452	26,697,273
<b>Total Net Assets</b>	<b>159,969,958</b>	<b>94,309,566</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 314,315,091</b>	<b>\$ 104,443,195</b>

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

Business-type Activities -Enterprise Funds		Governmental Activities	
NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE	INTERNAL SERVICE FUNDS	
\$ 31,267,208	\$ 97,486,040	\$ 2,027,493	
348,764	7,271,131	66,608	
-	97,359	-	
242,598	880,851	-	
71,005	3,910,688	139,856	
111,300	111,300	-	
32,040,875	109,757,369	2,233,957	
3,767,642	41,239,774	-	
13,009	838,502	-	
6,883,742	23,968,441	452,961	
14,029,149	111,456,081	14,434,990	
8,996,382	263,580,799	32,907,298	
9,519,514	103,796,349	-	
(22,856,275)	(183,484,991)	(32,757,898)	
16,572,512	319,316,679	15,037,351	
20,353,163	361,394,955	15,037,351	
\$ 52,394,038	\$ 471,152,324	\$ 17,271,308	
\$ 1,028,967	\$ 15,084,588	\$ 375,370	
424,948	7,170,679	118,216	
97,444	1,293,771	-	
8,065	1,204,758	-	
1,559,424	24,753,796	493,586	
8,799,658	8,799,658	-	
-	188,490	-	
-	15,034,108	-	
6,224,730	59,192,125	-	
-	72,301,704	-	
-	-	906,144	
241,248	1,033,941	130,388	
1,794,364	1,794,364	-	
17,060,000	158,344,390	1,036,532	
18,619,424	183,098,186	1,530,118	
13,218,594	205,189,262	14,012,991	
463,417	1,780,548	-	
20,092,603	81,084,328	1,728,199	
33,774,614	288,054,138	15,741,190	
\$ 52,394,038	\$ 471,152,324	\$ 17,271,308	

**CITY OF HIGH POINT, NORTH CAROLINA**

Statement of Revenues, Expenses and Changes in Fund Net Assets  
 Proprietary Funds  
 For the Year Ended June 30, 2007

	Business-type - Enterprise Funds	
	WATER AND SEWER	ELECTRIC
Operating revenues		
Charges for Services.....	\$ 34,539,475	\$ 97,404,939
Miscellaneous.....	850,414	551,651
Total Operating Revenues.....	<u>35,389,889</u>	<u>97,956,590</u>
Operating Expenses		
Management and administration.....	1,602,957	629,037
Maintenance and distribution.....	5,445,851	16,857,591
Power purchases.....	-	73,373,983
Treatment plants.....	7,729,635	-
Other services and charges.....	3,846,167	409,426
Depreciation and amortization.....	6,400,232	3,741,995
Total Operating Expenses.....	<u>25,024,842</u>	<u>95,012,032</u>
Operating income (loss).....	<u>10,365,047</u>	<u>2,944,558</u>
Nonoperating revenues (expenses)		
Interest Revenue.....	3,205,266	1,165,947
Interest Expense and Fiscal Charges.....	(4,551,542)	-
Amortization of Financing Costs.....	(8,864)	-
Intergovernmental revenues .....	-	-
Gain (loss) on Disposal of Capital Assets.....	-	239,888
Total Non-operating Revenues (Expenses).....	<u>(1,355,140)</u>	<u>1,405,835</u>
Income (loss) before capital contributions and transfers	9,009,907	4,350,393
Capital contributions.....	6,194,074	-
Transfers in.....	-	4,877,559
Transfers out.....	(133,282)	(1,237,732)
Change in net assets.....	15,070,699	7,990,220
Total Net Assets - Beginning.....	144,899,259	86,319,346
Total Net Assets - Ending.....	<u>\$ 159,969,958</u>	<u>\$ 94,309,566</u>

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

Business-type - Enterprise Funds		Governmental Activities	
NON MAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS	
\$ 9,523,883	\$ 141,468,297	\$ 9,794,902	
8,294	1,410,359	1,128,641	
<u>9,532,177</u>	<u>142,878,656</u>	<u>10,923,543</u>	
9,872,012	12,104,006	8,017,411	
-	22,303,442	-	
-	73,373,983	-	
-	7,729,635	-	
-	4,255,593	-	
<u>1,349,845</u>	<u>11,492,072</u>	<u>3,191,288</u>	
<u>11,221,857</u>	<u>131,258,731</u>	<u>11,208,699</u>	
<u>(1,689,680)</u>	<u>11,619,925</u>	<u>(285,156)</u>	
1,482,949	5,854,162	6,326	
(348,092)	(4,899,634)	(54,660)	
(5,192)	(14,056)	-	
791,439	791,439	-	
-	239,888	115,769	
<u>1,921,104</u>	<u>1,971,799</u>	<u>67,435</u>	
231,424	13,591,724	(217,721)	
-	6,194,074	-	
1,164,452	6,042,011	-	
<u>(26,967)</u>	<u>(1,397,981)</u>	<u>(4,895,800)</u>	
<u>1,368,909</u>	<u>24,429,828</u>	<u>(5,113,521)</u>	
<u>32,405,705</u>	<u>263,624,310</u>	<u>20,854,711</u>	
<u>\$ 33,774,614</u>	<u>\$ 288,054,138</u>	<u>\$ 15,741,190</u>	

**CITY OF HIGH POINT, NORTH CAROLINA**

Statement of Cash Flows  
Proprietary Funds  
For The Year Ended June 30, 2007

Business-Type - Enterprise Funds

	<u>WATER AND SEWER</u>	<u>ELECTRIC</u>
Cash Flows From Operating Activities		
Receipts from customers and users.....	\$ 36,004,618	\$ 95,524,351
Receipts from interfund services provided.....	-	-
Payments to employees and related fringe benefits.....	(7,062,452)	(6,667,792)
Payments to suppliers and operating costs.....	(8,669,758)	(87,636,960)
Net Cash provided by Operating Activities	<u>20,272,408</u>	<u>1,219,599</u>
Cash Flows From Non Capital Financing Activities		
Transfers in.....	-	4,877,559
Transfers out.....	133,282	(1,237,732)
Intergovernmental revenues and reimbursements.....	-	-
Net Cash provided (used) by Non-Capital Financing activities	<u>133,282</u>	<u>3,639,827</u>
Cash Flows From Financing Activities		
Principal Payments on long-term debt.....	(5,540,805)	-
Interest payments and fiscal charges on bonds and capital leases.....	(5,439,653)	-
Proceeds Collected on the sale of capital assets.....	-	239,888
Acquisition and construction of capital assets.....	(23,748,382)	(4,002,611)
Net Cash used by Noncapital Financing Activities	<u>(34,728,840)</u>	<u>(3,762,723)</u>
Cash Flows From Investing Activities		
Interest Earned on investments.....	4,182,347	1,221,414
Net Cash provided by Investing Activities	<u>4,182,347</u>	<u>1,221,414</u>
Net increase (decrease) in cash and investments	(10,140,803)	2,318,117
Cash and investments at the beginning of the year	85,994,270	25,519,380
Cash and investments at the end of the year	<u>\$ 75,853,467</u>	<u>\$ 27,837,497</u>
Operating Income (loss).....	\$ 10,365,047	\$ 2,944,558
Adjustments to reconcile Operating Income (Loss) to Cash Provided by Operating Activities:.....		
Depreciation and amortization.....	6,400,232	3,741,995
Change in net assets		
(Increase) decrease in Receivables.....	(55,067)	-
(Increase) decrease in Inventories.....	-	(3,759,278)
(Increase) decrease in Prepaid Expenses and Deferred Charges.....	(188,255)	(1,731,257)
Increase (decrease) in Payables and Accrued Expenses.....	3,605,788	(981)
Increase (decrease) in Deposits.....	87,389	(53,558)
Increase (decrease) in Vacation Leave Accrual.....	57,274	78,120
Increase (decrease) in Deferred Revenue.....	-	-
Total adjustments.....	<u>9,907,361</u>	<u>(1,724,959)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	<u>\$ 20,272,408</u>	<u>\$ 1,219,599</u>

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

Business-Type - Enterprise Funds		GOVERNMENTAL ACTIVITIES
NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
\$ 9,940,107	\$ 141,469,076	\$ -
-	-	10,922,027
(4,225,905)	(17,956,149)	(2,165,802)
(4,680,795)	(100,987,513)	(2,968,381)
<u>1,033,407</u>	<u>22,525,414</u>	<u>5,787,844</u>
1,164,452	6,042,011	-
(33,967)	(1,138,417)	-
791,439	791,439	(4,895,800)
<u>1,921,924</u>	<u>5,695,033</u>	<u>(4,895,800)</u>
(479,912)	(6,020,717)	(115,589)
(257,912)	(5,697,565)	(54,660)
-	239,888	193,432
(2,374,981)	(30,125,974)	(2,333,533)
<u>(3,112,805)</u>	<u>(41,604,368)</u>	<u>(2,310,350)</u>
1,519,917	6,923,678	6,326
<u>1,519,917</u>	<u>6,923,678</u>	<u>6,326</u>
1,362,443	(6,460,243)	(1,411,980)
33,672,407	145,186,057	3,439,473
<u>\$ 35,034,850</u>	<u>\$ 138,725,814</u>	<u>\$ 2,027,493</u>
\$ (1,689,680)	\$ 11,619,925	\$ (285,156)
1,349,845	11,492,072	3,191,288
245,369	190,302	405,617
(36,874)	(3,796,152)	2,629,182
(7,640)	(1,927,152)	-
977,308	4,582,115	(172,960)
154,183	188,014	-
40,896	176,290	19,873
-	-	-
<u>2,723,087</u>	<u>10,905,489</u>	<u>6,073,000</u>
<u>\$ 1,033,407</u>	<u>\$ 22,525,414</u>	<u>\$ 5,787,844</u>

**CITY OF HIGH POINT, NORTH CAROLINA**

Statement Of Fiduciary Assets  
Fiduciary Fund  
June 30, 2007

<u>ASSETS</u>	<u>GENERAL AGENCY FUND</u>
Cash and investments.....	\$ 737,503
Accounts receivable.....	1,141,031
Accrued interest.....	874
Total assets.....	<u>\$ 1,879,408</u>
 <u>LIABILITIES</u>	
Liabilities:	
Accounts payable.....	<u>\$ 1,879,408</u>
Total liabilities.....	<u>\$ 1,879,408</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, 2007

### 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 97,000. 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 respective 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. The components of the Internal Service Fund are Fleet Maintenance, Radio Repair, Maintenance Operations, and Computer Replacement.
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 2006 through February 2007 apply to the fiscal year ended June 30, 2007. 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 31<sup>st</sup> each year with taxes due by May 1<sup>st</sup> of the following year. To transition from the annual into the staggered 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.

State law (G.S. 159-30 (c)) authorizes the City and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and banker's acceptances; and the North Carolina Capital Management Trust (NCCMT).

The City and the ABC Board's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price.

Money market investments that have a remaining maturity at the time of purchase of one year or less, non-participating interest earnings, and investment contracts are reported at amortized cost.

In accordance with State law, the City has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

2. Cash and Cash Equivalents

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The City and ABC Board consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

For purposes of the statement of cash flows, the Enterprise Fund considers all highly liquid investments (including restricted assets) with maturity of three months or less when purchased to be cash equivalents.

The following is a reconciliation of cash and investments per the balance sheet to cash and investments per the statement of cash flows:

	Enterprise Fund
	<hr/>
Cash and investments	
Unrestricted.....	\$ 97,486,040
Restricted.....	41,239,774
Total cash and investments (Statement of Net Assets)	<hr/> <u>\$ 138,725,814</u>
Cash and investments (Statement of Cash Flows).....	<u>\$ 138,725,814</u>

3. Restricted Assets

The financial statements of the enterprise funds have been consolidated to include applicable reserve funds and capital project funds. The assets of these funds are classified as restricted because their use is restricted.

4. Ad Valorem Tax Receivable

In accordance with state law (G.S. 105-347 and G-S. 159-13 (a)), the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The levy is based on the assessed valuation of property located in the City as of January 1, 2006. Value of personal property is established annually, and by state law, real property must be appraised at least once every eight years. The last revaluation of real property became effective with the 2004 tax levy. The City's current tax rate is \$.608. Property taxes are levied July 1, the beginning of the fiscal year, and are due on September 1 (lien date) and payable without penalty or interest until the sixth of January.

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, 2007, was \$.608 per \$100, which means that the City has a tax margin of \$.892 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 forty-five (45) 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 2007-2008 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, 2007, the City's deposits had a carrying amount of \$16,691,658 and a bank balance of \$17,197,591. The carrying amount of deposits for the ABC Board was \$1,542,050 and the bank balance was \$1,478,615. Of the bank balances, the City and the ABC Board had deposits covered by federal depository insurance of \$688,720 and \$243,489 respectively.

2. Investments

At June 30, 2007, the City's investment balances were as follows:

	Fair Value	Maturity	Rating
U.S. Treasuries	\$ 71,974,919	1 to 5 Years	AAA
Certificates of deposit	250,000	1 Year	AAA
Commercial Paper	4,918,979	10/25/2007	A1P1
North Carolina Capital Management Trust	100,747,646	N/A	AAAm
	<u>\$ 177,891,544</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 & 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, 2007.

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 does not have any investments that are uninsured and unregistered 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 40% of the City's total investments. Additionally 57% of the City's investments are currently invested with North Carolina Capital Management Trust.

3. 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:

Fund	
<u>General Fund</u>	
Taxes receivable	\$ 524,978
Assessments receivable	460
<u>Enterprise Fund</u>	
Accounts receivable	2,141,397
Assessments receivable	37,366

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	\$ 627,150	\$ 269,280	\$ 12,942,302
Rights of way.....	20,042,564	1,251,412	-	21,293,976
Construction in progress.....	7,771,420	13,766,616	2,141,836	19,396,200
Total capital assets not being depreciated	40,398,416	15,645,178	2,411,116	53,632,478
Capital assets being depreciated				
Buildings and improvements.....	42,468,331	1,018,707	50,188	43,436,850
Equipment.....	68,938,635	3,773,731	80,865	72,631,501
Roads.....	359,492,769	22,107,426	-	381,600,195
Bridges.....	5,222,293	7,855	-	5,230,148
Curbs and Gutters.....	29,849,223	7,081,632	-	36,930,855
Sidewalks.....	7,556,139	9,048	-	7,565,187
Total capital assets being depreciated	513,527,390	33,998,399	131,053	547,394,736
Less accumulated depreciation for:				
Buildings and improvements.....	29,996,999	170,414	-	30,167,413
Equipment.....	41,312,073	4,438,580	983,273	44,767,380
Roads.....	202,418,107	24,245,535	-	226,663,642
Bridges.....	2,645,095	317,041	-	2,962,136
Curbs and Gutters.....	19,159,327	1,585,208	-	20,744,535
Sidewalks.....	8,167,697	951,124	-	9,118,821
Total accumulated depreciation	303,699,298	31,707,902	983,273	334,423,927
Total capital assets being depreciated (net).....	209,828,092			212,970,809
Governmental activities capital assets, net.....	\$ 250,226,508			\$ 266,603,287

	Primary Government			
	Beginning Balance	Increases & Reclassifications	Decreases & Reclassifications	Ending Balance
Business-type activities:				
Capital assets not being depreciated				
Land and other nondepreciated capital assets.....	\$ 23,820,841	\$ 326,601	\$ -	\$ 24,147,442
Construction in progress.....	<u>70,359,592</u>	<u>27,725,266</u>	<u>-</u>	<u>98,084,858</u>
Total capital assets not being depreciated.....	<u>94,180,433</u>	<u>28,051,867</u>	<u>-</u>	<u>122,232,300</u>
Capital assets being depreciated				
Infrastructure.....	142,238,242	6,489,581	-	148,727,823
Buildings and improvements.....	85,909,520	116,989	-	86,026,509
Equipment.....	<u>144,178,669</u>	<u>3,728,641</u>	<u>2,092,272</u>	<u>145,815,038</u>
Capital assets being depreciated.....	<u>372,326,431</u>	<u>10,335,211</u>	<u>2,092,272</u>	<u>380,569,370</u>
Less accumulated depreciation for:				
Infrastructure.....	67,260,614	2,639,938	-	69,900,552
Buildings and improvements.....	42,038,271	2,242,207	-	44,280,478
Equipment.....	<u>62,613,629</u>	<u>6,609,927</u>	<u>(80,405)</u>	<u>69,303,961</u>
Total accumulated depreciation.....	<u>171,912,514</u>	<u>11,492,072</u>	<u>(80,405)</u>	<u>183,484,991</u>
Total capital assets being depreciated(net).....	<u>200,413,917</u>			<u>197,084,379</u>
Business-type activities capital assets, net.....	<u>\$ 294,594,350</u>			<u>\$ 319,316,679</u>

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

Governmental activities:	
General government .....	\$ 3,362,496
Public safety.....	1,595,725
Public Services and Transportation.....	25,554,913
Planning and community development.....	728,167
Cultural and recreation.....	<u>466,601</u>
Total governmental activities depreciation expense	<u>\$ 31,707,902</u>
Business-type activities:	
Water and Sewer.....	\$ 6,400,232
Electric.....	3,741,995
Mass Transit.....	546,462
Parking Facilities.....	268,294
Landfill Facilities.....	526,872
Storm Water Facilities.....	<u>8,217</u>
Total business-type activities depreciation expense	<u>\$ 11,492,072</u>

A summary of proprietary fund type fixed assets for the ABC Board at June 30, 2007 follows:

	Assets
Land and buildings	\$ 2,619,991
Equipment	913,619
Leasehold improvements	39,757
Accumulated depreciation	<u>(1,281,135)</u>
Total ABC Board	<u>\$ 2,292,232</u>

B. Liabilities

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

	Accounts Payable	Accrued Payroll and expenses	Total
<b>Governmental Activities</b>			
General .....	\$ 2,472,426	\$ 1,313,864	\$ 3,786,290
Other governmental funds .....	<u>1,175,532</u>	<u>107,185</u>	<u>1,282,717</u>
Total governmental funds .....	<u>3,647,958</u>	<u>1,421,049</u>	<u>5,069,007</u>
<b>Business -Type Activities</b>			
Water and Sewer .....	5,000,588	154,344	5,154,932
Electric .....	8,753,876	146,813	8,900,689
Other nonmajor enterprise funds .....	<u>942,511</u>	<u>86,456</u>	<u>1,028,967</u>
Total enterprise funds .....	<u>14,696,975</u>	<u>387,613</u>	<u>15,084,588</u>
Total Primary Government .....	<u>\$ 18,344,933</u>	<u>\$ 1,808,662</u>	<u>\$ 20,153,595</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, 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, 2007, 2006 and 2005 were \$2,312,107, \$2,322,529, and \$2,268,250, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2007, 2006, and 2005 were \$40,151, \$39,375, and \$38,982, 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, 2006, the Separation Allowance’s membership consisted of:

Retirees currently receiving benefits.....	31
Active plan members.....	<u>232</u>
Total.....	<u><u>263</u></u>

2. Summary of Significant Accounting Policies.

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

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

3. Contributions.

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

The annual required contribution for the current year was determined as part of the December 31, 2006 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 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postemployment 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.....	\$ 460,684
Interest on net pension obligation.....	37,897
Adjustment to annual required contribution.....	<u>(30,781)</u>
Annual pension cost.....	467,800
Contributions made.....	<u>445,564</u>
Increase in net pension obligation.....	22,236
Net pension obligation, beginning of year.....	<u>522,724</u>
Net pension obligation, end of year.....	<u><u>\$ 544,960</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>
6/30/2005	\$ 455,122	77.58%	\$ 455,434
6/30/2006	\$ 514,310	78.96%	\$ 522,724
6/30/2007	\$ 467,800	95.25%	\$ 544,960

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, 2007 were \$1,215,464, which consisted of \$527,445 from the City and \$688,019 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, 2007, the City made contributions to the State for death benefits of \$25,050.

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 \$8,799,658 reported as landfill closure and postclosure care liability at June 30, 2007 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 60% of the third phase of, the landfill. The City will recognize the remaining estimated cost of closure and postclosure cost of \$4,706,506 as the remaining estimated capacity is filled. The estimated total current cost of the landfill closure and postclosure care is \$13,506,164. These amounts are based on what it would cost to perform all closure and postclosure care in 2007. 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, 2007, the City has accumulated \$17,902,609 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).....	\$ 522,066	\$ -	\$ -	\$ -
Taxes receivable (net) (unavailable).....	2,062,023	-	-	-
Assessments (net) (unavailable).....	17,497	-	-	-
Notes (unavailable).....	-	3,419,094	-	-
Contributions (unearned).....	-	-	83,650	-
Unexpended pond maintenance funds (unearned).....	-	-	-	1,794,364
Total.....	<u>\$ 2,601,586</u>	<u>\$ 3,419,094</u>	<u>\$ 83,650</u>	<u>\$ 1,794,364</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, 2007:

Governmental Funds	\$ 801,211
Capital Projects	28,436,524
Enterprise Funds	4,322,766
	<u>\$ 33,560,501</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, 2007, 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. 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 .....	159,864
MS800 Scanner .....	16,458
Transportation Terminal .....	4,200,000
Library Computer Server .....	75,196
Total .....	<u>\$ 15,464,436</u>

The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2007 were as follows:

	Year Ending <u>June 30,</u>	Governmental <u>Activities</u>
2008 .....	\$	2,663,216
2009 .....		2,418,559
2010 .....		2,133,085
2011 .....		2,250,683
2012 .....		2,175,835
2013-2016 .....		<u>2,815,366</u>
Total minimum lease payments		14,456,744
Less: amounts representing interest		<u>(1,812,038)</u>
Present value of minimum lease payments		<u>\$ 12,644,706</u>

Listing of assets under capital leases

Equipment.....	\$ 15,464,436
Less: accumulated amortization.....	<u>(3,092,514)</u>
Net asset under capital leases.....	<u>\$ 12,371,922</u>

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

b. General Obligation Indebtedness

Bonds payable at June 30, 2007 are comprised of the following individual issues:

General Obligation Bonds	
Serviced by the General Fund:	<u>\$ 45,146,756</u>
<p>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</p>	
Serviced by Enterprise Funds:	\$ 64,253,244
Deferred loss and discount on advance refunding	<u>(372,960)</u>
	<u>\$ 63,880,284</u>
<p>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</p>	
Total general obligation bonds, net of deferred loss on advance refunding	<u>\$ 109,027,040</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.

Annual Debt Service Requirements:

Annual debt service requirements to maturity for Governmental Activities General Obligation bonds are as follows:

Year Ending June 30,	<u>Governmental Activities - Bonds</u>	
	General Obligation	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 3,636,298	\$ 2,060,918
2009	3,281,638	1,910,349
2010	3,171,972	1,775,574
2011	2,719,894	1,641,865
2012	2,708,645	1,515,655
2013-2017	13,867,227	5,600,284
2018-2022	9,437,950	2,531,270
2023-2026	<u>6,323,132</u>	<u>743,764</u>
Total	<u>\$ 45,146,756</u>	<u>\$ 17,779,679</u>

Annual debt service requirements to maturity for Business-Type Activities General Obligation bonds are as follows:

Year Ending June 30,	Business -Type Activities Bonds			
	Water and Sewer		Storm Water	
	Principal	Interest	Principal	Interest
2008	\$ 4,263,753	\$ 2,256,153	\$ 424,948	\$ 297,828
2009	4,269,509	2,100,277	323,853	281,238
2010	3,978,752	1,918,056	286,936	268,576
2011	4,314,985	1,804,113	152,486	257,473
2012	4,311,530	1,623,158	152,190	251,614
2013-2017	22,959,756	5,311,369	1,345,382	1,120,318
2018-2022	12,885,037	962,642	2,192,014	692,510
2023-2026	629,999	26,775	1,771,868	194,161
Total	\$ 57,613,321	\$ 16,002,543	\$ 6,649,677	\$ 3,363,718

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.

#### 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.

On May 25, 2006, the City issued \$31.4 million of revenue bonds secured by water and sewer operating revenues at par; the bonds were issued as \$21.9 million serial bonds, and \$9.5 million were issued as term bonds. The serial bonds carry interest rates of 3.75% to 4.50% and mature annually between May 1, 2008 and November 1, 2026. The term bonds carry interest rates of 4.50% and mature annually beginning May 1, 2027 to November 1, 2031. All term bonds are subject to mandatory redemption in prescribed amounts before the maturity dates.

Annual Debt Service Requirements:

Annual debt service requirements to maturity for the Revenue bonds are as follows:

Year Ending June 30,	Business -Type	
	Water and Sewer Revenue Bonds	
	Principal	Interest
2008	\$ 985,000	\$ 3,157,475
2009	1,785,000	3,118,431
2010	1,840,000	3,057,587
2011	1,910,000	2,994,393
2012	1,970,000	2,928,350
2013-2017	11,010,000	13,452,103
2018-2022	13,575,000	10,826,211
2023-2027	17,080,000	7,272,092
2028-2032	21,600,000	2,679,000
Total	<u>\$ 71,755,000</u>	<u>\$ 49,485,642</u>

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, 2007, \$506,839 had been drawn-down and principal payments of \$506,839 had been made. Interest expense was \$1,465 for the year ended June 30, 2007.

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, 2007, a total of \$2,599,678 had been drawn-down and principal payments of \$1,292,411 had been made leaving an outstanding balance of \$1,307,267. Interest expense was \$49,918 for the year ended June 30, 2007.

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, 2007, \$7,137,854 had been drawn-down and principal payments of \$4,000,479 had been made, leaving an outstanding balance of \$3,137,375. Interest expense was \$86,756 for the year ended June 30, 2007.

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, 2007, \$15,000,000 had been drawn-down and principal payments of \$3,750,000 have been made, leaving an outstanding balance of \$11,250,000. Interest expense was \$326,366 for the year ended June 30, 2007.

Watershed Bonds Note Payable

The City has 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, 2007 was \$837,445. Interest expense was \$47,506 for the year ended June 30, 2007.

Annual Debt Service Requirements:

Annual debt service requirements to maturity for the Loans and Notes Payable are as follows:

Year Ending June 30,	Business Activities-Loans and Notes Payable					
	Water and Sewer					
	State Clean Water Bond Loan		Federal Revolving Loans		Watershed Note Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 130,935	\$ 45,355	\$ 1,142,172	\$ 382,094	\$ 223,871	\$ 37,453
2009	130,935	40,788	1,142,172	351,067	228,233	29,106
2010	130,935	36,219	1,142,172	320,040	385,341	49,798
2011	130,935	31,656	1,142,172	289,012	-	-
2012	130,935	27,094	1,142,172	257,985	-	-
2013-2017	651,592	67,087	4,926,515	836,415	-	-
2018-2022	-	-	3,750,000	286,875	-	-
Total	<u>\$ 1,306,267</u>	<u>\$ 248,199</u>	<u>\$ 14,387,375</u>	<u>\$ 2,723,488</u>	<u>\$ 837,445</u>	<u>\$ 116,357</u>

As of June 30, 2007, the City has \$30,150,000 of defeased bonds that have been advanced refunded. These bonds are being held in an irrevocable trust to provide for all future debt service on the following debt issues. As a result, that portion of these bonds is considered defeased, and the City has removed the liability from its accounts. These bonds consisted of the following:

Original Issue Date	Description	Interest Rate	Outstanding June 30, 2007
March 1, 1998	General Obligation Public Improvement Bonds, Series 1998	4.70% - 4.75%	\$ 13,450,000
June 1, 2000	General Obligation Public Improvement Bonds, Series 2000A	5.40%	1,300,000
June 1, 2000	General Obligation Public Improvement Bonds, Series 2000B	5.4% - 5.50%	15,400,000
	Total Defeased Debt		<u>\$ 30,150,000</u>

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.

At June 30, 2007, the City of High Point had authorized bonds of \$69,335,000 and a legal debt margin of \$643,144,308. There are limitations and restrictions contained in the various bond indentures.

Changes in Long-term Liabilities

	<u>Beginning Balance</u>	<u>Additions &amp; Adjustments</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
<b>Governmental Activities:</b>					
Bonds and notes payable:					
General obligation bonds.....	\$ 48,985,977	\$ 27,498	\$ 3,866,719	\$ 45,146,756	\$ 3,636,298
Capital leases.....	9,472,769	4,253,490	1,081,553	12,644,706	2,177,320
Total bonds and notes payable.....	<u>58,458,746</u>	<u>4,280,988</u>	<u>4,948,272</u>	<u>57,791,462</u>	<u>5,813,618</u>
Other liabilities:					
Compensated absences.....	3,426,636	4,130,582	3,426,636	4,130,582	4,130,582
Pension liabilities.....	522,724	22,236	-	544,960	-
Total other liabilities.....	<u>3,949,360</u>	<u>4,152,818</u>	<u>3,426,636</u>	<u>4,675,542</u>	<u>4,130,582</u>
Governmental activities long-term liabilities.....	<u>\$ 62,408,106</u>	<u>\$ 8,433,806</u>	<u>\$ 8,374,908</u>	<u>\$ 62,467,004</u>	<u>\$ 9,944,200</u>
<b>Business-type Activities:</b>					
Bonds and notes payable					
Water and Sewer General Obligation Bonds.....	\$ 61,613,578	\$ (21,823)	\$ 3,988,188	\$ 57,603,567	\$ 4,263,753
Water and Sewer Revenue Bonds.....	71,755,000	-	-	71,755,000	985,000
Premium on Water and Sewer Revenue Bonds...	1,594,223	-	62,519	1,531,704	-
Total Water and Sewer Revenue Bonds.....	<u>73,349,223</u>	<u>-</u>	<u>62,519</u>	<u>73,286,704</u>	<u>985,000</u>
Parking General Obligation Bonds.....	175,135	-	175,135	-	-
Storm Water General Obligation Bonds.....	6,888,117	66,508	304,948	6,649,677	424,948
Notes and loans payable.....	18,083,705	-	1,552,618	16,531,087	1,496,978
Less discount on refunding.....	(392,021)	19,602	-	(372,419)	-
Less deferred loss on refunding.....	(171)	-	171	-	-
Total bonds and notes payable.....	<u>159,717,566</u>	<u>64,287</u>	<u>6,083,579</u>	<u>153,698,616</u>	<u>7,170,679</u>
Other liabilities					
Arbitrage and contract payable.....	231,478	-	42,988	188,490	-
Landfill closure and post-closure .....	8,551,660	247,998	-	8,799,658	-
Compensated absences.....	857,650	1,033,941	857,650	1,033,941	-
Total other liabilities.....	<u>9,640,788</u>	<u>1,281,939</u>	<u>900,638</u>	<u>10,022,089</u>	<u>-</u>
Business-type activities long term liabilities.....	<u>\$ 169,358,354</u>	<u>\$ 1,346,226</u>	<u>\$ 6,984,217</u>	<u>\$ 163,720,705</u>	<u>\$ 7,170,679</u>

Note 3. Interfund Transfers

A schedule of interfund transfers for the year ended June 30, 2007 is as follows:

Transfers to	Transfers from							Total
	General	Nonmajor Governmental	Water and Sewer	Electric	Nonmajor Enterprise	Internal Service		
General Fund.....	\$ -	\$ -	\$ 50,000	\$ 1,160,000	\$ -	\$ -	\$ -	\$ 1,210,000
Nonmajor governmental .....	7,238,452	25,810	83,282	77,732	26,967	18,241	-	7,470,484
Electric.....	-	-	-	-	-	4,877,559	-	4,877,559
All non-major enterprise.....	632,894	531,558	-	-	-	-	-	1,164,452
Total.....	\$ 7,871,346	\$ 557,368	\$ 133,282	\$ 1,237,732	\$ 26,967	\$ 4,895,800	\$ -	\$ 14,722,495

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.

The transfers from the Electric Fund to the General Fund represent the amounts designated for Economic Development and the International Home Furnishings Market.

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. Deficit Fund Balance

The deficit fund balance in the General Capital Projects Fund of \$103,061 will be extinguished with future revenues of the Fund and transfers from the General Fund in fiscal year 2007-2008.

Note 6. 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, 2006 is presented below (in thousands of dollars):

	<u>Total</u>
Current and other assets.....	\$ 1,508,210
Capital assets.....	968,290
Total assets.....	<u>\$ 2,476,500</u>
Other liabilities.....	\$ 74,653
Long term debt.....	2,394,447
Fund equity.....	7,400
Total liabilities and fund equity.....	<u>\$ 2,476,500</u>
Total revenues.....	\$ 464,044
Total expenses.....	464,044
Net increase(decrease) in fund equity.....	<u>\$ -</u>

As of December 31, 2006, the Agency had outstanding \$1,805,825,000 of bonds.

The following is a summary of debt service requirements for bonds outstanding at December 31, 2006 (in thousands of dollars):

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 102,465	\$ 89,023	\$ 191,488
2008	106,940	84,583	191,523
2009	111,755	79,955	191,710
2010	116,465	74,940	191,405
2011	122,635	69,011	191,646
2012 - 2016	713,485	245,156	958,641
2017 - 2019	532,080	54,619	586,699
	<u>\$ 1,805,825</u>	<u>\$ 697,287</u>	<u>\$ 2,503,112</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. The City's purchases of power for the fiscal year ended June 30, 2007 totaled \$73,373,983. 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 members to the board: Greensboro (3), High Point (2), Randolph County (2), Jamestown (2), and Randleman (1) for a total of 10 members. 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 capital contribution to the Authority during the year ended June 30, 2007. Complete financial statements for the Piedmont 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 of Regional Transportation are available through the City of Winston-Salem, Finance Department, P.O. Box 2511, Winston-Salem, North Carolina 27102.

Note 7. Jointly Governed Organizations

- A. The City in conjunction with 6 counties and 25 other municipalities established the Piedmont Triad Regional Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of \$6,000 to the Council during the fiscal year ended June 30, 2007.
- 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 Airport Authority. Complete financial statements for the Piedmont Triad Airport Authority may be obtained at their offices at P.O. Box 35005, Greensboro, NC 27425.
- C. The City created a High Point Convention and Visitors Bureau (the Bureau) to promote tourism and to solicit and encourage convention business in High Point. The City appoints one of the eleven voting members of the Bureau. Revenues from the occupancy tax pass through the City to the Bureau. The City has no other financial obligation or investment in the operation of the Bureau.

Note 8. Related Organization

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

Note 9. Electric Deregulation

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

The Study Commission submitted its report to the 2000 General Assembly on May 16, 2000, which included a recommendation that fully competitive electric retail service be available to all North Carolina electric consumers by January 1, 2007, but no definitive legislation was proposed. In the time since the Study Commission made its recommendations, there have been several developments outside of North Carolina, particularly the electric power outages occurring in late 2000 and 2001 in California.

While the Study Commission has not withdrawn its 2000 recommendations, these outside events make it likely that any action toward electric deregulation in North Carolina will proceed slowly. Also, the Study Commission has not met since 2002. The City and the Electric Agency are unable to predict the ultimate results of the recommendations made by the Study Commission or other interested parties, or whether any recommendations to the General Assembly will eventually be enacted into law.

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

Note 10. Summary Disclosure of Significant Contingencies

A. Federal and State-Assisted Programs

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

B. Developer Reimbursement Program

The City has a Developer Reimbursement Program that repays 50% of water and sewer lines purchased from developers. Repayment is only made when related residential units are ready for occupancy. Under these agreements, which have expiration dates through 2007, it is estimated that at June 30, 2007 the City is contingently liable for a maximum of \$180,794 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, 2007 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, 2007, there has been \$4,056,235 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.

D. Red Light Camera Program

During the year, the City was named a litigant in a court case involving the Red Light Camera Program operated to increase safety at intersections throughout the City. The result of this case was the City would have to return all fees received to Guilford County Schools pursuant to the judgment of the case. As of June 30, 2007, the amount of the payable was \$1,477,458.

Note 11. Statement of Cash flows Noncash Transactions

Statement of Cash Flows Noncash transactions consisted of \$6,194,094 of infrastructure contributed by contractors for the Water and Sewer Fund.

Note 12. Subsequent Event – Issuance of Bonds

The City plans to sell \$18,600,000 general obligation bonds on October 16, 2007 through the NC Department of State Treasurer-Local Government Commission at rates of interest to be determined through competitive bidding by the successful syndicate. The bonds will mature over the next 20 years on an annual basis with principal repayment to begin March 1, 2009 and a final maturity of March 1, 2029.

Note 13. 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 the current year's presentation.

Note 14. 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.

*Statement No. 48 – Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* establishes criteria that governments will use to ascertain whether certain transactions should be regarded as sales or collateralized borrowings. The statement also includes disclosure requirements for future revenues that are pledged or sold. The requirements of the new statement become effective for fiscal periods beginning after December 15, 2006.

*Statement No. 49 – Accounting and Reporting for Pollution Remediation Obligations* provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. The requirements of the new statement becomes effective for fiscal periods beginning after December 15, 2007.

*Statement No. 50 - Pension Disclosures - an amendment of GASB Statements No. 25 and No. 27*, more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits ("OPEB") and, in doing so, enhances the information disclosed in notes to financial statements or presented as required supplementary information ("RSI") by pension plans and by employers that provide pension benefits. Statement No. 50 conforms note disclosure and RSI requirements with the requirements of Statement Nos. 43 and 45. Statement No. 50 is effective for periods beginning after June 15, 2007.

*Statement No. 51 - Accounting and Financial Reporting for Intangible Assets*, requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. Additionally, Statement No. 51 establishes a specified-conditions approach to recognizing intangible assets that are internally generated and establishes criteria for when such expenditures should be capitalized. Statement No. 51 is effective for periods beginning after June 15, 2009.

## **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

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
12/31/1997	\$ -	\$ 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%
12/31/2006	-	5,053,642	5,053,642	0.00%	11,189,040	45.17%

**CITY OF HIGH POINT, NORTH CAROLINA**

Law Enforcement Officers' Special Separation Allowance

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
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	79.0%
2006	467,800	95.3%

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	12/31/2006
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	24 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



NORTH CAROLINA'S INTERNATIONAL CITY™

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

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



## **CITY OF HIGH POINT, NORTH CAROLINA**

### **General Fund**

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

**CITY OF HIGH POINT, NORTH CAROLINA**

General Fund  
 Schedule of Revenue and Expenditures - Budget and Actual  
 For the Year Ended June 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Taxes				
Ad valorem taxes-current year	\$ 48,723,000	\$ 48,582,814	\$ (140,186)	\$ 45,704,141
Ad valorem taxes-prior years	378,500	459,042	80,542	503,687
Penalty and interest	116,600	150,114	33,514	137,146
Total taxes	<u>49,218,100</u>	<u>49,191,970</u>	<u>(26,130)</u>	<u>46,344,974</u>
Sales and Use Taxes				
Sales tax	15,500,000	15,898,590	398,590	13,837,550
Room occupancy tax	1,700,000	1,744,850	44,850	1,764,164
Total sales taxes	<u>17,200,000</u>	<u>17,643,440</u>	<u>443,440</u>	<u>15,601,714</u>
Intergovernmental Revenues				
Utility franchise tax	4,000,000	4,846,734	846,734	4,049,927
Beer and wine tax	410,000	413,176	3,176	623,635
Powell Bill	2,815,000	2,806,293	(8,707)	2,813,146
Half Housing tax reimbursement	650,000	463,104	(186,896)	689,845
Guilford County	825,000	838,509	13,509	721,422
State Grants	750,000	750,000	-	750,000
Other intergovernmental revenues	2,687,596	2,763,571	75,975	2,434,518
Total Intergovernmental Revenues	<u>12,137,596</u>	<u>12,881,387</u>	<u>743,791</u>	<u>12,082,493</u>
Licenses and permits				
Privilege licenses	2,580,000	2,257,037	(322,963)	1,979,844
Inspection fees and permits	2,017,500	1,750,017	(267,483)	2,319,947
CATV franchise	830,000	708,776	(121,224)	833,206
Fines and forfeitures	92,500	103,310	10,810	95,775
Other licenses and fees	335,000	349,813	14,813	-
Total licenses and permits	<u>5,855,000</u>	<u>5,168,953</u>	<u>(686,047)</u>	<u>5,228,772</u>
Charges for services				
Self-sustaining recreation programs	2,476,291	2,439,754	(36,537)	2,631,827
Sales and rentals	1,094,950	2,779,430	1,684,480	647,328
Other charges and services	95,000	304,768	209,768	573,352
Total charges for services	<u>3,666,241</u>	<u>5,523,952</u>	<u>1,857,711</u>	<u>3,948,282</u>
Interest Income and Miscellaneous Revenues				
Interest income	575,000	1,337,354	762,354	991,429
Miscellaneous revenues	464,000	1,007,181	543,181	160,743
Administrative reimbursements	4,675,886	4,675,886	-	4,998,981
Total Interest Income and Miscellaneous Revenues	<u>5,714,886</u>	<u>7,020,421</u>	<u>1,305,535</u>	<u>6,151,153</u>

(Continued)

**CITY OF HIGH POINT, NORTH CAROLINA**

General Fund  
Schedule of Revenue and Expenditures - Budget and Actual  
For the Year Ended June 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Other financing sources				
Lease Purchase Proceeds	75,196	75,196	-	194,724
Operating transfer from Water/Sewer Fund	50,000	50,000	-	-
Operating transfer from Electric Fund	1,160,000	1,160,000	-	450,000
Fund balance appropriated	<u>5,527,035</u>	<u>-</u>	<u>(5,527,035)</u>	<u>-</u>
	<u>6,812,231</u>	<u>1,285,196</u>	<u>(5,527,035)</u>	<u>644,724</u>
Total revenues and other financing sources	<u>100,604,054</u>	<u>98,715,319</u>	<u>(1,888,735)</u>	<u>90,002,112</u>
Expenditures				
General government				
Governing Body	356,984	315,900	41,084	337,218
Administration and general	2,868,756	2,093,059	775,697	3,061,231
Human Resources	1,174,384	1,176,374	(1,990)	986,175
Financial Services	4,980,784	4,853,086	127,698	2,893,067
Engineering Services	1,689,285	1,566,194	123,091	1,481,815
Communications	2,213,610	2,172,746	40,864	2,073,538
Business Development	455,296	455,959	(663)	444,979
ERP Project Management	196,491	196,822	(331)	140,347
Information Services	2,700,320	2,695,885	4,435	2,729,545
Public services administration	347,580	296,693	50,887	288,388
Facilities Maintenance	1,610,003	1,348,903	261,100	1,358,485
Contingency	400,000	-	400,000	-
Total general government	<u>18,993,493</u>	<u>17,171,621</u>	<u>1,821,872</u>	<u>15,794,788</u>
Public Safety				
Police	20,523,514	20,259,165	264,349	19,203,359
Fire	15,884,624	15,636,412	248,212	14,991,745
Total public safety	<u>36,408,138</u>	<u>35,895,577</u>	<u>512,561</u>	<u>34,195,104</u>
Transportation				
Administration	816,631	802,618	14,013	529,816
Signs and signals	3,133,688	3,136,671	(2,983)	2,958,967
Streets maintenance	6,627,962	6,894,302	(266,340)	5,196,103
Total transportation	<u>10,578,281</u>	<u>10,833,591</u>	<u>(255,310)</u>	<u>8,684,886</u>
Environmental Services				
Environmental services	5,760,160	5,288,831	471,329	5,592,898
Cemeteries	205,471	195,645	9,826	182,157
Total environmental service	<u>5,965,631</u>	<u>5,484,476</u>	<u>481,155</u>	<u>5,775,055</u>
Total Public Service	<u>16,543,912</u>	<u>16,318,067</u>	<u>225,845</u>	<u>14,459,941</u>

(Continued)

**CITY OF HIGH POINT, NORTH CAROLINA**

General Fund  
 Schedule of Revenue and Expenditures - Budget and Actual  
 For the Year Ended June 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Community and economic development				
Planning	1,113,732	1,074,311	39,421	1,040,282
Housing	77,190	77,356	(166)	68,761
Building inspections	1,933,925	1,801,637	132,288	1,789,916
Workforce development	116,082	62,532	53,550	130,198
Economic development	1,250,000	912,960	337,040	1,035,700
Total community and economic development	<u>4,490,929</u>	<u>3,928,796</u>	<u>562,133</u>	<u>4,064,857</u>
Cultural and recreation				
Parks and recreation	8,427,155	8,784,039	(356,884)	7,491,721
Library	4,455,844	4,376,076	79,768	4,026,864
Theatre	1,044,963	930,648	114,315	775,767
Special appropriations	2,238,813	2,178,785	60,028	2,164,136
Total cultural and recreation and spec approp.	<u>16,166,775</u>	<u>16,269,548</u>	<u>(102,773)</u>	<u>14,458,488</u>
Total expenditures	<u>92,603,247</u>	<u>89,583,609</u>	<u>3,019,638</u>	<u>82,973,178</u>
Other financing uses				
Contributions to other funds				
Transfer to Mass Transit Fund	579,338	449,877	129,461	539,443
Transfer to Parking Facilities Fund	183,017	183,017	-	204,882
Transfers to:				
General Debt Service Fund	5,903,420	5,903,420	-	5,753,420
Capital Projects Fund	1,335,032	1,335,032	-	1,350,386
Total other financing uses	<u>8,000,807</u>	<u>7,871,346</u>	<u>129,461</u>	<u>7,848,131</u>
Total expenditures and other financing uses	<u>100,604,054</u>	<u>97,454,955</u>	<u>3,149,099</u>	<u>90,821,309</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,260,364</u>	<u>\$ 1,260,364</u>	<u>\$ (819,197)</u>

(Concluded)

## **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, 2007

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and investments.....	\$ 485,025	\$ 11,362,791	\$ -	\$ 11,847,816
Receivables:				
Accounts receivable and accrued revenue (net).....	324,115	-	1,144	325,259
Notes.....	3,412,441	-	-	3,412,441
Accrued Interest.....	41	82,498	57,914	140,453
Restricted Assets:				
Cash and investments.....	-	-	17,619,727	17,619,727
<b>TOTAL ASSETS</b>	<u>\$ 4,221,622</u>	<u>\$ 11,445,289</u>	<u>\$ 17,678,785</u>	<u>\$ 33,345,696</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued expenses.....	\$ 185,035	\$ -	\$ 722,313	\$ 907,348
Due to other funds.....	-	-	-	-
Other liabilities.....	-	92,515	154,450	246,965
Deferred revenue.....	3,419,094	-	83,650	3,502,744
<b>TOTAL LIABILITIES</b>	<u>3,604,129</u>	<u>92,515</u>	<u>960,413</u>	<u>4,657,057</u>
Fund balances:				
Reserved for:				
Specific programs.....	617,493	-	-	617,493
Debt Service.....	-	11,352,774	-	11,352,774
Capital Projects.....	-	-	16,718,372	16,718,372
<b>TOTAL FUND BALANCES</b>	<u>617,493</u>	<u>11,352,774</u>	<u>16,718,372</u>	<u>28,688,639</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 4,221,622</u>	<u>\$ 11,445,289</u>	<u>\$ 17,678,785</u>	<u>\$ 33,345,696</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, 2007

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Taxes.....	\$ -	\$ 3,032,696	\$ -	\$ 3,032,696
Intergovernmental Revenues.....	3,503,726	-	4,078,868	7,582,594
Interest on Investments.....	-	1,676,341	298,195	1,974,536
Miscellaneous Revenues.....	234,570	-	233,882	468,452
Total revenues.....	<u>3,738,296</u>	<u>4,709,037</u>	<u>4,610,945</u>	<u>13,058,278</u>
<b>Expenditures</b>				
General Government.....	436,647	-	216,898	653,545
Public Safety.....	906,908	-	795,600	1,702,508
Public Services.....	204,583	-	10,957,841	11,162,424
Planning and Community Development.....	2,193,057	-	155,536	2,348,593
Cultural and Recreation.....	134,142	-	1,640,741	1,774,883
Debt Service:				
Principal Retirement.....	-	4,311,692	-	4,311,692
Interest and Fiscal Charges.....	-	2,418,016	-	2,418,016
Total Expenditures.....	<u>3,875,337</u>	<u>6,729,708</u>	<u>13,766,616</u>	<u>24,371,661</u>
Deficiency of revenues over expenditures.....	<u>(137,041)</u>	<u>(2,020,671)</u>	<u>(9,155,671)</u>	<u>(11,313,383)</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from issuance of capital leases.....	-	-	4,200,000	4,200,000
Transfers In .....	-	6,135,452	1,335,032	7,470,484
Transfers out.....	(25,810)	(531,558)	-	(557,368)
Total Other Financing Sources (uses).....	<u>(25,810)</u>	<u>5,603,894</u>	<u>5,535,032</u>	<u>11,113,116</u>
Net change in fund balances.....	(162,851)	3,583,223	(3,620,639)	(200,267)
Fund balances, beginning of the year.....	780,344	7,769,551	20,339,011	28,888,906
Fund balances, ending of the year.....	<u>\$ 617,493</u>	<u>\$ 11,352,774</u>	<u>\$ 16,718,372</u>	<u>\$ 28,688,639</u>



NORTH CAROLINA'S INTERNATIONAL CITY™

## **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.



NORTH CAROLINA'S INTERNATIONAL CITY™

**CITY OF HIGH POINT, NORTH CAROLINA**

Combining Balance Sheet  
All Special Revenue Funds  
June 30, 2007

	<u>SPECIAL GRANTS</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>TOTAL</u>
<b>Assets:</b>			
Cash and investments.....	\$ 194,873	\$ 290,152	\$ 485,025
<b>Receivables:</b>			
Accounts and grants.....	184,499	139,616	324,115
Notes .....	-	3,412,441	3,412,441
Accrued Interest.....	<u>41</u>	<u>-</u>	<u>41</u>
 Total assets.....	 <u>\$ 379,413</u>	 <u>\$ 3,842,209</u>	 <u>\$ 4,221,622</u>
 <b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts Payable and accrued expenses.....	\$ 91,354	\$ 93,681	\$ 185,035
Deferred Revenue.....	<u>-</u>	<u>3,419,094</u>	<u>3,419,094</u>
 Total Liabilities.....	 <u>91,354</u>	 <u>3,512,775</u>	 <u>3,604,129</u>
 <b>Fund Balances:</b>			
Reserved for Specific Programs.....	<u>288,059</u>	<u>329,434</u>	<u>617,493</u>
 Total Fund Balances.....	 <u>288,059</u>	 <u>329,434</u>	 <u>617,493</u>
  Total Liabilities and Fund Balances	  <u>\$ 379,413</u>	  <u>\$ 3,842,209</u>	  <u>\$ 4,221,622</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, 2007

	<u>SPECIAL GRANTS</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>TOTAL</u>
Revenues:			
Intergovernmental Revenues.....	\$ 1,773,946	\$ 1,729,780	\$ 3,503,726
Miscellaneous Revenues.....	-	234,570	234,570
 Total Revenues.....	<u>1,773,946</u>	<u>1,964,350</u>	<u>3,738,296</u>
 Expenditures			
Current:			
General Government.....	436,647	-	436,647
Public Safety.....	906,908	-	906,908
Public Services.....	204,583	-	204,583
Planning and Community Development.....	57,447	2,135,610	2,193,057
Cultural and Recreation.....	134,142	-	134,142
 Total expenditures.....	<u>1,739,727</u>	<u>2,135,610</u>	<u>3,875,337</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.....	8,409	(171,260)	(162,851)
 Fund balance, beginning of year.....	<u>279,650</u>	<u>500,694</u>	<u>780,344</u>
 Fund balance, end of year.....	<u>\$ 288,059</u>	<u>\$ 329,434</u>	<u>\$ 617,493</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, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Intergovernmental revenues				
Federal Grants.....	\$ 1,851,406	\$ 870,570	\$ (980,836)	\$ 1,075,010
State Grants.....	3,654,465	578,108	(3,076,357)	374,070
Local Grants and Matches.....	794,999	325,268	(469,731)	1,130,825
Total intergovernmental revenues.....	<u>6,300,870</u>	<u>1,773,946</u>	<u>(4,526,924)</u>	<u>2,579,905</u>
Interest on investments.....	-	-	-	115
Miscellaneous.....	-	-	-	4,779
Total revenues.....	<u>6,300,870</u>	<u>1,773,946</u>	<u>(4,526,924)</u>	<u>2,584,799</u>
Expenditures:				
General Government.....	4,536,920	436,647	4,100,273	397,777
Public Safety.....	1,429,521	906,908	522,613	1,891,398
Public Services.....	362,500	204,583	157,917	295,848
Planning and Community Development.....	103,059	57,447	45,612	82,243
Cultural and Recreation.....	400,443	134,142	266,301	374,291
Total expenditures.....	<u>6,832,443</u>	<u>1,739,727</u>	<u>5,092,716</u>	<u>3,041,557</u>
Other Financing Sources (Uses):				
Transfer to General Debt Service Fund.....	(25,810)	(25,810)	-	-
Appropriated Fund Balance.....	557,383	-	(557,383)	(25,810)
Total other financing sources (uses).....	<u>531,573</u>	<u>(25,810)</u>	<u>(557,383)</u>	<u>(25,810)</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses).....	<u>\$ -</u>	8,409	<u>\$ 8,409</u>	(482,568)
Fund Balance, beginning of year.....		<u>279,650</u>		<u>762,218</u>
Fund Balance, end of year.....		<u>\$ 288,059</u>		<u>\$ 279,650</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, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Intergovernmental revenues, federal grants..	\$ 2,565,551	\$ 1,729,780	\$ (835,771)	\$ 1,659,336
Miscellaneous income.....	<u>120,000</u>	<u>234,570</u>	<u>114,570</u>	<u>698,523</u>
Total revenues.....	<u>2,685,551</u>	<u>1,964,350</u>	<u>(721,201)</u>	<u>2,357,859</u>
Expenditures:				
Community development				
Planning and community development.....	2,565,551	1,474,872	1,090,679	1,229,101
Home Program.....	120,000	660,738	(540,738)	902,492
Lead Base Paint.....	-	-	-	1,664
Total expenditures.....	<u>2,685,551</u>	<u>2,135,610</u>	<u>549,941</u>	<u>2,133,257</u>
Excess(deficiency) of revenues over expenditures.....	<u>\$ -</u>	<u>(171,260)</u>	<u>\$ (171,260)</u>	224,602
Fund Balance, beginning of the year.....		<u>500,694</u>		<u>276,092</u>
Fund Balance, ending of the year.....		<u>\$ 329,434</u>		<u>\$ 500,694</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, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
<b>Revenues:</b>				
Taxes.....	\$ 2,897,000	\$ 3,032,696	\$ 135,696	\$ 2,773,507
Interest on Investments.....	150,000	1,676,341	1,526,341	863,937
Miscellaneous revenue.....	-	-	-	663,031
Total Revenues.....	<u>3,047,000</u>	<u>4,709,037</u>	<u>1,662,037</u>	<u>4,300,475</u>
<b>Other Financing Sources:</b>				
Transfer from General Fund.....	5,903,420	5,903,420	-	5,753,420
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>6,135,452</u>	<u>6,135,452</u>	<u>-</u>	<u>5,985,452</u>
Fund Balance Appropriated.....	-	-	-	-
Total Other financing sources, and fund balance appropriated.....	<u>6,135,452</u>	<u>6,135,452</u>	<u>-</u>	<u>5,985,452</u>
Total Revenues, other financing sources, and fund balance appropriated.....	<u>9,182,452</u>	<u>10,844,489</u>	<u>1,662,037</u>	<u>10,285,927</u>
<b>Expenditures:</b>				
<b>Debt service:</b>				
Principal.....	6,081,794	4,311,692	1,770,102	3,983,277
Interest.....	2,509,100	2,381,098	128,002	1,671,227
Fiscal charges.....	60,000	36,918	23,082	235,770
Total Expenditures.....	<u>8,650,894</u>	<u>6,729,708</u>	<u>1,921,186</u>	<u>5,890,274</u>
Other Financing Uses.....				
Transfer to Storm Water Facilities Fund.....	<u>531,558</u>	<u>531,558</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over Total Expenditures.....	<u>\$ -</u>	<u>3,583,223</u>	<u>\$ 3,583,223</u>	<u>4,395,653</u>
Fund Balance, beginning of the year.....		<u>7,769,551</u>		<u>3,373,898</u>
Fund Balance, ending of the year.....		<u>\$ 11,352,774</u>		<u>\$ 7,769,551</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, 2007

	GENERAL CAPITAL PROJECTS FUND	GENERAL CAPITAL PROJECTS ORDINANCE	TOTAL
Assets:			
Receivables:			
Accounts receivable.....	\$ 718	\$ 426	\$ 1,144
Accrued interest.....	57,914	-	57,914
Restricted cash and investments.....	-	17,619,727	17,619,727
	<u>58,632</u>	<u>17,620,153</u>	<u>17,678,785</u>
Total Assets.....	\$ 58,632	\$ 17,620,153	\$ 17,678,785
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable .....	\$ 128,043	\$ 594,270	\$ 722,313
Arbitrage .....	-	154,450	154,450
Deferred revenue.....	33,650	50,000	83,650
	<u>161,693</u>	<u>798,720</u>	<u>960,413</u>
Total Liabilities.....	161,693	798,720	960,413
Fund Balance (deficit):			
Reserved for capital projects.....	(103,061)	16,821,433	16,718,372
	<u>(103,061)</u>	<u>16,821,433</u>	<u>16,718,372</u>
Total Fund Balance (deficit).....	(103,061)	16,821,433	16,718,372
Total Liabilities and Fund Balances.....	\$ 58,632	\$ 17,620,153	\$ 17,678,785

**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, 2007

	GENERAL CAPITAL PROJECTS FUND	GENERAL CAPITAL PROJECTS ORDINANCE	TOTAL
<b>Revenues:</b>			
Interest on investments.....	\$ 258,680	\$ 39,515	\$ 298,195
Grants.....	4,078,868	-	4,078,868
Miscellaneous.....	185,882	48,000	233,882
<b>Total revenues.....</b>	<b>4,523,430</b>	<b>87,515</b>	<b>4,610,945</b>
<b>Expenditures:</b>			
General government.....	216,898	-	216,898
Public safety.....	11,604	783,996	795,600
Public service - transportation.....	8,335,692	2,622,149	10,957,841
Planning and community development.....	155,536	-	155,536
Culture and recreation.....	313,143	1,327,598	1,640,741
<b>Total expenditures.....</b>	<b>9,032,873</b>	<b>4,733,743</b>	<b>13,766,616</b>
<b>Other Financing Sources:</b>			
Proceeds from issuance of capital leases.....	4,200,000	-	4,200,000
Transfers In .....	1,335,032	-	1,335,032
<b>Total other financing sources.....</b>	<b>5,535,032</b>	<b>-</b>	<b>5,535,032</b>
Excess (deficiency) of revenues and other financing sources under expenditures.....	1,025,589	(4,646,228)	(3,620,639)
Fund balance, beginning of the year.....	(1,128,650)	21,467,661	20,339,011
<b>Fund balance (deficit), ending of the year.....</b>	<b>\$ (103,061)</b>	<b>\$ 16,821,433</b>	<b>\$ 16,718,372</b>

**CITY OF HIGH POINT, NORTH CAROLINA**

General Capital Projects Fund  
 Schedule of Revenues and Expenditures  
 Budget and Actual  
 For The Year Ended June 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Interest on investments.....	\$ -	\$ 258,680	258,680	\$ 36,017
Grants.....	6,789,000	4,078,868	(2,710,132)	4,496,912
Miscellaneous revenue.....	40,000	185,882	145,882	615,026
<b>Total revenues</b>	<b>6,829,000</b>	<b>4,523,430</b>	<b>(2,305,570)</b>	<b>5,147,955</b>
Other Financing Sources:				
Transfer from the General Fund.....	1,335,032	1,335,032	-	1,350,386
Proceeds from issuance of capital leases.....	-	4,200,000	4,200,000	-
Fund Balance Appropriated	5,785,196	-	(5,785,196)	-
<b>Total other financing sources and fund balance appropriated.....</b>	<b>7,120,228</b>	<b>5,535,032</b>	<b>(1,585,196)</b>	<b>1,350,386</b>
<b>Total revenues, other financing sources, and fund balance appropriated.....</b>	<b>13,949,228</b>	<b>10,058,462</b>	<b>(3,890,766)</b>	<b>6,498,341</b>
Expenditures:				
General government.....	329,473	216,898	112,575	422,322
Public safety .....	118,500	11,604	106,896	-
Public services - transportation .....	12,436,710	8,335,692	4,101,018	8,890,767
Planning and community development.....	316,106	155,536	160,570	290,990
Culture and recreation.....	748,439	313,143	435,296	218,040
<b>Total Expenditures</b>	<b>13,949,228</b>	<b>9,032,873</b>	<b>4,916,355</b>	<b>9,822,119</b>
Excess (deficiency) of revenues and financing sources over expenditures.....	<u>\$ -</u>	1,025,589	<u>\$ 1,025,589</u>	(3,323,778)
Fund balance, beginning of the year.....		(1,128,650)		2,195,128
Fund balance (deficit), ending of the year.....		<u>\$ (103,061)</u>		<u>\$ (1,128,650)</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, 2007

	PROJECT AUTHORIZATION	PRIOR YEAR	ACTUAL CURRENT YEAR	TOTAL TO DATE
<b>Revenues:</b>				
Interest on investments.....	\$ -	\$ 1,429,715	\$ 39,515	\$ 1,469,230
Miscellaneous.....	716,000	1,084,606	48,000	1,132,606
Total revenues.....	<u>716,000</u>	<u>2,514,321</u>	<u>87,515</u>	<u>2,601,836</u>
<b>Expenditures:</b>				
Public safety.....	10,272,050	3,735,968	783,996	4,519,964
Transportation.....	54,139,275	17,526,424	2,622,149	20,148,573
Cultural and recreation.....	16,868,475	4,150,404	1,327,598	5,478,002
Total expenditures.....	<u>81,279,800</u>	<u>25,412,796</u>	<u>4,733,743</u>	<u>30,146,539</u>
<b>Other financing sources</b>				
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>23,545,000</u>	<u>-</u>	<u>23,545,000</u>
Excess (deficiency) of revenues and financing sources under expenditures.....	<u>\$ -</u>	<u>\$ 646,525</u>	<u>\$ (4,646,228)</u>	<u>\$ (3,999,703)</u>
Fund Balance, beginning of year.....			<u>21,467,661</u>	
Fund Balance, end of year.....			<u>\$ 16,821,433</u>	



NORTH CAROLINA'S INTERNATIONAL CITY™

## 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 disposal 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, 2007

ASSETS	MASS TRANSIT	PARKING FACILITIES	LANDFILL FACILITIES	STORM WATER	TOTAL
<b>Current Assets:</b>					
Cash and investments.....	\$ 792,566	\$ 284,392	\$ 26,385,488	\$ 3,804,762	\$ 31,267,208
Receivables:					
Accounts (net).....	32,243	5,786	272,267	38,468	348,764
Accrued Interest.....	7,262	7,205	179,968	48,163	242,598
Inventory.....	71,005	-	-	-	71,005
Prepaid Expenses.....	111,300	-	-	-	111,300
<b>Total current assets.....</b>	<b>1,014,376</b>	<b>297,383</b>	<b>26,837,723</b>	<b>3,891,393</b>	<b>32,040,875</b>
<b>Noncurrent assets</b>					
<b>Restricted Assets:</b>					
Cash and investments.....	363,559	8,065	99,858	3,296,160	3,767,642
Deferred charges.....	-	-	-	13,009	13,009
<b>Capital Assets:</b>					
Land.....	614,973	898,720	5,370,049	-	6,883,742
Buildings and System Assets.....	794,696	8,735,372	4,499,081	-	14,029,149
Machinery and Equipment.....	-	540,376	8,391,423	64,583	8,996,382
Construction in progress.....	6,033,586	-	-	3,485,928	9,519,514
Accumulated Depreciation.....	(3,134,964)	(5,770,367)	(13,932,925)	(18,019)	(22,856,275)
<b>Total capital assets.....</b>	<b>4,308,291</b>	<b>4,404,101</b>	<b>4,327,628</b>	<b>3,532,492</b>	<b>16,572,512</b>
<b>TOTAL ASSETS.....</b>	<b>\$ 5,686,226</b>	<b>\$ 4,709,549</b>	<b>\$ 31,265,209</b>	<b>\$ 10,733,054</b>	<b>\$ 52,394,038</b>
<b>LIABILITIES AND NET ASSETS:</b>					
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts Payable and Accrued Expenses.....	\$ 213,848	\$ 18,253	\$ 76,956	\$ 719,910	\$ 1,028,967
Current Maturities of Long-Term Debt.....	-	-	-	424,948	424,948
Accrued interest payable.....	-	-	-	97,444	97,444
Deposits.....	-	8,065	-	-	8,065
<b>Total current liabilities</b>	<b>213,848</b>	<b>26,318</b>	<b>76,956</b>	<b>1,242,302</b>	<b>1,559,424</b>
<b>Long-term Liabilities:</b>					
Accrued Closure/Post closure Costs.....	-	-	8,799,658	-	8,799,658
General Obligation Bonds Payable.....	-	-	-	6,224,730	6,224,730
Vacation accrual.....	63,946	16,568	137,469	23,265	241,248
Deferred Revenue.....	-	-	-	1,794,364	1,794,364
<b>Total Long-term liabilities.....</b>	<b>63,946</b>	<b>16,568</b>	<b>8,937,127</b>	<b>8,042,359</b>	<b>17,060,000</b>
<b>Total Liabilities.....</b>	<b>277,794</b>	<b>42,886</b>	<b>9,014,083</b>	<b>9,284,661</b>	<b>18,619,424</b>
<b>Net Assets</b>					
Invested in capital assets, net of related debt.....	4,308,291	4,404,101	4,327,628	178,574	13,218,594
Restricted.....	363,559	-	99,858	-	463,417
Unrestricted.....	736,582	262,562	17,823,640	1,269,819	20,092,603
<b>Total Net Assets.....</b>	<b>5,408,432</b>	<b>4,666,663</b>	<b>22,251,126</b>	<b>1,448,393</b>	<b>33,774,614</b>
<b>TOTAL LIABILITIES AND NET ASSETS.....</b>	<b>\$ 5,686,226</b>	<b>\$ 4,709,549</b>	<b>\$ 31,265,209</b>	<b>\$ 10,733,054</b>	<b>\$ 52,394,038</b>

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, 2007

	MASS TRANSIT	PARKING FACILITIES	LANDFILL FACILITIES	STORM WATER	TOTAL NONMAJOR ENTERPRISE FUNDS
<b>OPERATING REVENUES:</b>					
Charges for Services.....	\$ 1,482,731	\$ 429,998	\$ 6,512,504	\$ 1,098,650	\$ 9,523,883
Miscellaneous.....	8,294	-	-	-	8,294
Total operating revenues.....	<u>1,491,025</u>	<u>429,998</u>	<u>6,512,504</u>	<u>1,098,650</u>	<u>9,532,177</u>
<b>OPERATING EXPENSES:</b>					
Management and administration.....	2,623,294	621,929	4,492,599	2,134,190	9,872,012
Depreciation and amortization.....	546,462	268,294	526,872	8,217	1,349,845
Total Operating Expenses.....	<u>3,169,756</u>	<u>890,223</u>	<u>5,019,471</u>	<u>2,142,407</u>	<u>11,221,857</u>
Operating income (loss).....	<u>(1,678,731)</u>	<u>(460,225)</u>	<u>1,493,033</u>	<u>(1,043,757)</u>	<u>(1,689,680)</u>
<b>Nonoperating Revenues (Expenses)</b>					
Interest Revenue.....	37,151	31,129	1,182,876	231,793	1,482,949
Interest Expense and Fiscal Charges.....	-	(7,881)	-	(340,211)	(348,092)
Amortization of Financing Costs.....	-	(3,566)	-	(1,626)	(5,192)
Intergovernmental revenues.....	791,439	-	-	-	791,439
Total Nonoperating revenues (expenses).....	<u>828,590</u>	<u>19,682</u>	<u>1,182,876</u>	<u>(110,044)</u>	<u>1,921,104</u>
Income(loss) before transfers.....	(850,141)	(440,543)	2,675,909	(1,153,801)	231,424
<b>Transfers:</b>					
Transfers In.....	449,877	183,017	-	531,558	1,164,452
Transfers Out.....	(793)	(6,345)	(16,656)	(3,173)	(26,967)
Change in net assets.....	(401,057)	(263,871)	2,659,253	(625,416)	1,368,909
Net assets, beginning of the year.....	5,809,489	4,930,534	19,591,873	2,073,809	32,405,705
Net assets, ending of the year.....	<u>\$ 5,408,432</u>	<u>\$ 4,666,663</u>	<u>\$ 22,251,126</u>	<u>\$ 1,448,393</u>	<u>\$ 33,774,614</u>

City of High Point, North Carolina

Combining Statement of Cash Flows  
All Nonmajor Enterprise Funds  
For The Year Ended June 30, 2007

	Business-Type - Enterprise Funds				
	MASS TRANSIT	PARKING FACILITIES	LANDFILL FACILITIES	STORM WATER	TOTAL
<b>Cash Flows From Operating Activities</b>					
Receipts from customers and users.....	\$ 1,723,111	\$ 432,699	\$ 6,519,080	\$ 1,265,217	\$ 9,940,107
Payments to employees and related fringe benefits.....	(1,461,249)	(245,789)	(1,831,003)	(687,864)	(4,225,905)
Payments to suppliers and operating costs.....	(1,002,331)	(369,398)	(2,413,569)	(895,497)	(4,680,795)
Net cash provided by (used in) by operating activities	<u>(740,469)</u>	<u>(182,488)</u>	<u>2,274,508</u>	<u>(318,144)</u>	<u>1,033,407</u>
<b>Cash Flows From Non Capital Financing Activities</b>					
Transfers In.....	449,877	183,017	-	531,558	1,164,452
Transfers Out.....	(7,793)	(6,345)	(16,656)	(3,173)	(33,967)
Intergovernmental revenues and reimbursements.....	791,439	-	-	-	791,439
Net Cash provided by (used in) noncapital financing activities	<u>1,233,523</u>	<u>176,672</u>	<u>(16,656)</u>	<u>528,385</u>	<u>1,921,924</u>
<b>Cash Flows From Financing Activities</b>					
Proceeds from Issuance of Long-Term Debt .....	-	-	-	-	-
Principal Payments on Long-Term Debt.....	-	(174,954)	-	(304,958)	(479,912)
Interest payments on Long-Term Debt.....	-	(7,881)	-	(250,031)	(257,912)
Acquisition and Construction of Capital Assets.....	(189,755)	-	(415,362)	(1,769,864)	(2,374,981)
Net cash provided by (used in) noncapital financing activities	<u>(189,755)</u>	<u>(182,835)</u>	<u>(415,362)</u>	<u>(2,324,853)</u>	<u>(3,112,805)</u>
<b>Cash Flows From Investing Activities</b>					
Interest Earned on Investments.....	40,336	33,414	1,217,845	228,322	1,519,917
Net cash provided by investing activities	<u>40,336</u>	<u>33,414</u>	<u>1,217,845</u>	<u>228,322</u>	<u>1,519,917</u>
Net increase (decrease) in cash and investments	343,635	(155,237)	3,060,335	(1,886,290)	1,362,443
Cash and investments, beginning of the year	812,490	447,694	23,425,011	8,987,212	33,672,407
Cash and investments end of the year	<u>\$ 1,156,125</u>	<u>\$ 292,457</u>	<u>\$ 26,485,346</u>	<u>\$ 7,100,922</u>	<u>\$ 35,034,850</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income (loss).....	\$ (1,678,731)	\$ (460,225)	\$ 1,493,033	\$ (1,043,757)	\$ (1,689,680)
Adjustments to Reconcile Operating Income (Loss) to .....					
Cash Provided by (Used in) Operating Activities:.....					
Depreciation and amortization.....	546,462	268,294	526,872	8,217	1,349,845
Change in Assets and Liabilities:					
(Increase) Decrease in Receivables.....	225,086	2,995	(6,577)	23,865	245,369
(Increase) Decrease in Inventories.....	(36,874)	-	-	-	(36,874)
(Increase) Decrease in Prepaid Expenses and Deferred Charges.....	(7,640)	-	-	-	(7,640)
Increase (Decrease) in Payables and Accrued Expenses.....	204,319	1,324	237,770	533,895	977,308
Increase (Decrease) in Deposits.....	-	340	-	153,843	154,183
Increase (Decrease) in Vacation Leave Accrual.....	6,909	4,784	23,410	5,793	40,896
Increase (Decrease) in Deferred Revenue.....	-	-	-	-	-
Total adjustments.....	<u>938,262</u>	<u>277,737</u>	<u>781,475</u>	<u>725,613</u>	<u>2,723,087</u>
Net cash provided by (used in) operating activities.....	<u>\$ (740,469)</u>	<u>\$ (182,488)</u>	<u>\$ 2,274,508</u>	<u>\$ (318,144)</u>	<u>\$ 1,033,407</u>

**CITY OF HIGH POINT, NORTH CAROLINA**

Water and Sewer Fund  
 Schedule of Revenues and Expenses  
 Budget to Actual (Non - GAAP)  
 For The Year Ended June 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
<b>Operating Revenues</b>				
Charges for Services.....	\$ 34,909,005	\$ 34,539,475	\$ (369,530)	\$ 33,776,892
Miscellaneous revenues.....	43,000	842,663	799,663	50,241
Total operating revenues.....	<u>34,952,005</u>	<u>35,382,138</u>	<u>430,133</u>	<u>33,827,133</u>
<b>Operating Expenses</b>				
Management and administration.....	1,526,488	1,298,646	227,842	515,630
Maintenance and distribution.....	5,727,068	5,339,835	387,233	5,422,495
Treatment plants.....	8,247,976	7,466,759	781,217	7,650,253
Other services and charges.....	601,996	378,489	223,507	2,058,244
Total operating expenses.....	<u>16,103,528</u>	<u>14,483,729</u>	<u>1,619,799</u>	<u>15,646,622</u>
<b>Nonoperating revenues (expenses)</b>				
Interest on Investments.....	629,500	733,711	104,211	1,143,486
Interest expense and fiscal charges.....	(4,424,123)	(4,551,542)	(127,419)	(3,674,694)
Grants and contributions.....	-	6,194,073	6,194,073	-
Reimbursement to General Fund.....	(2,299,462)	(2,299,462)	-	(2,206,069)
Reimbursement to Electric Fund.....	(1,569,537)	(1,569,537)	-	(1,507,626)
Total non-operating revenues(expenses).....	<u>(7,663,622)</u>	<u>(1,492,757)</u>	<u>6,170,865</u>	<u>(6,244,903)</u>
<b>Other Financing Sources (Uses)</b>				
Contingency.....	(300,000)	-	300,000	-
Revenue Bond Proceeds.....	-	-	-	31,001,330
Capital projects.....	(699,515)	(368,891)	330,624	-
Payment of debt principal.....	(6,782,236)	(5,540,805)	1,241,431	(5,792,696)
Transfer to General Fund.....	(50,000)	(50,000)	-	-
Transfer to General Debt Service Fund.....	(83,282)	(83,282)	-	(83,282)
Transfer to Water Capital Ord. Projects Fund.....	-	-	-	(34,766,430)
Transfer to Sewer Capital Reserve Fund.....	(5,236,179)	(5,236,179)	-	-
Net assets appropriated.....	1,966,357	-	(1,966,357)	-
Total other financing sources (uses).....	<u>(11,184,855)</u>	<u>(11,279,157)</u>	<u>(94,302)</u>	<u>(9,641,078)</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>\$ 8,126,495</u>	<u>\$ 8,126,495</u>	<u>\$ 2,294,530</u>
<b>Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual</b>				
<b>Reconciling Items</b>				
<b>Changes in net assets</b>				
Water and Sewer Fund.....		\$ 8,126,495		\$ 2,294,530
Water Capital Project Ordinance Fund .....		42,988		(340,140)
Sewer Capital Project Ordinance Fund.....		(14,244,847)		17,999,178
Water Capital Reserve Fund.....		100,043		65,037
Sewer Capital Reserve Fund.....		78,400		170,279
		<u>(5,896,921)</u>		<u>20,188,884</u>
Depreciation.....		(6,400,232)		(5,682,700)
Capital Additions.....		21,824,842		22,656,859
Bond Proceeds.....		-		(31,001,330)
Bond Principal Paid.....		5,540,805		5,792,696
Assessments Principal and Interest Paid.....		2,205		-
Total Reconciling Items.....		<u>20,967,620</u>		<u>(8,234,475)</u>
Net change in net assets - full accrual.....		<u>\$ 15,070,699</u>		<u>\$ 11,954,409</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, 2007

	PROJECT AUTHORIZATION	PRIOR YEAR	ACTUAL CURRENT YEAR	TOTAL TO DATE
Revenues:				
Interest on investments.....	\$ -	\$ 65,263	\$ 42,988	\$ 108,251
Total revenues.....	<u>-</u>	<u>65,263</u>	<u>42,988</u>	<u>108,251</u>
Expenditures:				
Water system improvements.....	4,000,000	3,984,634	-	3,984,634
Total expenditures.....	<u>4,000,000</u>	<u>3,984,634</u>	<u>-</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>\$ (1,667,457)</u>	<u>\$ 42,988</u>	<u>\$ (1,624,469)</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, 2007

	PROJECT AUTHORIZATION	ACTUAL		TOTAL TO DATE
		PRIOR YEAR	CURRENT YEAR	
<b>Revenues:</b>				
Interest on investments.....	\$ -	\$ 1,365,084	\$ 2,241,260	\$ 3,606,344
Total revenues.....	-	1,365,084	2,241,260	3,606,344
<b>Expenditures:</b>				
Solids handling project.....	11,194,517	17,994,333	-	17,994,333
Sewer system improvements.....	113,425,000	76,028,694	21,722,286	97,750,980
Total expenditures.....	124,619,517	94,023,027	21,722,286	115,745,313
<b>Other financing sources:</b>				
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	66,050,000	-	66,050,000
Proceeds from State Loans.....	25,606,517	25,244,271	-	25,244,271
Transfer from Water and Sewer .....	588,000	6,879,430	5,236,179	12,115,609
Total other financing sources.....	124,619,517	159,023,701	5,236,179	164,259,880
Change in net assets.....	\$ -	\$ 66,365,758	\$ (14,244,847)	\$ 52,120,911

**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, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Other Financing Sources:				
Transfer from Water CPO Fund.....	\$ -	\$ -	\$ -	\$ -
Total Other Financing Sources:.....	-	-	-	-
Nonoperating Revenues				
Interest on Investments.....		100,043	100,043	65,037
Total Revenues.....	-	100,043	100,043	65,037
Total Other Financing Sources and Revenues.....	-	100,043	100,043	65,037
Total Other Financing Sources and Revenues over other Financing Uses.....	<u>\$ -</u>	<u>\$ 100,043</u>	<u>\$ 100,043</u>	<u>\$ 65,037</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, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Nonoperating Revenues				
Interest on Investments.....	\$ -	\$ 78,400	\$ 78,400	\$ 170,279
Total Revenues.....	<u>-</u>	<u>78,400</u>	<u>78,400</u>	<u>170,279</u>
Total Other Financing Sources and Revenues.....	<u>-</u>	<u>78,400</u>	<u>78,400</u>	<u>170,279</u>
Total Other Financing Sources and Revenues over other Financing Uses.....	<u>\$ -</u>	<u>\$ 78,400</u>	<u>\$ 78,400</u>	<u>\$ 170,279</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, 2007

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	PRIOR YEAR ACTUAL
Operating Revenues				
Charges for Services.....	\$ 91,740,521	\$ 97,404,939	\$ 5,664,418	\$ 88,186,527
Miscellaneous revenues.....	1,085,000	551,651	(533,349)	1,463,639
Total operating revenues.....	<u>92,825,521</u>	<u>97,956,590</u>	<u>5,131,069</u>	<u>89,650,166</u>
Operating Expenses				
Management and administration.....	1,131,372	629,037	502,335	590,420
Maintenance and distribution.....	11,296,319	11,507,639	(211,320)	13,892,926
Power purchases.....	74,409,009	73,373,983	1,035,026	73,289,566
Other services and charges.....	4,070,253	4,076,226	(5,973)	1,013,158
Total operating expenses.....	<u>90,906,953</u>	<u>89,586,885</u>	<u>1,320,068</u>	<u>88,786,070</u>
Nonoperating Revenues (Expenses)				
Interest on Investments.....	550,000	1,165,947	615,947	866,545
Reimbursement from General Fund.....	73,472	73,472	-	63,497
Reimbursement from Water and Sewer Facilities Fund.....	1,569,537	1,569,537	-	1,507,626
Reimbursement to General Fund.....	(1,889,219)	(1,889,219)	-	(1,734,381)
Total nonoperating revenues.....	<u>303,790</u>	<u>919,737</u>	<u>615,947</u>	<u>703,287</u>
Other Financing Sources (Uses)				
Contingency.....	(1,164,626)	-	1,164,626	-
Capital projects.....	(8,037,469)	(5,358,689)	2,678,780	(3,843,379)
Transfer from Central Services Fund.....	-	4,877,559	4,877,559	-
Transfers from Water and Sewer Facilities Fund.....	500,000	-	(500,000)	-
Transfer to the General Fund.....	(1,160,000)	(1,160,000)	-	(76,937)
Transfers to General Debt Service Fund.....	(77,732)	(77,732)	-	(450,000)
Net assets appropriated.....	7,717,469	-	(7,717,469)	-
Total other financing sources (uses).....	<u>(2,222,358)</u>	<u>(1,718,862)</u>	<u>503,496</u>	<u>(4,370,316)</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>\$ 7,570,580</u>	<u>\$ 7,570,580</u>	<u>\$ (2,802,933)</u>
Reconciliation From Budgetary Basis (Modified Accrual) To Full Accrual				
Reconciling Items:				
Depreciation.....		(3,741,995)		(3,502,717)
Capital Additions.....		3,921,747		3,759,011
Loss on Disposal of Assets.....		239,888		(893)
Total reconciliation items.....		<u>419,640</u>		<u>255,401</u>
Change in net assets - full accrual basis.....		<u>\$ 7,990,220</u>		<u>\$ (2,547,532)</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, 2007

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	PRIOR YEAR ACTUAL
Operating Revenues:				
Charges for Services.....	\$ 425,000	\$ 1,482,731	\$ 1,057,731	\$ 643,958
Miscellaneous revenues.....	78,600	8,294	(70,306)	128,406
Total operating revenues.....	<u>503,600</u>	<u>1,491,025</u>	<u>987,425</u>	<u>772,364</u>
Operating Expenses:				
Management and administration.....	3,406,922	2,421,451	985,471	2,630,762
Other services and charges.....	-	438	(438)	-
Total operating expenses.....	<u>3,406,922</u>	<u>2,421,889</u>	<u>985,033</u>	<u>2,630,762</u>
Nonoperating revenues (expenses)				
Interest on Investments.....	-	2,074	2,074	642
Intergovernmental revenues.....	2,489,706	791,439	(1,698,267)	1,378,346
Total non-operating revenues.....	<u>2,489,706</u>	<u>793,513</u>	<u>(1,696,193)</u>	<u>1,378,988</u>
Other Financing Sources (uses)				
Transfer from General Fund.....	449,877	449,877	-	539,443
Capital Projects.....	(35,468)	(391,161)	(355,693)	-
Transfer to General Debt Service Fund.....	(793)	(793)	-	(793)
Total other financing sources (uses).....	<u>413,616</u>	<u>57,923</u>	<u>(355,693)</u>	<u>538,650</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>\$ (79,428)</u>	<u>\$ (79,428)</u>	<u>\$ 59,240</u>
Reconciliation From Budgetary Basis (Modified Accrual) To Full Accrual				
Change in net assets - budgetary basis				
Mass Transit Fund.....		\$ (79,428)		\$ 59,240
Mass Transit Capital Reserve Fund.....		35,078		30,983
		<u>(44,350)</u>		<u>90,223</u>
Reconciling items:				
Depreciation.....		(546,462)		(533,235)
Capital Additions.....		189,755		130,413
Total reconciling items.....		<u>(356,707)</u>		<u>(402,822)</u>
Change in net assets - full accrual basis.....		<u>\$ (401,057)</u>		<u>\$ (312,599)</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, 2007

	<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
Interest.....	-	35,078	35,078	26,286
Total Financing Sources.....	<u>-</u>	<u>35,078</u>	<u>35,078</u>	<u>30,983</u>
Change in net assets.....	<u>\$ -</u>	<u>\$ 35,078</u>	<u>\$ 35,078</u>	<u>\$ 30,983</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, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues:				
Charges for Services.....	\$ 469,000	\$ 429,998	\$ (39,002)	\$ 489,665
Operating Expenses				
Management and administration.....	626,282	566,771	59,511	383,705
Other services and charges.....		-	-	115,264
Total operating expenses	<u>626,282</u>	<u>566,771</u>	<u>59,511</u>	<u>498,969</u>
Nonoperating Revenues (Expenses)				
Interest on Investments.....	15,000	31,129	16,129	23,464
Interest expense.....	(7,881)	(7,881)	-	(20,666)
Total nonoperating revenues (expenses)	<u>7,119</u>	<u>23,248</u>	<u>16,129</u>	<u>2,798</u>
Other Financing Sources (Uses)				
Transfer from General Fund.....	183,017	183,017	-	204,882
Transfer to the General Debt Service Fund.....	(6,345)	(6,345)	-	(6,345)
Capital projects.....	(129,113)	(55,158)	73,955	(146,853)
Payment of debt principal.....	(175,136)	(175,136)	-	(188,518)
Net assets appropriated.....	277,740	-	(277,740)	-
Total other financing sources (uses)	<u>150,163</u>	<u>(53,622)</u>	<u>(203,785)</u>	<u>(136,834)</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>\$ (167,147)</u>	<u>\$ (167,147)</u>	<u>\$ (143,340)</u>
Reconciliation From Budgetary Basis (Modified Accrual) To Full Accrual				
Reconciling Items				
Depreciation.....		(268,294)		(270,803)
Capital Additions.....		-		11,490
Bond Principal Paid.....		175,136		188,518
Amortization of financing costs.....		(3,566)		(2,823)
Total Reconciling Items.....		<u>(96,724)</u>		<u>(73,618)</u>
Change in net assets - full accrual basis.....		<u>\$ (263,871)</u>		<u>\$ (216,958)</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, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues				
Charges for Services.....	\$ 5,275,200	\$ 6,512,504	\$ 1,237,304	\$ 5,614,564
Operating Expenses				
Management and administration.....	3,855,194	3,753,158	102,036	3,798,178
Total operating expenses.....	<u>3,855,194</u>	<u>3,753,158</u>	<u>102,036</u>	<u>3,798,178</u>
Nonoperating Revenues				
Interest on Investments.....	150,000	364,302	214,302	277,110
Total nonoperating revenues.....	<u>150,000</u>	<u>364,302</u>	<u>214,302</u>	<u>277,110</u>
Other Financing (Uses)				
Reimbursement to General Fund.....	(487,205)	(487,205)	-	(467,394)
Transfer to General Debt Service Fund.....	(16,656)	(16,656)	-	(16,656)
Transfer to Landfill Maintenance Reserve Fund.....	(1,550,000)	(1,550,000)	-	(948,000)
Capital projects.....	(2,936,873)	(419,199)	2,517,674	(398,967)
Net assets appropriated.....	<u>3,420,728</u>	<u>-</u>	<u>(3,420,728)</u>	<u>-</u>
Total other financing (uses).....	<u>(1,570,006)</u>	<u>(2,473,060)</u>	<u>(903,054)</u>	<u>(1,831,017)</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>\$ 650,588</u>	<u>\$ 650,588</u>	<u>\$ 262,479</u>
Reconciliation From Budgetary Basis (Modified Accrual) to To Full Accrual Basis				
Change in net assets.....				
Landfill Facilities Fund.....		\$ 650,588		\$ 262,479
Landfill Maintenance Reserve Fund.....		2,120,576		1,399,271
		<u>2,771,164</u>		<u>1,661,750</u>
Reconciling Items				
Depreciation.....		(526,872)		(519,044)
Capital Additions.....		414,961		262,080
Total Reconciling Items.....		<u>(111,911)</u>		<u>(256,964)</u>
Change in net assets - full accrual basis.....		<u>\$ 2,659,253</u>		<u>\$ 1,404,786</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, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Other financing sources:				
Interest on Investments.....	\$ -	\$ 818,574	\$ 818,574	\$ 451,271
Transfer from Landfill Facilities Fund.....	-	1,550,000	1,550,000	948,000
Total other financing Sources.....	<u>-</u>	<u>2,368,574</u>	<u>2,368,574</u>	<u>1,399,271</u>
Expenses				
Landfill closure/post-closure costs.....	<u>-</u>	<u>247,998</u>	<u>(247,998)</u>	<u>(232,925)</u>
Total financing sources over financing uses.....	<u>\$ -</u>	<u>\$ 2,120,576</u>	<u>\$ 2,120,576</u>	<u>\$ 1,632,196</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, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues				
Charges for Services.....	\$ 1,092,000	\$ 1,098,650	\$ 6,650	\$ 1,817,554
Operating Expenses				
Management and administration.....	2,269,437	2,134,190	135,247	1,277,825
Total operating expenses.....	<u>2,269,437</u>	<u>2,134,190</u>	<u>135,247</u>	<u>1,277,825</u>
Nonoperating Revenues (Expenses)				
Interest on Investments.....	70,000	231,793	161,793	129,200
Interest expense.....	(232,217)	(340,211)	(107,994)	(77,456)
Total nonoperating revenues.....	<u>(162,217)</u>	<u>(108,418)</u>	<u>53,799</u>	<u>51,744</u>
Other Financing Sources (Uses)				
Transfer from General Debt Service Fund.....	-	531,558	531,558	-
Transfer to General Debt Service Fund.....	(3,173)	(3,173)	-	(3,173)
Payment of debt principal.....	(332,459)	(304,958)	27,501	(27,793)
Net assets appropriated.....	1,675,286	-	(1,675,286)	-
Total other financing sources .....	<u>1,339,654</u>	<u>223,427</u>	<u>(1,116,227)</u>	<u>(30,966)</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>\$ (920,531)</u>	<u>\$ (920,531)</u>	<u>\$ 560,507</u>
Reconciliation From Budgetary Basis (Modified Accrual)				
To Full Accrual				
Change in net assets.....				
Storm Water Facilities Fund.....		\$ (920,531)		\$ 560,507
Storm Water Facilities Capital Project Ordinance Fund .....		(1,769,864)		5,982,573
		<u>(2,690,395)</u>		<u>6,543,080</u>
Reconciling Items				
Capital Assets additions.....		1,769,864		830,926
Depreciation.....		(8,217)		(6,192)
Bond Proceeds.....		-		(6,800,000)
Bond Principal Paid.....		304,958		27,793
Amortization of financing costs.....		(1,626)		(1,626)
Total Reconciling Items.....		<u>2,064,979</u>		<u>(5,949,099)</u>
Change in net assets - full accrual basis.....		<u>\$ (625,416)</u>		<u>\$ 593,981</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, 2007

	<u>PROJECT AUTHORIZATION</u>	<u>PRIOR YEAR</u>	<u>ACTUAL CURRENT YEAR</u>	<u>TOTAL TO DATE</u>
Expenditures:				
Maintenance and distribution.....	\$ 13,677,275	\$ 1,722,725	\$ 1,769,864	\$ 3,492,589
Total expenditures.....	<u>13,677,275</u>	<u>1,722,725</u>	<u>1,769,864</u>	<u>3,492,589</u>
Other financing sources				
General obligation bonds.....	13,677,275	6,800,000	-	6,800,000
Total other financing sources .....	<u>13,677,275</u>	<u>6,800,000</u>	<u>-</u>	<u>6,800,000</u>
Change in fund balance.....	\$ -	\$ 5,077,275	\$ (1,769,864)	\$ 3,307,411



## **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, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
<b>Operating Revenues:</b>				
Sales of merchandise .....	\$ -	\$ -	\$ -	\$ 3,847,428
Interfund charges.....	<u>10,627,860</u>	<u>10,730,111</u>	<u>102,251</u>	<u>10,705,989</u>
Total sales and services.....	<u>10,627,860</u>	<u>10,730,111</u>	<u>102,251</u>	<u>14,553,417</u>
<b>Operating Expenditures:</b>				
Fleet maintenance.....	9,082,518	7,101,415	1,981,103	7,674,988
Warehouse operations.....	-	-	-	3,784,970
Radio repair shop.....	904,853	849,815	55,038	872,371
Maintenance operations.....	1,473,527	1,801,241	(327,714)	1,671,865
Computer replacement.....	<u>521,009</u>	<u>518,357</u>	<u>2,652</u>	<u>513,133</u>
Total operating expenses.....	<u>11,981,907</u>	<u>10,270,828</u>	<u>1,711,079</u>	<u>14,517,327</u>
<b>Other financing sources (uses):</b>				
Interest income.....	-	6,326	6,326	2,486
Transfer to the General Debt Service Fund.....	(18,241)	(18,241)	-	(19,036)
Transfer to the Electric Facilities Fund.....	-	(4,877,559)	(4,877,559)	-
Proceeds from capital leases.....	-	-	-	165,000
Proceeds from sale of assets.....	150,000	193,432	43,432	370,890
Appropriated retained earnings.....	<u>1,222,288</u>	<u>-</u>	<u>(1,222,288)</u>	<u>-</u>
Total other financing sources (uses).....	<u>1,354,047</u>	<u>(4,696,042)</u>	<u>(6,050,089)</u>	<u>519,340</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	\$ (4,236,759)	<u>\$ 4,236,759</u>	\$ 555,430
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>				
<b>Reconciling items:</b>				
Increase in inventory.....		-		(62,132)
Capital Additions.....		2,276,900		1,740,480
Capital lease principal payments.....		115,589		86,482
Depreciation.....		(3,191,288)		(3,271,600)
Basis of capital assets disposed.....		<u>(77,663)</u>		<u>(81,495)</u>
Change in net assets - full accrual basis.....		<u>\$ (5,113,221)</u>		<u>\$ (1,032,835)</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, 2007

General Capital Assets:	Current Year
Land and land improvements.....	\$ 12,489,341
Infrastructure.....	452,620,361
Buildings.....	28,971,860
Machinery and Equipment.....	39,643,338
Works of Art.....	30,000
Construction in progress.....	<u>19,396,200</u>
 Total Governmental Capital Assets.....	 <u><u>\$ 553,151,100</u></u>
Investment in General Capital Assets from:	
Investment Prior to 1986.....	\$ 17,432,343
General Fund Revenues.....	43,535,329
Special Grants and Community Development.....	644,698
Contributed capital.....	69,628,387
General Obligation Bonds.....	<u>421,910,343</u>
 Total Investment in Governmental Capital Assets.....	 <u><u>\$ 553,151,100</u></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, 2007

	Capital Assets June 30, 2006	Additions	Disposals	Capital Assets June 30, 2007
General government:				
Governing Body.....	\$ 7,359,849	\$ -	\$ 269,280	\$ 7,090,569
Administration.....	9,639,943	278,521	-	9,918,464
Theatre and Exhibition Center.....	3,245,605	532,359	-	3,777,964
Human Resources.....	59,492	138,538	-	198,030
Finance.....	239,150	-	-	239,150
Library.....	11,682,942	183,670	5,213	11,861,399
Total general government.....	<u>32,226,981</u>	<u>1,133,088</u>	<u>274,493</u>	<u>33,085,576</u>
Public safety:				
Police.....	2,744,013	222,388	-	2,966,401
Fire.....	17,602,490	923,011	7,936	18,517,565
Inspections.....	117,991	-	-	117,991
Transportation.....	6,120,291	11,320,510	-	17,440,801
Park Rangers.....	2,371	-	-	2,371
Total public safety.....	<u>26,587,156</u>	<u>12,465,909</u>	<u>7,936</u>	<u>39,045,129</u>
Public works.....	<u>429,892,213</u>	<u>30,686,414</u>	<u>-</u>	<u>460,578,627</u>
Parks and recreation.....	<u>18,125,581</u>	<u>1,787,268</u>	<u>-</u>	<u>19,912,849</u>
Planning.....	<u>224,106</u>	<u>-</u>	<u>-</u>	<u>224,106</u>
Special Grants Fund.....	<u>42,935</u>	<u>13,500</u>	<u>-</u>	<u>56,435</u>
Community development.....	<u>232,830</u>	<u>15,548</u>	<u>-</u>	<u>248,378</u>
Total General Capital Assets.....	<u>\$ 507,331,802</u>	<u>\$ 46,101,727</u>	<u>\$ 282,429</u>	<u>\$ 553,151,100</u>

**CITY OF HIGH POINT, NORTH CAROLINA**

Capital Assets Used In the Operation of Governmental Funds:  
By Function and Activity  
June 30, 2007

	Land and Land Improvements	Infrastructure	Buildings and Works of Art	Machinery and Equipment	Construction In Progress	Total
<b>General government</b>						
Governing body.....	\$ 6,670,726	\$ -	\$ 350,916	\$ 68,927	\$ -	\$ 7,090,569
Administration.....	50,000	-	127,122	9,741,342	-	9,918,464
Theatre and Exhibition Center.....	-	-	2,752,801	1,025,163	-	3,777,964
Human Resources.....	-	-	-	59,492	138,538	198,030
Finance.....	107,904	-	-	131,246	-	239,150
Library.....	507,835	-	5,723,566	5,629,998	-	11,861,399
Total general government.....	<u>7,336,465</u>	<u>-</u>	<u>8,954,405</u>	<u>16,656,168</u>	<u>138,538</u>	<u>33,085,576</u>
<b>Public safety:</b>						
Police.....	44,900	-	117,925	2,803,576	-	2,966,401
Fire.....	1,070,546	-	7,754,840	9,069,168	623,011	18,517,565
Inspections.....	-	-	59,417	58,574	-	117,991
Transportation.....	100,264	-	503,728	3,705,624	13,131,185	17,440,801
Park Rangers.....	-	-	-	2,371	-	2,371
Total public safety.....	<u>1,215,710</u>	<u>-</u>	<u>8,435,910</u>	<u>15,639,313</u>	<u>13,754,196</u>	<u>39,045,129</u>
Public works.....	<u>444,037</u>	<u>452,560,013</u>	<u>291,171</u>	<u>3,416,968</u>	<u>3,866,438</u>	<u>460,578,627</u>
Parks and recreation.....	<u>3,479,629</u>	<u>8,800</u>	<u>11,246,120</u>	<u>3,541,531</u>	<u>1,637,028</u>	<u>19,913,108</u>
Planning.....	<u>-</u>	<u>-</u>	<u>65,196</u>	<u>158,910</u>	<u>-</u>	<u>224,106</u>
Special grants fund.....	<u>13,500</u>	<u>-</u>	<u>-</u>	<u>42,935</u>	<u>-</u>	<u>56,435</u>
Community development.....	<u>-</u>	<u>51,548</u>	<u>9,058</u>	<u>187,772</u>	<u>-</u>	<u>248,378</u>
<b>Total General Capital Assets</b>	<u>\$ 12,489,341</u>	<u>\$ 452,620,361</u>	<u>\$ 29,001,860</u>	<u>\$ 39,643,597</u>	<u>\$ 19,396,200</u>	<u>\$ 553,151,359</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, 2007

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2007</u>
<b>Assets:</b>				
Cash and investments	\$ 751,231	\$ -	\$ 13,728	\$ 737,503
Accounts receivable	558	1,140,473	-	1,141,031
Accrued interest	925	-	51	874
	<u>925</u>	<u>-</u>	<u>51</u>	<u>874</u>
<b>Total Assets</b>	<u>\$ 752,714</u>	<u>\$ 1,140,473</u>	<u>\$ 13,779</u>	<u>\$ 1,879,408</u>
<b>Liabilities:</b>				
Accounts Payable: Due to other organizations	<u>\$ 752,714</u>	<u>\$ 1,140,473</u>	<u>\$ 13,779</u>	<u>\$ 1,879,408</u>



**CITY OF HIGH POINT, NORTH CAROLINA**

**SUPPORTING SCHEDULES**

- (1) Schedule of Ad Valorem Taxes Receivable June 30, 2007
- (2) Analysis of Current Tax Levy June 30, 2007

**CITY OF HIGH POINT, NORTH CAROLINA**

General Fund and Debt Service Fund  
 Schedule of Ad Valorem Taxes Receivable  
 June 30, 2007

Year	Uncollected Balance June 30, 2006	Additions	Collections And Credits	Uncollected Balance June 30, 2007
2006 - 2007	\$ -	\$ 52,426,916	\$ 51,598,122	\$ 828,794
2005 - 2006	766,498		495,947	270,551
2004 - 2005	201,178		47,268	153,910
2003 - 2004	145,306		20,038	125,268
2002 - 2003	107,406		11,760	95,646
2001 - 2002	99,838		7,143	92,695
2000 - 2001	77,620		2,546	75,074
1999 - 2000	59,072		1,985	57,087
1998 - 1999	51,170		1,850	49,320
1997 - 1998	51,751		868	50,883
1997 and beyond	658,271	125,023	-	783,297
	<u>\$ 2,218,110</u>	<u>\$ 52,426,916</u>	<u>\$ 52,187,527</u>	<u>2,582,525</u>

Plus: uncollected 2006 - 2007 ad valorem taxes receivable on  
 annually registered vehicles 4,475

Less: allowance for uncollectable accounts:  
 General Fund 524,978

Ad valorem taxes receivable - net \$ 2,062,022

Reconciliation with revenues:

Ad valorem taxes - General Fund and Debt Service Fund	\$ 52,074,552
Vehicle user fees	63,085
Reconciling items:	
Discounts and adjustments allowed	12,751
Taxes written off	37,139
Subtotal	<u>112,975</u>
Total collections and credits	<u>\$ 52,187,527</u>

**CITY OF HIGH POINT, NORTH CAROLINA**

Analysis of Current Levy  
City-Wide Levy  
For the Fiscal Year Ended June 30, 2007

	City - Wide		Total Levy		
	Property Valuation	(1) Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 8,368,203,947	0.608	\$ 50,878,680	\$ 48,228,717	\$ 2,649,963
Registered motor vehicles taxed at prior year's rate	256,999,468	0.593	1,523,836	-	1,523,836
Total	<u>8,625,203,415</u>		<u>52,402,516</u>	<u>48,228,717</u>	<u>4,173,799</u>
Discoveries:					
Current year taxes	35,273,749	0.608	141,716	141,716	-
Prior year taxes	-	0.593	47,902	47,902	-
Total	<u>35,273,749</u>		<u>189,618</u>	<u>189,618</u>	<u>-</u>
Net penalties	-		31,646	31,646	-
Net Vehicle Tax Annual System	-		360,985	-	360,985
Discounts allowed	-		(311,399)	(311,399)	-
Releases :					
Current year's taxes	(34,403,174)	0.608	(209,171)	(167,820)	(41,351)
Prior year taxes	(6,286,538)	0.593	(37,279)	-	(37,279)
Total	<u>(40,689,711)</u>		<u>(246,450)</u>	<u>(167,820)</u>	<u>(78,630)</u>
Total assessed value	<u>\$ 8,619,787,453</u>				
Total adjusted tax levy			52,426,916	47,970,762	4,456,154
Uncollected taxes at June 30, 2007			828,794	503,568	325,226
Current year's taxes collected			<u>\$ 51,598,122</u>	<u>\$ 47,467,194</u>	<u>\$ 4,130,928</u>
Current levy collection percentage			<u>98.42%</u>	<u>98.95%</u>	<u>92.70%</u>





**STATISTICAL SECTION**



# City of High Point, North Carolina

## STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b>CONTENTS</b>	<b>PAGE</b>
<b>FINANCIAL TRENDS</b>	116-123
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>REVENUE CAPACITY</b>	124-136
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.	
<b>DEBT CAPACITY</b>	137-143
These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>	144-145
These schedules offer demographic and economic indicators to help the reader understand the environments within which the City's financial activities take place and to help make comparisons over time and with other governments.	
<b>OPERATING INFORMATION</b>	146-150
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	

**SOURCES:** Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning that fiscal year.

**CITY OF HIGH POINT, NORTH CAROLINA**

**Table I**  
**Net Assets by Component,**  
**Last Five Fiscal Years**  
 (accrual basis of accounting)

	<u>Fiscal Year</u>	
	<u>2003</u>	<u>2004</u>
Governmental activities		
Invested in capital assets, net of related debt	\$ 235,462,448	\$ 217,483,238
Restricted	15,845,598	20,775,167
Unrestricted	<u>26,673,580</u>	<u>25,486,747</u>
Total governmental activities net assets	<u>\$ 277,981,626</u>	<u>\$ 263,745,152</u>
Business-type activities		
Invested in capital assets, net of related debt	\$ 147,056,289	\$ 166,454,291
Restricted	37,935,540	22,696,388
Unrestricted	<u>46,229,568</u>	<u>51,455,656</u>
Total business-type activities	<u>\$ 231,221,397</u>	<u>\$ 240,606,335</u>
Primary government		
Invested in capital assets, net of related debt	\$ 382,518,737	\$ 383,937,529
Restricted	53,781,138	43,471,555
Unrestricted	<u>72,903,148</u>	<u>76,942,403</u>
Total primary government net assets	<u>\$ 509,203,023</u>	<u>\$ 504,351,487</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.

**Fiscal Year**

<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 213,391,739	\$ 213,536,521	\$ 239,573,737
14,141,184	13,946,595	8,485,692
<u>25,867,575</u>	<u>23,178,515</u>	<u>16,077,362</u>
<u>\$ 253,400,498</u>	<u>\$ 250,661,631</u>	<u>\$ 264,136,791</u>
\$ 186,983,381	\$ 192,054,588	\$ 205,189,262
817,141	3,902,913	1,780,548
<u>64,947,701</u>	<u>67,666,809</u>	<u>81,084,328</u>
<u>\$ 252,748,223</u>	<u>\$ 263,624,310</u>	<u>\$ 288,054,138</u>
\$ 400,375,120	\$ 405,591,109	\$ 444,762,999
14,958,325	17,849,508	10,266,240
<u>90,815,276</u>	<u>90,845,324</u>	<u>97,161,690</u>
<u>\$ 506,148,721</u>	<u>\$ 514,285,941</u>	<u>\$ 552,190,929</u>

CITY OF HIGH POINT, NORTH CAROLINA

**Table II**  
**Changes in Net Assets,**  
**Last Five Fiscal Years**  
 (accrual basis of accounting)

	Fiscal Year				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Expenses</b>					
<b>Governmental activities:</b>					
General government	\$ 13,197,876	\$ 14,097,596	\$ 27,914,659	\$ 26,079,638	\$ 28,543,278
Public safety	31,375,441	34,253,880	34,758,588	38,192,667	37,562,840
Public Services	28,144,946	38,605,309	41,404,266	50,073,130	43,851,774
Planning and Community Development	4,789,475	2,551,518	6,452,158	2,839,298	5,356,419
Cultural and recreation	12,932,978	14,084,464	14,992,492	15,951,176	15,892,000
Interest on long term debt	2,224,392	2,072,867	1,968,433	2,109,696	2,964,267
<b>Total governmental activities</b>	<u>92,665,108</u>	<u>105,665,634</u>	<u>127,490,596</u>	<u>135,245,605</u>	<u>134,170,578</u>
<b>Business-type activities:</b>					
Water and Sewer	23,974,918	25,483,351	29,307,657	27,369,416	29,585,248
Electric	81,766,031	82,479,807	84,256,727	92,536,413	94,772,144
Mass Transit	1,644,646	2,061,753	3,351,162	3,033,584	3,169,756
Parking	889,704	764,673	812,021	928,624	901,670
Landfill	7,314,005	4,751,994	5,206,416	4,921,503	5,019,471
Stormwater	870,672	774,371	877,850	1,349,600	2,484,244
<b>Total business-type activities</b>	<u>116,459,976</u>	<u>116,315,949</u>	<u>123,811,833</u>	<u>130,139,140</u>	<u>135,932,533</u>
<b>Total primary government expenses</b>	<u>\$ 209,125,084</u>	<u>\$ 221,981,583</u>	<u>\$ 251,302,429</u>	<u>\$ 265,384,745</u>	<u>\$ 270,103,111</u>
<b>Program Revenues</b>					
<b>Governmental activities</b>					
<b>Charges for services:</b>					
General government	\$ 5,125,286	\$ 2,305,180	\$ 11,210,431	\$ 8,195,048	\$ 4,142,566
Public safety	128,961	-	1,597,293	1,597,293	919,369
Public Services	-	1,981,781	330,518	5,559,290	6,477,450
Planning and Community Development	-	81,135	4,706,832	4,706,832	2,075,285
Cultural and recreation	3,417,628	3,431,981	3,672,008	3,672,008	2,832,825
<b>Operating grants and contributions:</b>					
General government	-	-	-	-	703,685
Public safety	3,775,725	1,270,835	2,575,436	3,422,182	2,791,283
Public Services	2,741,968	5,473,920	4,134,784	4,239,241	4,239,241
Planning and Community Development	1,108,181	1,713,976	2,402,594	1,659,336	1,729,780
Cultural and recreation	-	87,644	-	-	93,141
<b>Capital grants and contributions:</b>					
Public Services	11,101,309	5,940,144	10,349,900	13,473,495	30,339,941
Planning and Community Development	119,894	-	-	-	-
<b>Total governmental activities program revenues</b>	<u>27,518,952</u>	<u>22,286,596</u>	<u>40,979,796</u>	<u>46,524,725</u>	<u>56,344,566</u>
<b>Business-type activities:</b>					
<b>Charges for Services</b>					
Charge for services - Water and Sewer	28,858,889	30,481,421	31,155,498	33,827,133	35,389,889
Charge for services - Electric	85,029,325	82,791,841	86,256,922	89,650,166	97,956,590
Charge for services - Mass Transit	1,003,609	1,086,079	1,413,476	772,364	1,491,025
Charge for services - Parking	537,222	500,307	497,556	489,665	429,998
Charge for services -Landfill	6,897,804	7,230,486	6,107,444	5,614,564	6,512,504
Charge for services - Storm Water	739,599	846,109	1,137,594	1,817,554	1,098,650
<b>Operating and Capital Grants</b>					
Water	-	115,000	-	-	-
Electric	523,854	-	-	-	-
Mass Transit	498,250	513,154	-	-	791,439
Capital grants and contributions - Water	4,750,000	-	-	1,383,043	6,194,074
Capital grants and contributions - Mass Transit	-	-	5,281,379	3,286,918	-
<b>Total business-type activities program revenues</b>	<u>128,838,552</u>	<u>123,564,397</u>	<u>131,849,869</u>	<u>136,841,407</u>	<u>149,864,169</u>
<b>Total primary government program revenues</b>	<u>\$ 156,357,504</u>	<u>\$ 145,850,993</u>	<u>\$ 172,829,665</u>	<u>\$ 183,366,132</u>	<u>\$ 206,208,735</u>

(Continued)

**Table II**  
**Changes in Net Assets,**  
**Last Five Fiscal Years**  
(accrual basis of accounting)

	Fiscal Year				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (65,146,156)	\$ (83,379,038)	\$ (86,510,800)	\$ (88,720,880)	\$ (77,826,012)
Business-type activities	<u>12,378,576</u>	<u>7,248,448</u>	<u>8,038,036</u>	<u>6,702,267</u>	<u>13,931,636</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>	<u>\$ (63,894,376)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Property taxes	\$ 39,879,436	\$ 40,586,808	\$ 44,555,015	\$ 49,118,481	\$ 52,944,945
Sales Taxes	13,025,288	13,986,485	16,505,888	15,601,714	17,643,440
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	22,038,601
Investment earnings	857,839	717,492	1,279,438	1,954,778	3,318,216
Miscellaneous	(32,381)	(84,893)	(296,840)	-	-
Transfers	<u>(639,365)</u>	<u>(297,104)</u>	<u>(293,109)</u>	<u>(107,139)</u>	<u>(4,644,030)</u>
Total governmental activities:	<u>67,822,733</u>	<u>69,142,564</u>	<u>76,166,146</u>	<u>85,982,013</u>	<u>91,301,172</u>
Business-type activities:					
Investment earnings	1,761,550	1,525,924	2,034,710	4,067,574	5,854,162
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>	<u>4,644,030</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>	<u>10,498,192</u>
Total primary government	<u>\$ 70,154,950</u>	<u>\$ 71,280,053</u>	<u>\$ 80,269,998</u>	<u>\$ 90,155,833</u>	<u>\$ 101,799,364</u>
<b>Change in Net Assets</b>					
Governmental activities	\$ 2,676,577	\$ (14,236,474)	\$ (10,344,654)	\$ (2,738,867)	\$ 13,475,160
Business-type activities	<u>14,710,793</u>	<u>9,385,937</u>	<u>12,141,888</u>	<u>10,876,087</u>	<u>24,429,828</u>
Total primary government	<u>\$ 17,387,370</u>	<u>\$ (4,850,537)</u>	<u>\$ 1,797,234</u>	<u>\$ 8,137,220</u>	<u>\$ 37,904,988</u>

(Concluded)

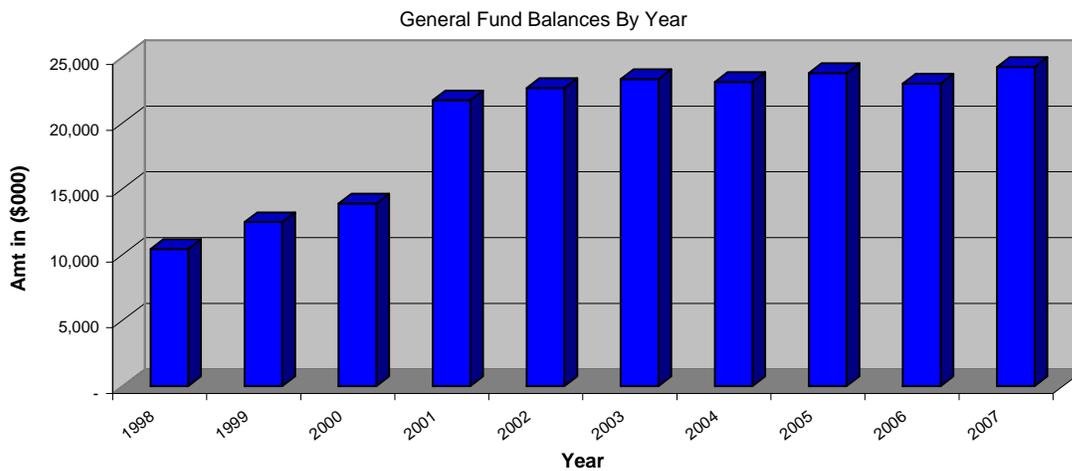
Note: Accrual-basis financial information for the City of High Point as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

**CITY OF HIGH POINT, NORTH CAROLINA**

**Table III  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)**

	Fiscal Year				
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
<b>General Fund</b>					
Reserved for:					
State statute	\$ 1,620,455	\$ 3,685,791	\$ 1,672,688	\$ 3,878,514	\$ 2,822,583
For prepaid items	34,020	281,499	27,439	47,664	11,196
Specific programs	-	-	-	-	-
Encumbrances	-	-	570,157	1,049,559	2,390,000
Economic Development Purposes	-	-	626,204	789,513	842,988
<b>Total reserved</b>	<b>1,654,475</b>	<b>3,967,290</b>	<b>2,896,488</b>	<b>5,765,250</b>	<b>6,066,767</b>
Unreserved					
Designated for subsequent year's expenditures	2,600,000	2,375,000	2,400,000	2,896,007	3,785,811
Undesignated	6,172,185	6,138,768	8,593,665	13,081,030	12,811,758
<b>Total General Fund</b>	<b>\$ 10,426,660</b>	<b>\$ 12,481,058</b>	<b>\$ 13,890,153</b>	<b>\$ 21,742,287</b>	<b>\$ 22,664,336</b>
<b>All Other Governmental Funds</b>					
Reserved for:					
State statute	\$ 1,489	\$ 548,910	\$ -	\$ -	\$ -
Specific programs	3,268,709	4,380,216	1,257,680	785,357	294,694
Capital projects	-	-	-	-	7,645,834
Debt service	-	-	-	-	1,823,791
<b>Total reserved</b>	<b>3,270,198</b>	<b>4,929,126</b>	<b>1,257,680</b>	<b>785,357</b>	<b>9,764,319</b>
Unreserved					
Undesignated/(deficit) Special revenue	121,738	(621,352)	-	-	-
Designated for capital projects	-	-	-	-	-
Undesignated	1,541,983	(1,123,318)	13,906,542	12,068,497	-
<b>Total all other governmental funds</b>	<b>\$ 4,933,919</b>	<b>\$ 3,184,456</b>	<b>\$ 15,164,222</b>	<b>\$ 12,853,854</b>	<b>\$ 9,764,319</b>

(Continued)



Fiscal Year				
<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 2,819,357	\$ 2,338,164	\$ 4,450,833	\$ 2,977,521	\$ 3,015,032
76,966	102,613	131,928	235,539	147,011
73,035	415,974	751,173	-	941,320
2,685,021	2,390,579	2,098,653	1,584,105	635,689
-	-	-	-	-
<u>598,131</u>	<u>420,043</u>	<u>420,043</u>	<u>580,568</u>	<u>903,937</u>
6,252,510	5,667,373	7,852,630	5,377,733	5,642,989
3,784,838	4,670,022	4,999,246	4,128,876	4,495,500
<u>13,307,688</u>	<u>12,788,563</u>	<u>10,962,358</u>	<u>13,506,660</u>	<u>14,135,144</u>
\$ <u>23,345,036</u>	\$ <u>23,125,958</u>	\$ <u>23,814,234</u>	\$ <u>23,013,269</u>	\$ <u>24,273,633</u>
\$ -	\$ -	\$ -	\$ -	\$ -
769,027	856,511	1,038,310	780,344	617,493
8,040,303	12,330,589	4,899,332	7,769,551	16,718,372
2,356,477	3,033,268	3,373,898	20,339,011	11,352,774
<u>11,165,807</u>	<u>16,220,368</u>	<u>9,311,540</u>	<u>28,888,906</u>	<u>28,688,639</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ <u>11,165,807</u>	\$ <u>16,220,368</u>	\$ <u>9,311,540</u>	\$ <u>51,902,175</u>	\$ <u>52,962,272</u>

(Concluded)

**CITY OF HIGH POINT, NORTH CAROLINA**

**Table IV**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
<b>Revenues</b>					
Taxes:					
Property	\$ 30,290,536	\$ 32,727,712	\$ 32,205,438	\$ 35,603,060	\$ 37,880,381
Sales	8,326,951	8,389,832	10,262,747	11,074,790	10,941,081
Other	2,120,670	2,253,959	1,188,881	1,227,652	1,476,168
Total taxes	<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>
Intergovernmental	10,382,043	9,554,509	13,130,490	14,572,405	11,981,846
Licenses and Permits	2,690,014	3,130,427	3,622,375	3,696,696	4,638,359
Fines and Forfeitures	109,452	123,688	114,758	110,524	106,931
Charges for Services	2,928,305	3,266,928	3,233,336	3,495,370	3,357,823
Interest	1,263,080	1,307,625	1,202,364	2,585,207	2,300,860
Miscellaneous	4,113,155	5,236,228	1,630,705	1,546,027	1,885,936
Administrative reimbursements	-	-	2,756,833	2,758,208	3,752,099
Total Revenues	<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>
<b>Expenditures</b>					
General Government	5,792,718	13,116,991	11,857,337	10,389,406	11,937,580
Public Safety	24,112,261	24,711,330	22,702,665	26,061,017	29,620,614
Public Works	8,367,334	8,108,731	12,543,839	13,763,673	14,097,504
Planning	2,604,460	2,200,875	4,529,568	5,424,101	5,554,982
Culture and Recreation	8,605,546	9,652,547	11,576,844	12,129,049	13,183,410
Reimbursements	180,540	174,255	-	-	-
Other Services and Charges	1,348,780	3,663,330	-	-	-
Capital Outlay	4,373,518	888,187	-	-	-
Debt Service:					
Principal	2,539,080	2,485,913	2,809,968	3,439,475	3,467,341
Interest	1,428,474	1,742,355	1,666,360	2,321,939	2,162,086
Total Expenditures	<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>
Excess of revenues over (under) expenditures	<u>2,871,495</u>	<u>(753,606)</u>	<u>1,661,346</u>	<u>3,141,279</u>	<u>(1,702,033)</u>
<b>Other Financing Sources (Uses)</b>					
Lease purchase proceeds	-	-	-	-	-
Transfers in	9,269,903	7,868,273	8,421,641	7,688,489	7,273,478
Contributions to	(636,214)	(665,458)	(847,851)	(808,172)	(604,053)
Transfers out	(6,078,234)	(6,146,966)	(7,628,341)	(7,180,012)	(7,134,878)
General obligation bonds	5,600,000	-	15,200,000	-	-
Refunding bonds issued	-	-	-	-	-
Total other financing sources (uses)	<u>8,155,455</u>	<u>1,055,849</u>	<u>15,145,449</u>	<u>(299,695)</u>	<u>(465,453)</u>
Net change in fund balances	\$ <u>11,026,950</u>	\$ <u>302,243</u>	\$ <u>16,806,795</u>	\$ <u>2,841,584</u>	\$ <u>(2,167,486)</u>
Debt service as a percentage of noncapital expenditures	7.22%	6.42%	6.61%	7.84%	7.03%

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.

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$	39,414,150	\$ 40,494,558	\$ 44,189,414	\$ 49,118,481	\$ 52,224,666
	11,468,207	12,378,265	14,818,161	15,601,714	17,643,440
	<u>1,557,081</u>	<u>1,608,217</u>	<u>1,687,727</u>	-	-
	52,439,438	54,481,040	60,695,302	64,720,195	69,868,106
	14,834,834	14,947,451	16,481,501	21,403,252	20,463,981
	4,371,456	4,380,607	4,629,749	5,228,772	5,168,953
	90,323	97,473	571,857	-	104,832
	3,456,266	3,481,587	3,666,638	3,948,282	5,419,120
	784,767	685,268	1,279,438	1,952,292	3,311,890
	2,523,063	3,092,429	2,267,217	7,141,083	1,426,585
	<u>4,231,632</u>	<u>4,400,603</u>	<u>4,994,829</u>	-	<u>4,675,886</u>
	<u>82,731,779</u>	<u>85,566,458</u>	<u>94,586,531</u>	<u>104,393,876</u>	<u>110,439,353</u>
	12,616,839	13,522,897	14,939,812	16,579,056	17,825,166
	32,595,299	35,091,686	39,715,207	35,973,681	37,055,281
	12,902,823	17,173,905	19,375,819	28,173,499	27,431,443
	4,789,223	5,148,808	6,501,035	6,571,347	6,277,388
	12,558,012	13,870,764	14,355,284	15,050,819	18,034,136
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	3,347,625	3,327,103	3,709,888	4,088,867	4,832,681
	<u>2,000,405</u>	<u>1,742,936</u>	<u>1,935,965</u>	<u>1,914,228</u>	<u>2,450,127</u>
	<u>80,810,226</u>	<u>89,878,099</u>	<u>100,533,010</u>	<u>108,351,497</u>	<u>113,906,222</u>
	<u>1,921,553</u>	<u>(4,311,641)</u>	<u>(5,946,479)</u>	<u>(3,957,621)</u>	<u>(3,466,869)</u>
	800,000	1,485,236	-	194,724	4,275,196
	228,600	543,062	7,510,242	7,785,838	8,680,484
	(618,097)	(590,166)	(708,895)	-	-
	(7,938,699)	(7,052,750)	(7,075,420)	(7,873,941)	(8,428,714)
	-	-	-	40,119,472	-
	-	-	-	(17,474,472)	-
	<u>(7,528,196)</u>	<u>(5,614,618)</u>	<u>(274,073)</u>	<u>22,751,621</u>	<u>4,526,966</u>
\$	<u>(5,606,643)</u>	<u>(9,926,259)</u>	<u>(6,220,552)</u>	<u>18,794,000</u>	<u>1,060,097</u>
	6.62%	5.64%	5.62%	5.54%	6.39%

**CITY OF HIGH POINT, NORTH CAROLINA**  
**Table V**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Real Property</b>			
	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Present-use Value (1)</b>
1998	\$ 2,054,173,018	\$ 1,124,843,887	\$ 600,594,752	\$ 107,299
1999	2,139,763,560	1,169,569,311	632,205,003	113,544
2000	2,252,382,695	1,231,125,590	665,478,950	118,275
2001	2,389,151,265	1,299,266,290	703,601,810	29,837
2002	2,440,753,169	1,544,761,860	732,867,434	30,578
2003	2,532,885,972	1,626,256,464	748,963,523	36,048
2004	2,631,511,652	1,731,506,793	778,580,623	25,490
2005 (5)	3,437,991,396	2,467,112,513	961,955,850	28,380
2006	3,481,796,314	2,491,961,869	942,275,410	18,541
2007	3,615,085,429	2,530,749,028	942,311,760	19,550

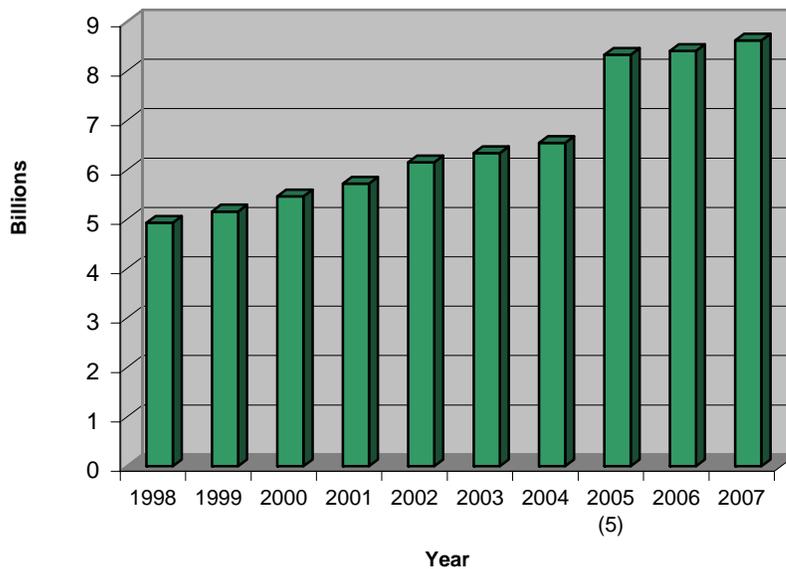
Source: Annual County Report of Valuation and Property Tax Levies

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.

	<b>Personal Property</b>	<b>Public Service Companies (2)</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate (3)</b>	<b>Estimated Actual Taxable Value (4)</b>
\$	1,052,986,581	\$ 94,687,112	\$ 4,927,392,650	\$ 0.570	\$ 8,644,548,509
	1,116,315,148	99,687,882	5,157,654,447	0.595	8,668,326,802
	1,210,117,353	103,590,068	5,462,812,931	0.595	9,181,198,203
	1,228,471,472	100,414,882	5,720,935,556	0.622	9,197,645,588
	1,323,717,669	108,526,990	6,150,657,700	0.622	9,888,517,203
	1,323,404,973	106,052,487	6,337,599,467	0.622	10,189,066,667
	1,309,933,022	96,395,635	6,547,953,215	0.622	10,527,255,973
	1,353,571,796	111,464,661	8,332,124,596	0.540	15,429,860,363
	1,372,316,382	117,923,262	8,406,291,778	0.593	14,175,871,464
	1,409,442,958	122,178,728	8,619,787,453	0.608	14,177,281,995

Total Taxable Assessed Value





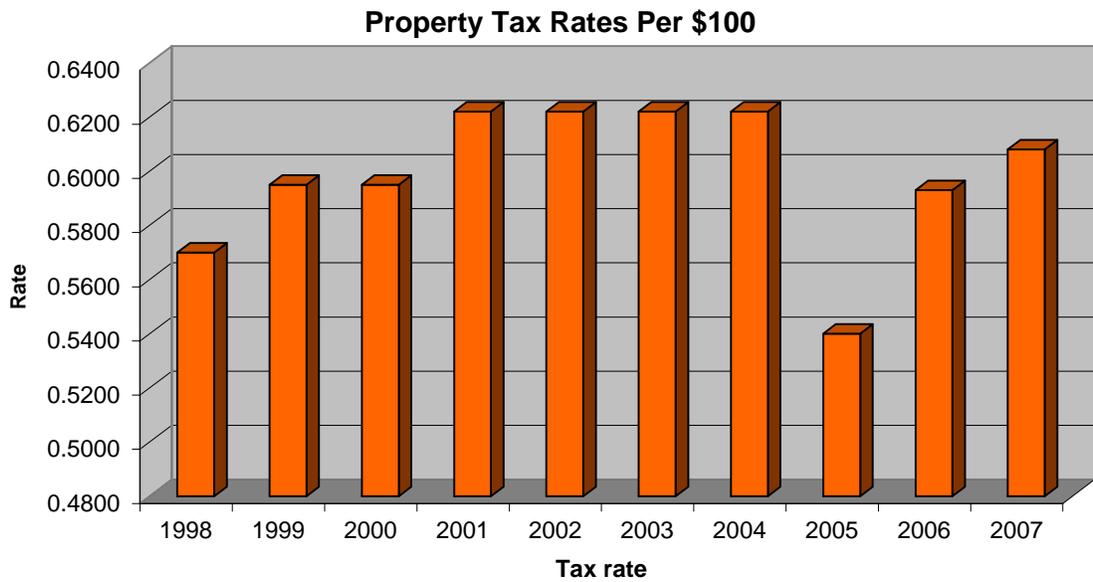
NORTH CAROLINA'S INTERNATIONAL CITY™

**CITY OF HIGH POINT, NORTH CAROLINA**

**Table VI  
Direct and Overlapping Property Tax Rates,  
Last Ten Fiscal Years**

	Year Taxes Are Payable									
	1998	1999	2000	2001	2002	2003	2004	2005 (1)	2006	2007
Guilford County	\$ 0.6572	\$ 0.5700	\$ 0.5700	\$ 0.5700	\$ 0.6000	\$ 0.5800	\$ 0.5600	\$ 0.5600	\$ 0.6100	\$ 0.6615
High Point City	0.5700	0.5950	0.5950	0.6220	0.6220	0.6220	0.6220	0.5400	0.5930	0.6080

Note: (1) Real property was revalued on January 1, 2004 for the fiscal year 2004-2005



**CITY OF HIGH POINT, NORTH CAROLINA**

**Schedule VII  
Principal Property Tax Payers,  
Current Year and Nine Years Ago**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Fiscal Year 2007</u>		
		<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
International Home Furnishings Center	Showroom Rental	\$ 182,030,139	1	3.02%
Liberty Property Ltd. Ptsp.	Real Estate	115,811,121	2	1.92%
Market Square LLC	Real Estate	82,469,500	3	1.37%
HP Showplace Investors	Real Estate	72,125,920	4	1.20%
North State Telephone Co.	Communications	62,332,405	5	1.04%
Polo Ralph Lauren Corp	Clothing	60,625,356	6	1.01%
High Point Development Ltd. Ptsp.	Real Estate	54,057,374	7	0.90%
Tyco Electronics	Electrical Parts	52,811,422	8	0.88%
Thomas Built Buses Inc.	Bus Bodies	51,587,774	9	0.86%
Mannington Wood Floors	Manufacturing	46,588,494	10	0.77%
Nationsbank	Banking	-		-
High Point Chemical Company	Chemicals	-		-
Amp. Inc.	Electrical Parts	-		-
Banner Pharmacaps	Pharmaceuticals	-		-
Totals		\$ <u>780,439,505</u>		<u>12.96%</u>

Source: Guilford County Tax Department  
N/A - Not available

**Fiscal Year 1998**

	<b>Assessed Valuation</b>	<b>Rank</b>	<b>Percentage of Total Assessed Valuation</b>
\$	133,198,109	1	3.63%
	33,182,500	7	N/A
	51,309,711	2	1.40%
	N/A		N/A
	43,464,994	4	1.19%
	N/A		N/A
	47,252,314	3	1.29%
	20,376,251		0.56%
	30,292,207	9	0.83%
	N/A		N/A
	37,933,003	5	1.03%
	29,353,101	10	0.80%
	33,270,149	6	0.91%
	32,214,311	8	0.88%
\$	491,846,650		13.41%

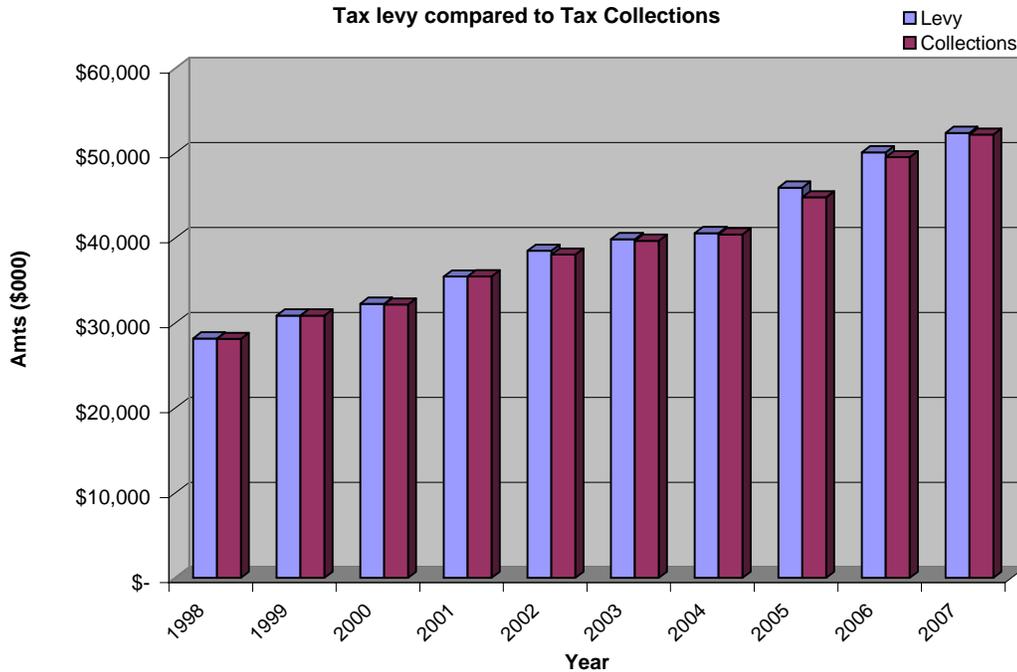
**CITY OF HIGH POINT, NORTH CAROLINA**

**Table VIII  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)		<sup>1</sup> Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy	
	Amount	Percentage of Original Levy				
1998	\$ 28,197,314	\$ 17,788	\$ 28,215,102	\$ 27,939,027	99.02%	
1999	30,901,218	65,271	30,966,489	30,684,130	99.09%	
2000	32,279,217	3,574	32,282,791	31,929,803	98.91%	
2001	35,484,600	112,994	35,597,594	35,211,863	98.92%	
2002	38,529,924	(345,067)	38,184,857	37,749,349	98.86%	
2003	39,898,208	(63,868)	39,834,340	39,325,183	98.72%	
2004	40,595,141	1,606	40,596,747	40,050,117	98.65%	
2005	45,963,928	(956,106)	45,007,822	44,189,414	98.18%	
2006	50,114,523	(386,046)	49,728,477	48,961,461	98.46%	
2007	52,402,517	24,399	52,426,916	51,598,122	98.42%	

<sup>1</sup> Adjustments are Discoveries, Discounts, Releases, and Net Penalties

Source: High Point City Finance Department



Collections in Subsequent Years	Total Collections to Date		<u>Uncollected</u>
	Amount	Percentage of Adjusted Levy	
\$ 200,821	\$ 28,139,848	99.73%	\$ 75,254
211,769	30,895,899	99.77%	70,590
264,741	32,194,544	99.73%	88,247
289,298	35,501,161	99.73%	96,433
326,632	38,075,981	99.71%	108,876
381,818	39,707,001	99.68%	127,339
409,973	40,460,090	99.66%	136,657
637,963	44,827,377	99.60%	180,445
575,262	49,536,723	99.61%	191,754
589,405	52,187,527	99.54%	828,794

**CITY OF HIGH POINT, NORTH CAROLINA**

**Table IX  
Principal Water and Sewer Users  
Current Year and Nine Years Ago**

<b>Taxpayer</b>	<b>Fiscal Year 2007</b>		
	<b>Water and Sewer Charges</b>	<b>Rank</b>	<b>Percentage of Water and Sewer Charges</b>
Town of Jamestown	\$ 452,097	1	1.28%
KAO Specialties	265,885	2	0.75%
City of Archdale	191,710	3	0.54%
High Point Regional Hospital	179,218	4	0.51%
Hunter Jersey Farms	131,960	5	0.37%
Thomas Built Buses	119,624	6	0.34%
Slane Hosiery Mill	102,068	7	0.29%
Liberty Property LTD Partnership	94,669	8	0.27%
Diary Fresh	94,468	9	0.27%
Banner Pharmacaps Inc	89,261	10	0.25%
High Point Housing Authority	-		-
High Point University	-		-
Superbrand Diary	-		-
Fox Fire Apartments	-		-
Mitchell Grove United Methodist Church	-		-
Fortis Corporation	-		-
Totals	\$ <u>1,720,960</u>		<u>4.87%</u>

Source: City of High Point  
N/A - Not Available

**Fiscal Year 1998**

	<b>Water and Sewer Charges</b>	<b>Rank</b>	<b>Percentage of Water and Sewer Charges</b>
\$	203,873	1	1.10%
	108,166	7	0.58%
	217,714	1	1.18%
	93,284	10	0.50%
	-		N/A
	170,249	3	0.92%
	142,611	4	0.77%
	105,696	8	0.57%
	115,396	5	0.62%
	100,282	6	0.54%
	100,394	9	0.54%
\$	<u>1,357,665</u>		<u>7.32%</u>

**CITY OF HIGH POINT, NORTH CAROLINA**

**Table X  
Principal Electric Customers,  
Current Year and Nine Years Ago**

<b>Taxpayer</b>	<b>Fiscal Year 2007</b>		
	<b>Electric Charges</b>	<b>Rank</b>	<b>Percentage of Total Electric Charges</b>
High Point Regional Health System	\$ 2,057,689	1	2.10%
International Home Furnishings	2,044,418	2	2.09%
KAO Specialities of America, LLC	1,427,629	3	1.46%
Thomas Built Buses Inc.	1,334,243	4	1.36%
Banner Pharmacaps, Inc	1,332,729	5	1.36%
HPC Waste Disposal	1,008,220	6	1.03%
High Point University	857,425	7	0.88%
High Point Development Ltd. Ptsp.	751,583	9	0.77%
Mannington Wood Floors	679,291	10	0.69%
Liberty Property LTD Partnership	649,519		0.66%
High Point Housing Authority	-		-
Superbrand Diary	-		-
Food Lion	-		-
Market Square Limited Partners	-		-
<b>Totals</b>	<b>\$ 12,142,746</b>		<b>12.40%</b>

Source: City of High Point

N/A - Not Available

**Fiscal Year 1998**

	<b>Electric Charges</b>	<b>Rank</b>	<b>Percentage of Total Electric Charges</b>
\$	1,439,156	3	2.00%
	1,656,559	2	2.30%
	1,358,125	4	1.88%
	2,158,022	1	2.99%
	1,149,099	5	1.59%
	-		N/A
	-		N/A
	867,368	7	1.20%
	-		N/A
	-		N/A
	1,058,190	6	1.47%
	787,649	8	1.09%
	773,624	9	1.07%
	772,506	10	1.07%
\$	<u>12,020,298</u>		<u>16.66%</u>

**CITY OF HIGH POINT, NORTH CAROLINA**

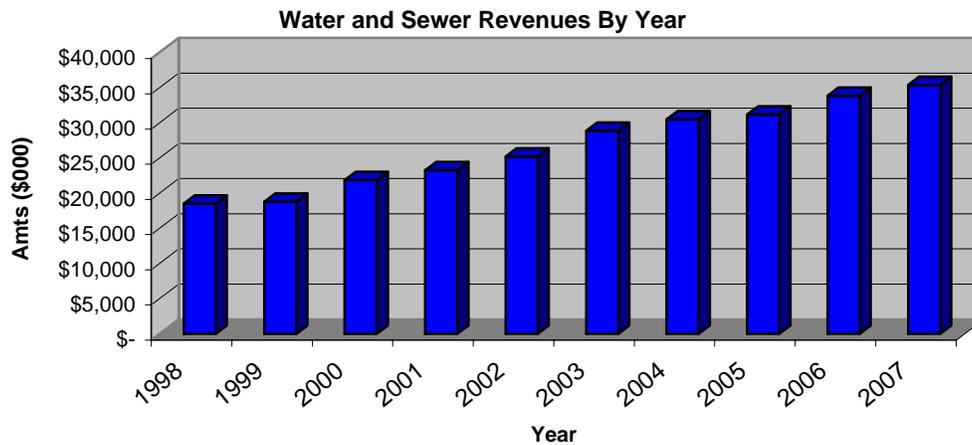
**TABLE XI  
Schedule of Water and Sewer, and Electric Revenues  
For the Last Ten Years**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Sales - Sewer	\$ 9,414,922	\$ 9,195,440	\$ 10,049,749	\$ 11,707,547	\$ 12,995,740
Sales - Water	7,214,015	7,158,354	7,889,534	8,878,876	9,565,617
City Sales - Water	290,029	301,330	293,320	300,001	345,835
City Sales - Sewer	38,493	39,104	45,566	51,722	66,184
Wastewater - Archdale	376,510	369,667	357,051	354,305	326,971
Wastewater - Jamestown	442,804	430,048	444,725	435,987	411,724
Wastewater - Greensboro	62,819	77,433	312,878	289,347	521,587
Wastewater - Sedgefield	56,071	3,683	50,442	34,882	35,240
Other	629,090	1,198,695	2,412,641	1,194,217	942,533
<b>Total</b>	<b>\$ 18,524,753</b>	<b>\$ 18,773,754</b>	<b>\$ 21,855,906</b>	<b>\$ 23,246,884</b>	<b>\$ 25,211,431</b>

**Electric**

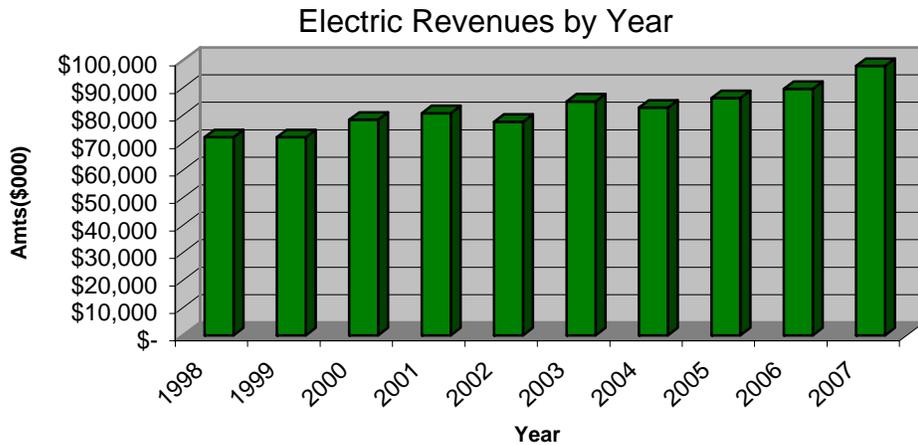
Residential	\$ 29,078,350	\$ 27,904,629	\$ 30,016,865	\$ 31,385,964	\$ 28,641,020
Industrial	8,069,868	7,335,731	7,977,430	8,114,084	7,620,309
Commercial	30,254,392	31,855,550	33,149,634	34,645,974	34,764,658
City	2,623,045	2,675,328	2,800,460	3,054,712	2,938,192
Street Lighting	1,146,925	1,047,642	1,148,087	1,177,481	1,214,672
Private Lighting	717,054	823,281	884,134	926,546	984,194
Other	168,260	392,450	2,442,517	1,460,774	1,518,771
<b>Total</b>	<b>\$ 72,057,894</b>	<b>\$ 72,034,611</b>	<b>\$ 78,419,127</b>	<b>\$ 80,765,535</b>	<b>\$ 77,681,816</b>

Source: City of High Point Public Services and Electric Departments



	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$	15,525,952	\$ 17,096,893	\$ 17,894,044	\$ 19,088,863	\$ 19,883,533
	10,096,931	10,097,991	10,599,458	11,781,595	12,136,279
	71,047	81,271	94,144	87,567	105,875
	322,470	330,792	358,524	340,956	411,721
	505,028	389,927	373,287	342,985	396,530
	497,054	441,280	423,764	463,209	532,514
	668,750	758,462	782,571	322,207	210,892
	64,493	67,104	65,033	40,749	48,791
	<u>1,107,164</u>	<u>1,216,701</u>	<u>564,673</u>	<u>1,359,002</u>	<u>1,663,754</u>
\$	<u>28,858,889</u>	<u>30,480,421</u>	<u>31,155,498</u>	<u>33,827,133</u>	<u>35,389,889</u>

\$	32,941,788	\$ 31,117,279	\$ 32,058,229	\$ 33,779,198	\$ 35,358,605
	7,930,464	7,696,746	8,410,064	9,044,046	9,455,323
	36,778,049	36,839,225	37,640,817	39,187,841	40,930,200
	3,128,955	3,147,343	3,189,477	3,289,930	3,330,363
	1,259,836	1,279,640	1,390,427	1,456,755	1,528,075
	1,007,347	1,063,312	1,135,956	1,170,112	1,266,127
	<u>1,982,886</u>	<u>1,648,296</u>	<u>2,431,952</u>	<u>1,722,284</u>	<u>6,087,897</u>
\$	<u>85,029,325</u>	<u>82,791,841</u>	<u>86,256,922</u>	<u>89,650,166</u>	<u>97,956,590</u>



**CITY OF HIGH POINT, NORTH CAROLINA**

**Table XII  
Ratios of Outstanding Debt by Type,  
Last Ten Fiscal Years**

<b>Governmental Activities</b>				
<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Revenue Bonds</b>	<b>Notes and Loans</b>	<b>Capital Leases</b>
1998	\$ 36,582,210	\$ -	\$ -	\$ -
1999	34,150,379	-	-	-
2000	46,540,412	-	-	-
2001	43,101,391	-	-	149,620
2002	39,634,050	-	-	45,021
2003	36,650,340	-	-	725,388
2004	33,323,237	-	-	11,069,055
2005	30,028,059	-	-	10,134,549
2006	48,985,977	-	-	9,472,769
2007	45,146,756	-	-	12,644,706

\* Information not yet available

Notes: Details regarding the City'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.

**Business-type Activities**

	<b>General Obligation Bonds</b>	<b>Revenue Bonds</b>	<b>Notes and Loans</b>	<b>Capital Leases</b>	<b>Total Primary Government</b>	<b>Per Capita (1)</b>	<b>Percentage of Personal Income (1)</b>
\$	30,741,353	\$ 5,380,000	\$ 8,509,089	\$ -	\$ 81,212,652	\$ 1,040	3.83%
	28,285,285	4,110,000	8,277,326	-	74,822,990	942	3.42%
	41,170,603	2,795,000	8,460,176	-	98,966,191	1,161	4.18%
	38,351,247	1,470,064	14,929,030	316,636	98,001,352	1,099	4.08%
	63,649,194	-	24,216,161	162,325	127,544,426	1,428	5.35%
	73,910,135	-	22,772,225	-	134,058,088	1,481	5.40%
	70,660,789	-	21,216,559	-	136,269,640	1,473	5.09%
	66,535,967	42,031,741	19,651,413	-	168,381,729	1,804	5.44%
	68,676,830	71,755,000	18,083,705	-	216,974,281	2,296	7.00%
	64,253,244	71,755,000	16,531,087	-	210,330,793	2,226	6.78%



NORTH CAROLINA'S INTERNATIONAL CITY™

**CITY OF HIGH POINT, NORTH CAROLINA**

**Table XIII  
Ratios of Net General Bonded Debt Outstanding,  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Bonded Debt Outstanding</b>			<b>Percentage of Personal Income(1)</b>	<b>Percentage of Actual Taxable Value of Property(2)</b>	<b>Per Capita(1)</b>
	<b>General Obligation Bonds</b>	<b>Less: Amounts Restricted to Repaying Principal</b>	<b>Total</b>			
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
2007	109,400,000	11,352,774	98,047,226	3.54%	1.14%	1,012

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.

(2) See schedule 5 for property value data.

City of High Point, North Carolina

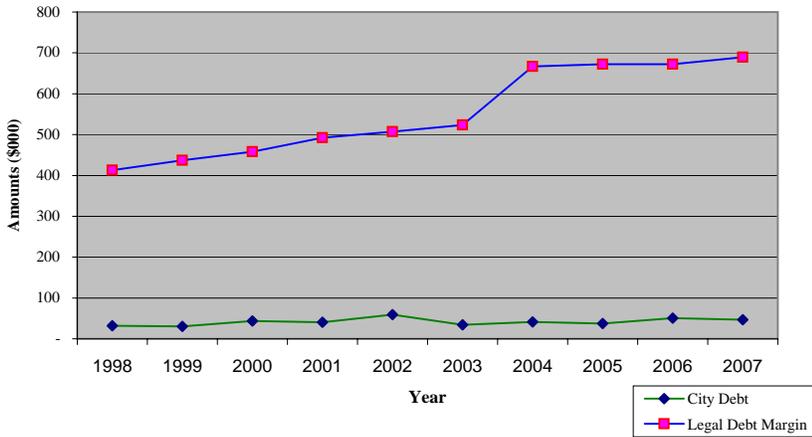
**Table XIV**  
**Legal Debt Margin Information,**  
**Last Ten Fiscal Years**  
(dollars in thousands)

	Fiscal Year				
	1998	1999	2000	2001	2002
Assessed Value of Property	\$ 5,157,654	\$ 5,462,813	\$ 5,720,936	\$ 6,150,658	\$ 6,337,599
Debt Limit, 8% of Assessed Value (Statutory Limitation)	412,612	437,025	457,675	492,053	507,008
Amount of Debt Applicable to Limit					
Gross debt	81,213	74,823	98,966	98,001	127,544
Less: Amount available for repayment of general obligation bonds	326	613	1,103	1,485	1,824
Debt outstanding for water and sewer purposes	39,250	36,563	49,631	53,280	63,649
Revenue bonds	5,380	4,110	2,795	1,470	-
Total net debt applicable to limit	<u>36,257</u>	<u>33,537</u>	<u>45,437</u>	<u>41,766</u>	<u>62,071</u>
Legal Debt Margin	\$ <u>376,355</u>	\$ <u>403,488</u>	\$ <u>412,238</u>	\$ <u>450,287</u>	\$ <u>444,937</u>
Total net debt applicable to the limit as a percentage of debt limit	8.79%	7.67%	9.93%	8.49%	12.24%

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 City's net debt outstanding applicable to the limit, and represents the county's legal borrowing authority.

Fiscal Year				
2003	2004	2005	2006	2007
\$ 6,547,953	\$ 8,332,125	\$ 8,406,292	\$ 8,406,292	\$ 8,619,787
523,836	666,570	672,503	672,503	689,583
134,058	136,270	168,382	216,974	210,331
2,356	3,033	3,374	7,770	11,353
96,682	91,877	86,187	86,761	80,784
-	-	42,032	71,755	71,755
<u>35,020</u>	<u>41,360</u>	<u>36,789</u>	<u>50,688</u>	<u>46,439</u>
\$ <u>488,816</u>	\$ <u>625,210</u>	\$ <u>635,714</u>	\$ <u>621,815</u>	\$ <u>643,144</u>
6.69%	6.20%	5.47%	7.54%	6.73%

**City Debt and Legal Debt Margin**



**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	\$ 125,931,087	100.0%	\$ 125,931,087
Guilford County	269,910,000	16.5%	44,535,150
Total direct and overlapping debt			<u>\$ 170,466,237</u>

**CITY OF HIGH POINT, NORTH CAROLINA**

Table XVI  
Water and Sewer Revenue Bond Coverage  
Last Three Fiscal Years

Fiscal Year	Prior Year		Operating Expenses <sup>3</sup>	Income Available for Debt Service	Parity Debt Service Requirement	Total Debt Service Requirement	Coverage on	Coverage on
	Unrestricted Net Assets <sup>1</sup>	Operating Revenues <sup>2</sup>					Including 15% Unrestricted Net Assets <sup>4</sup>	Total Debt Excluding 15% Unrestricted Net Assets <sup>5</sup>
2005	\$ 28,133,279	\$ 31,155,498	\$ 14,304,298	\$ 16,851,200	\$ 189,988	\$ 10,356,238	110.91	1.63
2006	28,228,707	33,827,123	18,012,032	15,815,101	185,416	9,427,029	108.13	1.68
2007	30,546,367	35,382,138	18,624,610	16,757,528	1,090,826	10,831,332	19.56	1.55

Notes: The City issued water and sewer revenue bonds in the amount of \$40,375,000 dated October 2004 and \$31,380,000 dated June 2006.

<sup>1</sup> From the Comprehensive Annual Financial Report for the prior fiscal year.

<sup>2</sup> From the current combined financial statements.

<sup>3</sup> Operating Expenses exclude depreciation and bond interest.

<sup>4</sup> Most restrictive required coverage is 1.20

<sup>5</sup> Most restrictive required coverage is 1.00

**CITY OF HIGH POINT, NORTH CAROLINA**

**Table XVII  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

<b>Year</b>	<b>Population (1)</b>	<b>Personal Income (2) (thousands of dollars)</b>	<b>Per Capita Personal Income (2)</b>	<b>Public School Enrollment (3)</b>	<b>Unemployment Rate (4)</b>	<b>Number of Building Inspections Performed (5)</b>
1998	78,116	\$ 2,004,798	\$ 22,493	14,748	4.80%	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	4.40%	N/A
2001	89,152	2,370,029	25,857	14,644	4.30%	6,450
2002	89,306	2,400,702	26,026	14,465	4.20%	7,124
2003	90,522	2,385,406	26,168	14,362	5.70%	6,767
2004	92,489	2,481,804	27,050	14,388	6.20%	8,744
2005	93,352	2,675,333	29,456	14,523	5.90%	10,426
2006	94,500	3,098,088	32,234	14,609	5.00%	12,633
2007	96,867	3,100,000	35,152	14,860	4.70%	13,587

\* Information not yet available.

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 City of High Point Inspections Department.

**CITY OF HIGH POINT, NORTH CAROLINA**

**Table XVIII  
Principal Employers  
Current Year and Nine Years Ago**

<b>Employer</b>	<b>2007</b>			<b>1998</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
High Point Regional Health Center	1866	1	0.76%	1800	1	0.81%
Guilford County Schools	1853	2	0.75%			
Bank of America	1800	3	0.73%	1800	2	0.81%
Thomas Built Buses	1586	4	0.64%	1500	3	0.67%
City of High Point	1420	5	0.58%	1400	4	0.63%
NCO Group Inc	1109	6	0.45%			
Tyco Electronics	1000	7	0.41%			
Polo Ralph Lauren	920	8	0.37%	750	7	0.34%
Cornerstone Healthcare	785	9	0.32%			
Aetna	700	10	0.28%	1000	6	0.45%
RF Micro (formerly Amp, Inc.)				1398	5	0.63%
Old Dominion Freight Line, Inc				700	8	0.31%
Marsh Furniture				650	9	0.29%
RMH (formerly APAC)				600	10	0.27%

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



NORTH CAROLINA'S INTERNATIONAL CITY™

**CITY OF HIGH POINT, NORTH CAROLINA**

**Table XIX  
Full-time Equivalent City Government Employees by Function,  
Last Ten Fiscal Years**

<b>Function/Program</b>	<b>Full-time Equivalent Employees as of June 30</b>									
	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
General government	125	113	115	115	121	119	120	120	121	125
Public safety	441	440	445	464	476	477	483	489	507	525
Public Services	153	152	152	157	157	157	161	161	161	161
Planning and Community Development	29	30	29	36	27	27	38	38	39	39
Cultural and recreation	150	149	150	154	161	161	161	159	159	159
Water and Sewer	148	148	141	133	132	132	140	141	143	145
Electric	109	116	115	119	122	122	121	122	121	121
Mass Transit	32	32	33	33	33	33	33	33	33	33
Parking	6	5	5	5	5	5	5	5	5	5
Landfill	46	47	47	47	46	46	46	46	46	46
Stormwater	7	7	7	7	8	8	8	9	10	10
Central Services	56	56	50	49	42	42	42	42	42	42
<b>Total</b>	<b>1,302</b>	<b>1,295</b>	<b>1,289</b>	<b>1,319</b>	<b>1,330</b>	<b>1,329</b>	<b>1,358</b>	<b>1,365</b>	<b>1,387</b>	<b>1,411</b>

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

<b><u>Function/Program</u></b>	<b><u>1998</u></b>	<b><u>1999</u></b>	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>
<b>Police</b>					
Calls dispatched	192,874	168,874	140,000	151,000	129,338
<b>Fire</b>					
Emergency responses	7,812	8,004	8,498	9,299	10,307
Inspections	6	494	872	1,570	1,668
<b>Streets</b>					
Streets paved	52	23	-	15	1
<b>Water and Sewer</b>					
Water pumped (mg per day)	12	12	12	12	12
Sewer Treated (mg per day)	18	18	18	18	18
<b>Electric</b>					
Customers	31,356	32,023	33,442	33,682	35,690
KWH Purchased	844,025,422	891,613,000	966,017,000	981,281,000	1,062,077,000

Fiscal Year				
<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
133,528	125,920	140,161	148,899	148,899
10,715	11,114	11,332	-	-
3,565	3,335	4,613	1,464	1,571
10	13	-	6	4
12	12	12	12	13
18	18	18	18	17
36,748	37,037	38,364	40,564	39,140
1,060,289,000	1,080,987,000	1,116,574,300	1,200,578,120	1,158,205,000

**CITY OF HIGH POINT, NORTH CAROLINA**

Table XXI  
Capital Asset Statistics, By Function/Program  
Last Ten Fiscal Years

<b>Function/Program</b>	<b>Fiscal Year</b>				
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
<b>Police</b>					
Stations	1	1	1	1	1
Patrol Units	193	205	205	207	211
<b>Fire stations</b>	10	11	11	11	11
<b>Streets</b>					
Paved Streets (miles)	416	439	439	454	455
Unpaved Streets (miles)	2	4	4	4	3
Alleys (miles)	2	2	2	2	2
<b>Parks and Recreation</b>					
Acreage	3,090	3,796	3,796	3,799	3,799
Parks	25	35	35	36	36
Swimming pools (City owned)	2	2	2	2	2
Golf Courses (City owned)	2	2	2	2	2
Recreation and Community Centers	5	5	5	5	5
<b>Library</b>					
Books and Volumes	292,010	292,010	292,010	292,010	297,973
<b>Theatre</b>					
Seats	967	967	967	967	967
<b>Water and Sewer</b>					
Water and Sewer mains (miles)	950	1,018	1,018	1,041	1,063
Storage capacity (mg/day)	24	24	24	24	24
Treatment capacity(mg/day)	22	22	22	22	22
<b>Electric</b>					
Overhead lines	578	580	580	587	597
Underground lines					
Electric substations	12	13	13	13	13
<b>Mass Transit</b>					
Buses	16	16	16	16	16
<b>Parking</b>					
Parking spaces	1,237	1,237	1,237	1,237	1,237
<b>Landfill</b>					
Usuable landfill					
<b>Stormwater</b>					
Storm sewers (miles)	530	530	530	541	542

Fiscal year				
<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
1	1	1	1	1
212	220	220	251	255
11	13	14	14	14
465	478	478	484	489
2	2	4	4	4
2	2	2	2	2
3,799	3,799	3,799	3,804	3,804
36	36	37	38	38
2	2	2	2	2
2	2	2	2	2
5	5	5	4	4
302,945	284,711	320,322	343,444	320,431
967	967	967	967	963
974	984	991	1,311	1,324
24	24	24	24	24
22	22	32	26	26
591	597	416	416	420
		184	286	300
13	14	14	13	13
16	18	18	18	18
1,237	1,237	1,237	1,237	1,237
545	545	549	570	600



NORTH CAROLINA'S INTERNATIONAL CITY™



**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, 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, 2007, which collectively comprise the City of High Point's basic financial statements, and have issued our report thereon dated October 16, 2007. 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. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of High Point's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of High Point's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential, will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

### ***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, 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  
October 16, 2007

# 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, 2007. 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, 2007.

### *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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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  
October 16, 2007

# 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, 2007. 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, as described in the *Audit Manual for Governmental Auditors in North Carolina*, 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 of 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, 2007.

### *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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of a compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the City's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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  
October 16, 2007

City of High Point, North Carolina

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2007

---

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- ◆ Material weakness(es) identified?  yes  no
- ◆ Significant deficiency(ies) identified that are not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major federal programs:

- ◆ Material weakness(es) identified?  yes  no
- ◆ Significant Deficiency(ies) identified that are not considered to be material weaknesses?  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>
14.218	Community Development Block Grant
14.239	HOME Consortium Program
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)

City of High Point, North Carolina

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2007

---

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

State Awards

Internal control over major State programs:

- ◆ Material weakness(es) identified?  yes  no
- ◆ Significant Deficiency(ies) identified that are not considered to be material weaknesses?  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: Powell Bill Funds

Section II. Financial Statement Findings

2007-1 Double Posting of an Interest Expense Payment

Criteria: An appropriate review of expenditures should be performed to ensure that transactions are properly recorded in accordance with accounting principles generally accepted in the United States of America.

Condition: One of the interest expense payments during the fiscal year ended June 30, 2007 was recorded with the actual cash disbursements transaction, as well as by a journal entry. This condition was caused by a lack of appropriate review of the expenditures.

Effect: Interest expense was overstated before corrective adjusting journal entry.

Cause: An analysis was not performed on expenditures to identify any significant variances to budgets for May 2007.

Recommendation: We recommend that the City perform a flux analysis on its expenditure accounts to identify any significant variances from the budget.

Views of responsible officials and planned corrective actions: The City agrees with this finding. The expenditure analysis routinely performed monthly by staff was suspended this month due to the unusually heavy demands placed on staff resources from an unexpected software upgrade. In addition, the subject entry in question was the first cash payment made for interest expense on the revenue bonds resulting in minor confusion by responsible staff, thus duplicating the entry. Responsibilities have been clarified to prevent future occurrence.

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2007

---

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

2007-2 Understatement of Accrued Interest on Bonds Payable

Criteria: All adjusting journal entries and supporting schedules for accrued expenses should be reviewed by appropriate supervisory accounting personnel.

Condition: An appropriate review was not performed by supervisory accounting personnel for the recording of accrued interest at June 30, 2007.

Effect: Accrued interest was understated before corrective adjusting journal entry.

Cause: No review of the calculation of accrued interest.

Recommendation: We recommend that all adjusting journal entries and supporting schedules for accrued expenses should be reviewed by appropriate supervisory accounting personnel.

Views of responsible officials and planned corrective actions: The City agrees with this finding. There had been no errors in previous years' calculations made by the Budget staff. The calculation error resulted from a spreadsheet fault made when updating for new bond issues in June 2006. Because financial services staff maintain the outstanding debt files, they have assumed the responsibilities for the calculation of the accrued interest expense from the Budget Office to prevent future accidental oversight.

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, 2007

---

There were no prior year findings.

CITY OF HIGH POINT, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For Year Ended June 30 2007

<u>Grantor/Program Title</u>	Federal CFDA Number	Grant/ Work Order Number	Federal Expenditures	State Expenditures
<b>Federal Grants:</b>				
<b>Cash Programs:</b>				
<u>U.S. Department of Housing and Urban</u>				
<u>Development</u>				
Direct Programs:				
Community Development Block Grant - 2005	14.218	B-06-MC-37-008	\$ 1,243,098	\$ -
HOME Consortium Program PJ - 2005	14.239	M07-MC370205	410,623	-
Passed through City of Greensboro:				
Home Consortium Program	14.239	M-06-MC-37-0205	250,114	-
Total U.S. Department of Housing and Urban Development			1,903,835	-
<u>U.S. Department of Transportation</u>				
Direct Programs:				
Section 9 Operating Grant	20.507	NC-90-X386	807,650	-
Passed through N.C. Department of Transportation:				
Public Transportation Planning Grant - FY 2006-07		NC-07-08-005	20,104	-
Advanced Technology Grant - FY 2005-06	20.507	NC-06-AT-007	250,951	-
Public Transportation Capital & Planning Grant - FY 2003-04	20.507	NC-90-X321-00	56,646	-
Public Transportation Capital & Planning Grant - FY 2005-06	20.507	NC-90-X284-01	56,581	-
Public Transportation Capital Grant - FY 2004-2005	20.507	NC-90-X344-00	104,554	-
Section 104(f) Highway Planning Grant- FY 2004-2005	20.205	8.53812	141,988	-
Furniture market transportation terminal	20.507	NC030067/NC040002	2,808,908	-
Highway Maintenance			-	266,925
Depot Restoration	20.205	8.2492501	-	185
Total U.S. Department of Transportation			4,247,382	267,110
<u>U.S. Department of Justice</u>				
Direct Programs:				
COPS Universal hiring '03-'04			320,147	-
COP Gang Intervention			-	36,740
Forfeiture Funds	16.000		83,977	-
Weed and Seed	16.595	00-LB-VX-3684	101,534	-
Weed and Seed - 2007			20,489	-
Weed and Seed Supplemental Grant	16.595		42,351	-
Justice Assistance Grant			265,519	-
Total U.S. Department of Justice			834,017	36,740
<u>Department of Homeland Security</u>				
Direct Programs:				
Assistance to firefighters program	97.044		45,787	-
Total Homeland Security			45,787	-

(Continued)

**CITY OF HIGH POINT, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)  
For Year Ended June 30 2007**

<u>Grantor/Program Title</u>	Federal CFDA Number	Grant/ Work Order Number	Federal Expenditures	State Expenditures
Total assistance - federal programs			7,031,021	303,850
<b>State Grants:</b>				
<u>N.C. Department of Transportation</u>				
Direct Programs:				
Computerized Signal system reimbursement			-	41,850
Greenway transportation	20.205	E-4939	-	209
Penny Road		WBS-37190	-	466,248
State Maintenance Assistance		9.9051123	-	361,180
Powell Bill Funds		9.90000	-	2,806,293
Total N.C. Department of Transportation			-	3,675,780
<u>N.C. Information Technology Services</u>				
Wireless 911 Board			-	229,990
Total N.C. Information Technology Services			-	229,990
<u>N.C. Department of Cultural Resources</u>				
State Aid to Libraries			-	64,708
Total N.C. Department of Cultural Resources			-	64,708
Total cash assistance - State Programs			-	3,970,478
Total assistance			\$ 7,031,021	\$ 4,274,328

See accompanying Note to Schedule of Expenditures of Federal and State Awards.

**CITY OF HIGH POINT, NORTH CAROLINA**

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS**

**For The Year Ended June 30, 2007**

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.

**CITY OF HIGH POINT, NORTH CAROLINA**

DEPARTMENT OF TRANSPORTATION - FEDERAL TRANSIT ADMINISTRATION  
 STATEMENT OF OPERATING DEFICIT  
 For the Year Ended June 30, 2007

	<u>Fixed</u> <u>Route</u>	<u>Elderly and</u> <u>Handicapped</u>	<u>Total</u>
Income			
Operating revenue	\$ 401,007	\$ 55,983	\$ 456,990
Miscellaneous income	46,262	39,958	86,220
	<u>447,269</u>	<u>95,941</u>	<u>543,210</u>
Operating expenses			
Labor	993,172	161,062	1,154,234
Fringe benefits	276,495	39,185	315,680
Services	10,511	2,605	13,116
Materials and supplies	306,115	22,031	328,146
Utilities	19,074	4,774	23,848
Insurance	72,249	19,210	91,459
Purchased transportation	-	165,589	165,589
Miscellaneous expenses	13,441	-	13,441
	<u>1,691,057</u>	<u>414,456</u>	<u>2,105,513</u>
Operating loss	<u>\$ (1,243,788)</u>	<u>\$ (318,515)</u>	<u>\$ (1,562,303)</u>
Net loss			<u>\$ (1,562,303)</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, 2007**

Project operating costs		\$	2,105,514
Less: Non-transportation revenue	\$	33,223	
State reimbursements		<u>-</u>	(33,223)
Add operating and miscellaneous income			<u>489,602</u>
Net project cost eligible for federal participation			2,561,893
Federal participation rate per grant			<u>50%</u>
Section 9 Operating Grant due from Federal Transit Administration, as calculated		\$	<u><u>1,280,947</u></u>
Section 9 Operating Grant due from Federal Transit Administration, as allowed		\$	<u><u>100,486</u></u>



NORTH CAROLINA'S INTERNATIONAL CITY™