

City of
HIGH POINT
NORTH CAROLINA

Comprehensive Annual
Financial Report
For The Fiscal Year
Ended June 30, 2008





**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

CITY COUNCIL

REBECCA R. SMOTHERS.....MAYOR
BERNITA SIMSMAYOR PRO-TEMPORE
LATIMER B. ALEXANDER IV.....AT- LARGE
JOHN FAIRCLOTHAT- LARGE
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

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Financial Services

Jeffrey A. Moore, CPA
DIRECTOR



December 22, 2008

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, 2008. 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, 2007. This marked the 21st time the City has received the Certificate of Achievement since 1980, and the 13th 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 over 55 square miles and has a population of nearly 98,500.

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.

HIGH POINT: A CHANGING PERSPECTIVE

Business and Economic Development

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

With its strong work ethic, pro-growth business environment, civic pride, and twice-per-year High Point Market – the world's largest home furnishings trade show -- High Point is a globally-connected city with small town roots.

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

High Point is at the center of it all -- centered between New York City and Miami, centered between Washington and Atlanta, centered between Charlotte and Raleigh/Durham/Research Triangle Park. High Point is part of North Carolina's Piedmont Triad region, the nation's 37th largest metro area with over 1.6 million residents. With easy access to several interstate highways and 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 2007 average annual unemployment rate for High Point was 5.0% rising to 6.5% in June 2008, a direct correlation to the current national economic crisis and matching the national unemployment trend.

Piedmont Triad International Airport is just outside High Point's city limits and is centrally located for easy access throughout the region. Currently the airport has 69 non-stop flights daily serviced by Allegiant, American Eagle, Continental, Delta, Comair, Northwest, 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.

2007-2008 Economic Development Announcements

The City of High Point was pleased to announce several economic development projects in the 2007-2008 Fiscal Year. Among them were:

- **RalphLauren.com**, a division of Polo Ralph Lauren, held its grand opening for a major fulfillment / distribution center facility in High Point. The project created 230 jobs and added at least \$40 million to High Point's tax base.
- **La-Z-Boy**, one of the world's leading residential furniture producers, opened its divisional headquarters in High Point. The project added \$3.1 million to High Point's tax base.
- **Trans Tech Pharma**, a drug discovery company, is adding 205 highly-paid jobs.
- **Honda Aircraft Company, Inc.** -- a subsidiary of Honda Motor Co. -- 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.
- **High Point University** added 100 new jobs in the last two years. HPU's annual economic impact exceeds \$320 million.

2007 Job Growth / #1 in the Nation

The High Point Economic Development Corp. announced in March 2008 that more than 3,100 jobs were created or announced in High Point in calendar year 2007.

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. It is the second year in a row of being #1.

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. retail distribution facility, Banner Pharmacaps' manufacturing facility, Ciba Specialty Chemicals' facilities, 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 Aetna's customer service operations.

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 moved 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 also located in Foreign Trade Zone 230. Tenants in this park include Mannington Laminate Floors and RalphLauren.com.

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 employs 1,000.

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 has decreased from nearly 95% a year ago but remains strong at an estimated 85%. Total taxable retail sales in High Point for the fiscal year ended June 30, 2008 increased over \$58.2 million to \$979,003,825 compared to last fiscal year's total of \$920,788,454 and generated total gross sales tax collections during fiscal year June 30, 2008 of \$41,845,826, a 3.6% increase compared to last fiscal year 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. With campuses in High Point and neighboring Jamestown, GTCC has an average quarterly enrollment of over 14,000.

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 adopted for legal control at the fund level but 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, 2008 are treated as commitments, rather than expenditures, and such encumbered funds are appropriated for expenditure in fiscal year 2008-2009.

Cash Management

Cash during the year was invested in U.S. Government Securities and agencies, commercial paper, bankers acceptances, money market accounts, 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 2.30% to 8.20%. The City's cash management program during FY2008 produced investment earnings across all funds of \$7,294,746, or a decrease of \$1,877,632 for the year ended June 30, 2008. The investment management program earnings which totaled \$9,172,378 for the prior fiscal year was enhanced due to higher interest rates during late calendar year 2006 and higher investment balances due to the temporary investment of bond proceeds.

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.

Nevertheless, the City of High Point is a rapidly growing and culturally diverse community of nearly 98,500 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 ever increasingly complex and expensive service needs, desires and mandates, along with the ever present and expensive challenges for continued and needed infrastructure repair and replacement. The above challenges are tied with an environment of trying to manage, balance and finance municipal services and infrastructure investments with minimal tax and utility rates that our citizens and businesses desire.

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. 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.

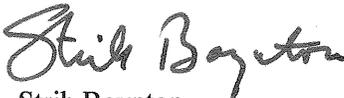
At this writing, the world-wide, national, and local economies are undergoing a transition none of us in local government have experienced in our lifetimes. Strong leadership and adaptive fiscal policy will give the City the tools and wherewithal to withstand the latest challenge to our fiscal ship of state. We can and will weather the fiscal storm upon our City and provide needed municipal services to our citizens and businesses.

Acknowledgments

The preparation of this year's 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 Kelly Latham, CPA, Accounting Manager, Heather Forrest, Senior Accountant, and Amy Sink, Grants Accountant, without whose particular dedication and contributions this report could not have been prepared and completed.

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, 2007

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.



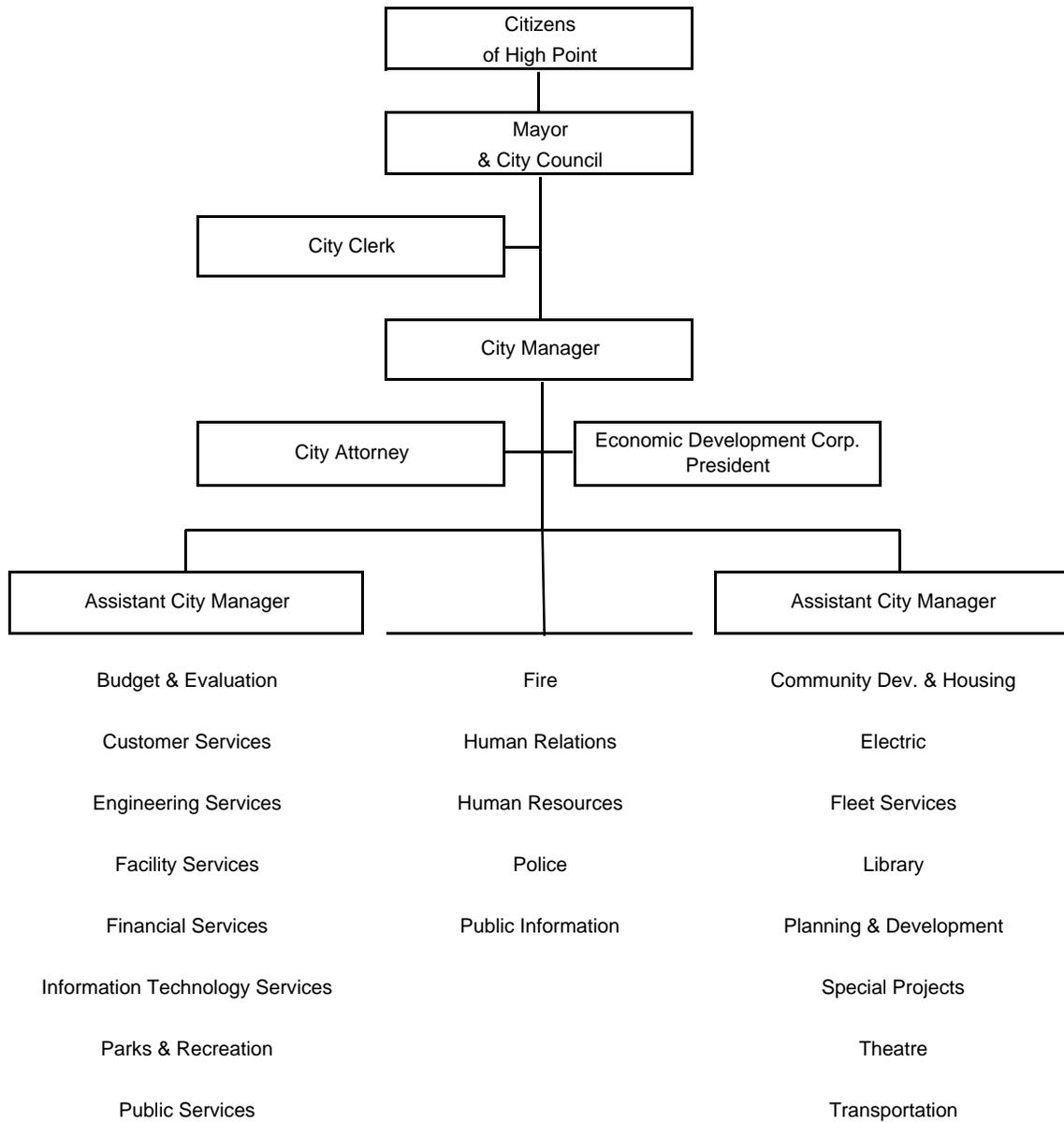
Chloe S. Cox

President

Jeffrey R. Emer

Executive Director

Organization Chart
CITY OF HIGH POINT
as of June 30, 2008



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, 2008, 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, 2008, 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 December 22, 2008 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 required supplementary information on pages 3 through 14 and 64 through 67, 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, introductory section, statistical tables, and the accompanying schedule of expenditures of federal and State awards as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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
December 22, 2008

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, 2008. 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 \$548 million. Governmental net assets totaled \$242 million, while business-type net assets totaled \$306 million.
- As of the close of the current fiscal year, the City of High Point's governmental funds reported combined ending fund balances of \$71,347,835 an increase of \$18,385,563 in comparison with the prior year. Approximately 23 percent of this total amount, or \$16,384,107, is available for spending at the government's discretion, or 16 percent of total general fund expenditures for the fiscal year.
- The City's general obligation bond rating was upgraded by Standard & Poor's to AAA and to Aa2 by Moody's and continues to carry the second highest possible rate of AA from Fitch.

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 types 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 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 Services Fund.

The City as Trustee

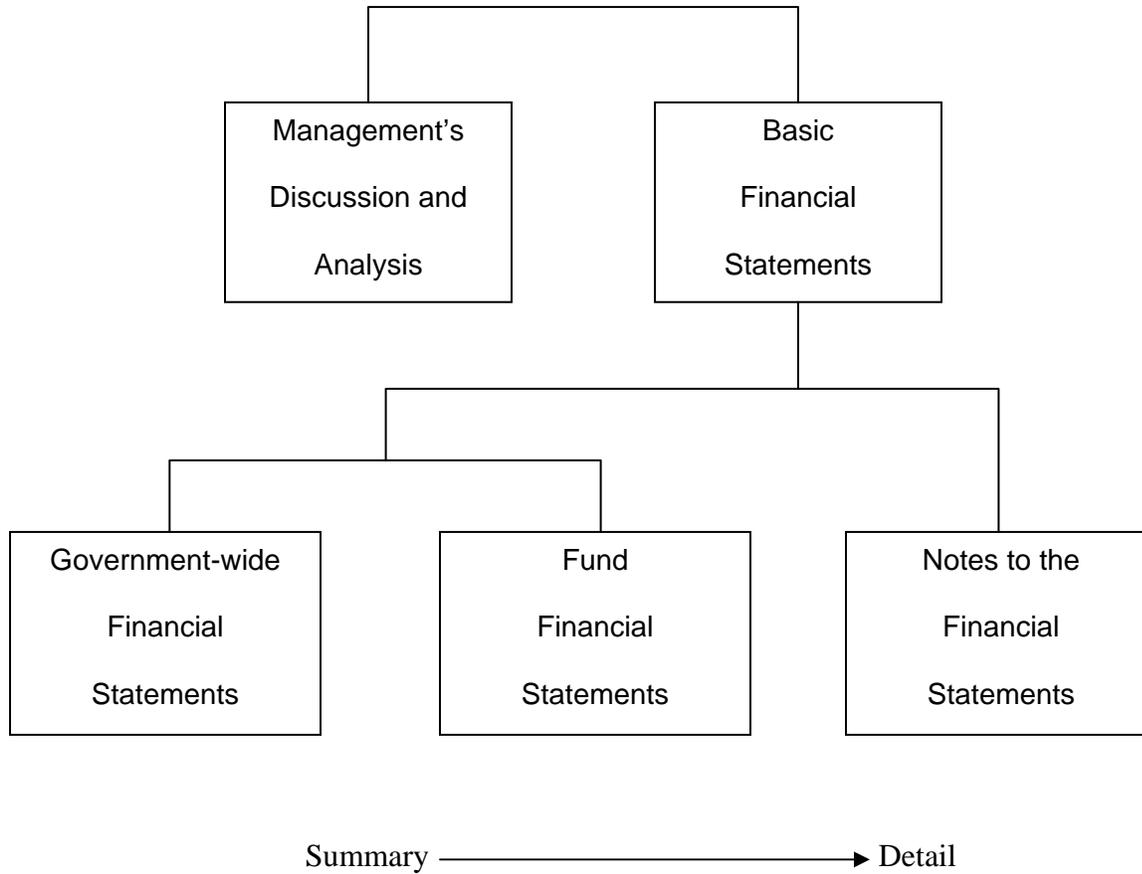
The City is a trustee responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. All of the City’s fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. We exclude these activities from the City’s other financial statements 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, 2008 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 decreased slightly by 1% this year to \$548 million from \$552 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.

Net Assets

Although total net assets decreased slightly as compared to the prior fiscal year, unrestricted net assets increased. The City continues to invest heavily in capital spending, but more of the change in capital spending was done using long-term debt as compared to the prior fiscal year. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—increased to \$23,013,051 as compared to \$16,077,362 at June 30, 2007. The City will use these unrestricted net assets to meet future budget needs and any potential deficits. These balances are also used as a tool to leverage the need for future tax increases as the demand for current and enhanced services continues to rise in an unusually tough economic period.

Table 1
Net Assets for the Fiscal Year Ended June 30, 2008
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Assets						
Current and other assets	\$ 86,675	\$ 66,326	\$186,966	\$151,835	\$273,641	\$218,161
Capital Assets (net)	251,708	266,603	340,648	319,317	592,356	585,920
Total assets	<u>338,383</u>	<u>332,929</u>	<u>527,614</u>	<u>471,152</u>	<u>865,997</u>	<u>804,081</u>
Liabilities						
Current liabilities and payables	11,406	6,325	16,135	19,377	27,541	25,702
Long-term debt	85,042	62,467	205,844	163,721	290,886	226,188
Total liabilities	<u>96,448</u>	<u>68,792</u>	<u>221,979</u>	<u>183,098</u>	<u>318,427</u>	<u>251,890</u>
Net Assets						
Invested in capital assets, net of debt	172,482	239,574	154,916	205,189	327,398	444,763
Restricted	46,004	8,486	60,285	1,781	106,289	10,267
Unrestricted	<u>23,449</u>	<u>16,077</u>	<u>90,434</u>	<u>81,084</u>	<u>113,883</u>	<u>97,161</u>
Total net assets	<u>\$241,935</u>	<u>\$264,137</u>	<u>\$305,635</u>	<u>\$288,054</u>	<u>\$547,570</u>	<u>\$552,191</u>

The net assets of our business-type activities increased over 6 percent (\$306 million compared to \$288 million) in 2008 as increased spending on capital projects to replace and improve the water and sewer and electric infrastructure continues through a combination of rate-funded projects and bonds. 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) decreased approximately 11 percent (\$34 million) over the previous fiscal year. The primary reason for the decrease was due to unusually higher amounts contributed by contractors developing the City's infrastructure recognized in the prior fiscal year and lower funding levels in operating and capital grants. The total cost of all programs and services increased 3 percent (\$9 million).

Table 2
Changes in Net Assets for the Fiscal Year Ended June 30, 2008
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	City Revenues					
Program revenue:						
Charges for services	\$ 11,766	\$ 16,447	\$149,472	\$142,879	\$161,238	\$159,326
Operating grants and contributions	5,821	9,557	313	791	6,134	10,348
Capital grants and contributions	4,975	30,340	3,561	6,194	8,536	36,534
General revenue:						
Property taxes	56,229	52,945	-	-	56,229	52,945
Sales taxes	17,868	17,643	-	-	17,868	17,643
Grants, contributions not restricted to specific programs	15,076	22,039	750	-	15,826	22,039
Other	2,902	3,318	4,884	5,854	7,786	9,172
Total City revenues	<u>114,637</u>	<u>152,289</u>	<u>158,980</u>	<u>155,718</u>	<u>273,617</u>	<u>308,007</u>
City Expenses						
General Government	25,941	28,543	-	-	25,941	28,543
Public safety	37,592	37,563	-	-	37,592	37,563
Public and Environmental Services	46,245	43,852	-	-	46,245	43,852
Planning and Community Development	5,637	5,356	-	-	5,637	5,356
Cultural and Recreation	19,384	15,892	-	-	19,384	15,892
Interest expense and related debt service	3,006	2,964	-	-	3,006	2,964
Water and Sewer	-	-	32,351	29,585	32,351	29,585
Electric	-	-	96,905	94,772	96,905	94,772
Mass Transit	-	-	3,276	3,170	3,276	3,170
Parking	-	-	883	902	883	902
Landfill	-	-	5,313	5,019	5,313	5,019
Storm Water	-	-	1,705	2,484	1,705	2,484
Total City expenses	<u>137,805</u>	<u>134,170</u>	<u>140,433</u>	<u>135,932</u>	<u>278,238</u>	<u>270,102</u>
Increase (decrease) in net assets before transfers	(23,168)	18,119	18,547	19,786	(4,621)	37,905
Transfers in (out)	966	(4,644)	(966)	4,644	-	-
Increase (decrease) in net assets	(22,202)	13,475	17,581	24,430	(4,621)	37,905
Net assets, beginning	264,137	250,662	288,054	263,624	552,191	514,286
Net assets, ending	<u>\$241,935</u>	<u>\$264,137</u>	<u>\$305,635</u>	<u>\$288,054</u>	<u>\$547,570</u>	<u>\$552,191</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 rate of 98%.
- ◆ The net assets for business-type operations increased this year by \$18 million due to the City's increasing rates for water, sewer and electric services, which have been utilized to 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 ultimately used as part of a strategic capital plan to provide long-term solutions for maintaining the capital investments for the Water and Sewer fund while ultimately moderating required water and sewer rate increases.

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 in the prior year that did not occur in the current fiscal year.
- ◆ Restricted net assets increased significantly as the City issued general obligation bonds late in the fiscal year resulting in higher levels of debt without an offsetting capital investment.

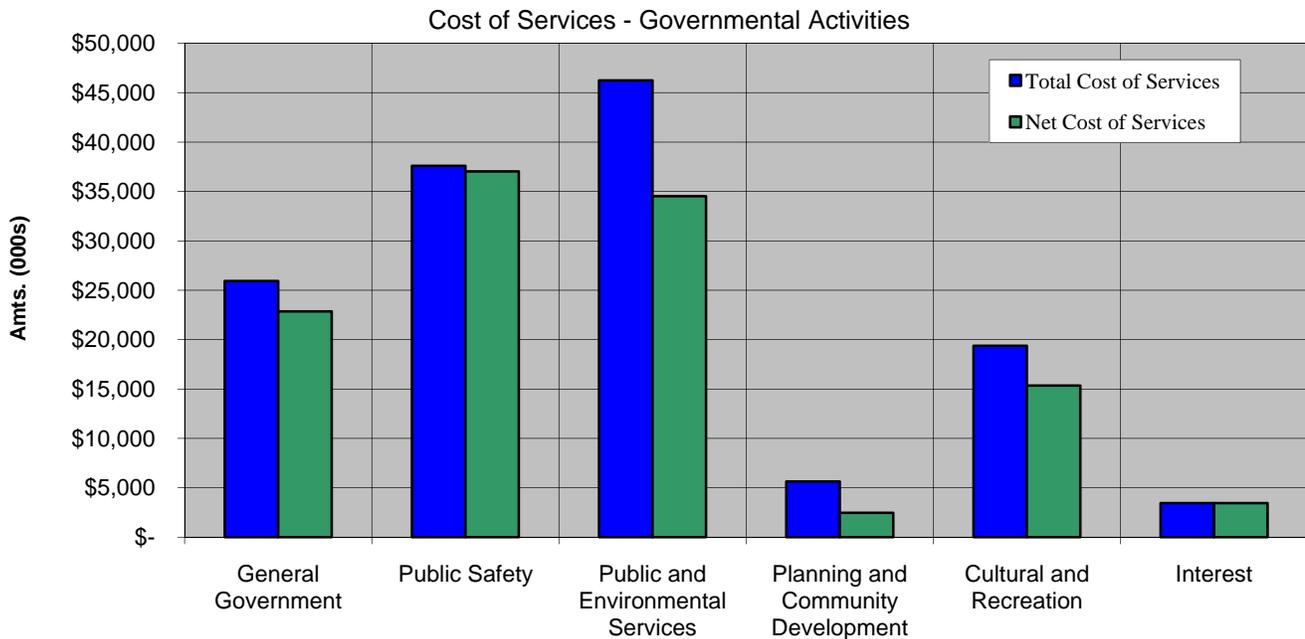
Property tax revenues increased \$3.3 million compared to the prior year as increased commercial construction around the City was added to the tax rolls in addition to residential development in the northern and northwestern parts of the City combined with a property tax increase of 2.5 cents for the fiscal year.

The total cost of all governmental activities this year was \$138 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 \$116 million because some of the cost was paid by those who directly benefited from the programs (\$12 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$11 million). The City paid for the remaining “public benefit” portion of governmental activities with \$18 million in sales taxes and \$18 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

	Total Cost of Services	Net Cost of Services
General Government	\$ 25,941,473	\$ 22,858,024
Public Safety	37,591,692	37,035,363
Public and Environmental Services	46,244,845	34,525,283
Planning and Community Development	5,636,936	2,471,640
Cultural and Recreation	19,383,650	15,345,942
Interest on long-term debt	3,005,580	3,005,580
Total	\$ 137,804,176	\$ 115,241,832



Business-type Activities

Charges for services of the City’s business-type activities (see Table 2) increased over the past fiscal year (\$149 million in 2008 compared to \$142 million in 2007). This was mainly due to a combined \$8 million increase in operating revenues received by the Water and Sewer and Electric Funds, while all other fund operating revenues remained virtually unchanged over the prior year.

The City water and sewer utility benefited from increased rates and steady consumption that resulted in increased operating revenues of \$2.6 million. The average increase in the combined water and sewer rates averaged 4.85 percent for the fiscal year.

The Electric Fund increase of \$3.7 million was due to the full year impact of a 6 percent retail electric rate increase instituted in February 2007 coupled with a 2% retail rate increase that was put in place in June 2008.

The operating revenues of the nonmajor business-type funds increased \$1.7 million, primarily due to increased storm water utility fees of \$1.2 million.

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 \$71 million, an \$18 million increase over the prior fiscal year. However, this is primarily due to the issuance of bond proceeds during the end of the fiscal year which resulted in reserved

fund balances for encumbrances and capital projects increasing by a nearly similar amount. Of the total fund balances reported, \$16.4 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 \$16,384,107 while total fund balance reached \$26,909,738, representing a decrease of \$2,246,537 and an increase of \$2,636,105, 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 over 16 percent of total General Fund expenditures, while total fund balance represents nearly 27 percent of General Fund expenditures.

The 2008-2009 Annual Budget appropriated a total of \$5,045,855 of the \$16,384,107 of the reported General Fund's unreserved fund balance to finance operations, capital improvements and economic development opportunities in the next fiscal year, leaving a balance of undesignated fund balance for future fiscal years of \$11,338,252.

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 and the City was able to comply with its budgetary requirements.

General Fund Revenues on the Governmental Fund Basis

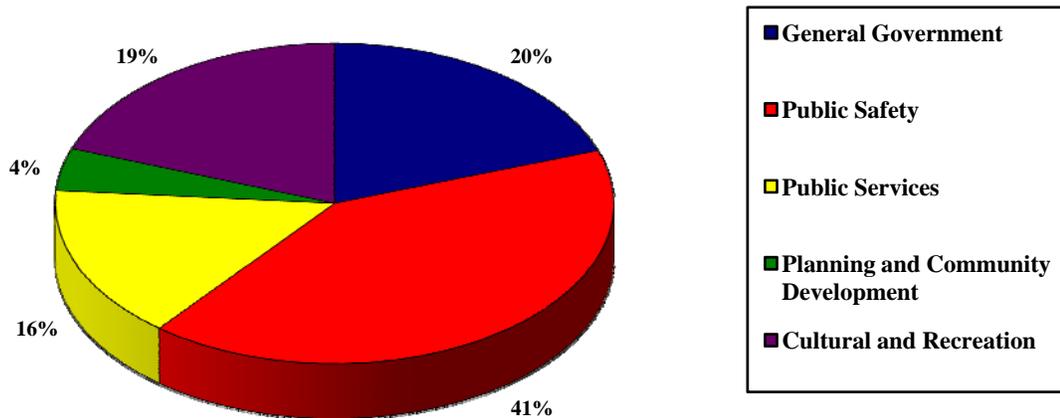
Revenue Sources	Amount	Percent of Total	Increase (Decrease) from 2007
Property taxes.....	\$ 53,196,911	52.6%	\$ 4,004,941
Sales and use taxes.....	17,868,296	17.7%	224,856
Intergovernmental revenues.....	14,557,491	14.4%	1,676,104
Licenses and Permits.....	4,698,780	4.6%	(470,173)
Charges for services.....	3,737,495	3.7%	(1,786,457)
Interest on investments.....	1,073,038	1.1%	(264,316)
Miscellaneous revenues.....	5,959,739	5.9%	276,672
	<u>\$ 101,091,750</u>	<u>100.0%</u>	<u>\$ 3,661,627</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 as discussed earlier.

Charges for services decreased \$1.8 million due particularly to the sale of City-owned property in the amount of \$1.6 million in the prior fiscal year.

General Fund Expenditures on the Governmental Fund Basis

Functions	Amount	Percent of Total	Increase (Decrease) from 2007
General Government.....	\$ 18,222,049	19.7%	\$ 1,050,428
Public Safety.....	38,129,211	41.0%	2,233,634
Public Services.....	14,369,934	15.5%	(1,948,133)
Planning and Community Dev.....	3,962,343	4.3%	33,548
Cultural and Recreation.....	18,034,993	19.5%	1,765,444
	<u>\$ 92,718,530</u>	<u>100.0%</u>	<u>\$ 3,134,921</u>



Other Governmental Funds

The Governmental Capital Projects Funds are shown as a new major fund in the current fiscal year. This is primarily due to the two general obligation bond issues completed during the fall and early summer of last fiscal year which elevated the revenues and expenditures for the fiscal year. This is consistent with the capital financing strategy approved by City Council in 2005.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2008, the City had \$1.15 billion invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, and water and sewer lines and electric infrastructure. (See Table 4 below.) This amount represents a net increase (including additions and deductions) of just over \$50 million, or 5 percent, over last year. Additional information on the City’s capital assets can be found in Note 2.A.4 to the financial statements.

Table 4
Capital Assets
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
	Land and land improvements	\$ 20,825	\$ 12,942	\$ 21,635	\$ 24,090	\$ 42,460
Construction in progress	26,439	19,396	68,743	97,763	95,182	117,159
Buildings and related improvements	43,049	43,437	86,117	82,309	129,166	125,746
Equipment	73,647	72,551	187,865	269,924	261,512	342,475
Infrastructure	453,628	452,701	172,208	28,716	625,836	481,417
Total capital assets	<u>\$ 617,588</u>	<u>\$ 601,027</u>	<u>\$ 536,568</u>	<u>\$ 502,802</u>	<u>\$ 1,154,156</u>	<u>\$ 1,103,829</u>

The City's fiscal year 2008-2009 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.....	\$ 1,630,207
Water and Sewer Fund.....	4,554,310
Electric.....	7,224,850
Miscellaneous.....	7,617,573
Total.....	<u>\$ 21,026,940</u>

Debt

At year-end, the City had approximately \$272 million in bonds and notes outstanding versus \$211 million last year—an increase of 28 percent—as shown in Table 5. New debt resulted mainly from issuing \$31.7 million in general obligation bonds approved by the voters in 2004 and \$41.7 million in water and sewer revenue bonds.

Table 5
Outstanding Debt
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
	General obligation bonds	\$ 67,850	\$ 45,147	\$ 64,648	\$ 63,881	\$ 132,498
Revenue bonds	-	-	115,079	73,287	115,079	73,287
State and Federal revolving bond loans	-	-	14,421	15,694	14,421	15,694
Notes payable and capital leases	11,375	12,645	623	837	11,998	13,482
Total outstanding debt	<u>\$ 79,225</u>	<u>\$ 57,792</u>	<u>\$ 194,771</u>	<u>\$ 153,699</u>	<u>\$ 273,996</u>	<u>\$ 211,491</u>

The City's general obligation bond rating continues to carry high stable ratings from the three national rating agencies. In September 2007, Moody's upgraded the City's rating to Aa2 from our previous rating of Aa3, and then in May 2008, Standard & Poor's rewarded the City with a credit rating upgrade to AAA. 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 \$726 million state-imposed limit.

Other obligations include accrued vacation pay, other post-employment benefits, and closure/post closure liabilities. More detailed information about the City's long-term liabilities is presented in Note 2.B.9 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 2008-2009 budget and tax rates that support the governmental activities, and fees that will be charged for the business-type activities. One of those factors was the economy. Unemployment in the City in March 2008 stood at 5.1 percent versus 5.4 percent in June 2007. This matched the State's unemployment rate of 5.1 percent and slightly lower than the national rate of 5.2 percent for the same time period.

Inflation in the City continues to be lower than the national Consumer Price Index (CPI) increase. The City's CPI increase was projected to be 3.8%-4.0% for fiscal year 2008 compared with the national rate of 4 percent.

In adopting the Annual Budget for fiscal year 2008-2009, 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 \$106 million, which is an increase of 5.2 percent over the adopted 2008 budget of \$101 million. Property taxes (benefiting from increased residential and light manufacturing development), charges for services, 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 2009:

- Water and sewer rates were increased an average of 5.9% based on rate study recommendations, pay-as-you-go infrastructure and debt funded projects.
- Electric rates will increase during the 2008 – 2009 budget year 1.65 to 2%.
- There were no rate increases for the Mass Transit, Parking Facilities, Landfill Facilities, and Storm Water Funds.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF HIGH POINT, NORTH CAROLINA

STATEMENT OF NET ASSETS

June 30, 2008

	PRIMARY GOVERNMENT			COMPONENT UNIT
	Governmental Activities	Business-type Activities	TOTAL	HIGH POINT ABC BOARD
ASSETS				
Cash and investments.....	\$ 39,784,793	\$ 99,626,868	\$ 139,411,661	\$ 1,482,916
Receivables:				
Taxes (net).....	1,955,025	-	1,955,025	-
Accounts receivable and accrued revenue (net).....	8,499,506	8,724,450	17,223,956	-
Assessments (net).....	17,497	92,788	110,285	-
Notes.....	4,633,961	-	4,633,961	-
Accrued interest.....	145,555	302,518	448,073	-
Internal Balances.....	(912,471)	912,471	-	-
Due from Component Unit.....	115,070	-	115,070	-
Inventory.....	204,770	5,149,150	5,353,920	818,531
Prepaid Items.....	181,919	115,715	297,634	61,038
Restricted Assets:				
Cash and investments.....	33,549,267	68,846,113	102,395,380	-
Deferred charges.....	-	1,696,468	1,696,468	-
Interfund loan.....	(1,500,000)	1,500,000	-	-
Capital Assets:				
Land, non-depreciable improvements, and construction in progress....	47,264,627	90,378,711	137,643,338	-
Other capital assets, net of related depreciation.....	204,443,514	250,268,876	454,712,390	2,401,415
Total capital assets.....	251,708,141	340,647,587	592,355,728	2,401,415
TOTAL ASSETS	338,383,033	527,614,128	865,997,161	4,763,900
LIABILITIES				
Accounts payable and accrued expenses.....	4,954,820	11,839,456	16,794,276	902,595
Accrued interest payable.....	896,536	1,245,712	2,142,248	-
Due to other governments.....	-	-	-	115,070
Other liabilities.....	311,928	1,217,839	1,529,767	-
Deferred revenue.....	5,242,025	1,832,212	7,074,237	-
Long-term liabilities:				
Due in one year.....	5,884,017	7,971,754	13,855,771	49,703
Due in more than one year.....	79,158,418	197,872,331	277,030,749	-
TOTAL LIABILITIES	96,447,744	221,979,304	318,427,048	1,067,368
NET ASSETS				
Invested in capital assets, net of related debt.....	172,482,422	154,916,137	327,398,559	2,351,712
Restricted for:				
Capital projects.....	30,310,851	59,926,980	90,237,831	-
Debt service.....	14,462,192	-	14,462,192	-
High Point ABC Board.....	-	-	-	352,112
Economic Development.....	1,220,766	-	1,220,766	-
Grants and Community development.....	9,979	-	9,979	-
Mass Transit.....	-	357,897	357,897	-
Unrestricted.....	23,449,079	90,433,810	113,882,889	992,708
TOTAL NET ASSETS	\$ 241,935,289	\$ 305,634,824	\$ 547,570,113	\$ 3,696,532

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, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General Government.....	\$ 25,941,473	\$ 2,843,382	\$ 240,067	\$ -
Public Safety.....	37,591,692	101,221	455,108	-
Public and Environmental Services.....	46,244,845	3,633,808	3,510,931	4,574,823
Planning and Community Development.....	5,636,936	1,605,898	1,559,398	-
Cultural and Recreation.....	19,383,650	3,581,369	55,932	400,407
Interest on long-term debt.....	3,005,580	-	-	-
Total governmental activities.....	<u>137,804,176</u>	<u>11,765,678</u>	<u>5,821,436</u>	<u>4,975,230</u>
Business-type activities:				
Water and Sewer	32,350,433	37,127,800	-	3,254,882
Electric.....	96,905,034	101,142,084	-	305,716
Mass Transit.....	3,276,113	1,952,804	312,517	-
Parking.....	883,139	455,650	-	-
Landfill.....	5,313,245	6,502,996	-	-
Stormwater.....	1,704,600	2,290,800	-	-
Total business-type activities.....	<u>140,432,564</u>	<u>149,472,134</u>	<u>312,517</u>	<u>3,560,598</u>
Total primary government.....	<u>\$ 278,236,740</u>	<u>\$ 161,237,812</u>	<u>\$ 6,133,953</u>	<u>\$ 8,535,828</u>
Component unit:				
High Point ABC Board.....	\$ 8,938,034	\$ 9,188,337	\$ -	\$ -
Total component unit.....	<u>\$ 8,938,034</u>	<u>\$ 9,188,337</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Property Taxes.....	
Sales Taxes.....	
Revenues and contributions not restricted to specific programs.....	
Investment earnings.....	
Gain on the disposal of capital assets.....	
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	
\$ (22,858,024)	\$ -	\$ (22,858,024)	\$ -
(37,035,363)	-	(37,035,363)	-
(34,525,283)	-	(34,525,283)	-
(2,471,640)	-	(2,471,640)	-
(15,345,942)	-	(15,345,942)	-
(3,005,580)	-	(3,005,580)	-
<u>(115,241,832)</u>	<u>-</u>	<u>(115,241,832)</u>	<u>-</u>
-	8,032,249	8,032,249	-
-	4,542,766	4,542,766	-
-	(1,010,792)	(1,010,792)	-
-	(427,489)	(427,489)	-
-	1,189,751	1,189,751	-
-	586,200	586,200	-
<u>-</u>	<u>12,912,685</u>	<u>12,912,685</u>	<u>-</u>
<u>\$ (115,241,832)</u>	<u>\$ 12,912,685</u>	<u>\$ (102,329,147)</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250,303</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250,303</u>
\$ 56,228,819	\$ -	\$ 56,228,819	\$ -
17,868,296	-	17,868,296	-
15,075,725	749,858	15,825,583	-
2,747,586	4,884,104	7,631,690	-
153,943	-	153,943	-
965,961	(965,961)	-	-
<u>93,040,330</u>	<u>4,668,001</u>	<u>97,708,331</u>	<u>-</u>
(22,201,502)	17,580,686	(4,620,816)	250,303
264,136,791	288,054,138	552,190,929	3,446,229
<u>\$ 241,935,289</u>	<u>\$ 305,634,824</u>	<u>\$ 547,570,113</u>	<u>\$ 3,696,532</u>

CITY OF HIGH POINT, NORTH CAROLINA

Balance Sheet
Governmental Funds
June 30, 2008

	<u>General Fund</u>	<u>Governmental Capital Projects Funds</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments.....	\$ 23,304,941	\$ -	\$ 14,731,541	\$ 38,036,482
Receivables:				
Taxes (net).....	1,955,025	-	-	1,955,025
Accounts receivable and accrued revenue (net).....	6,979,005	43,228	1,507,485	8,529,718
Assessments (net).....	17,497	-	-	17,497
Notes.....	-	-	4,633,961	4,633,961
Accrued interest.....	93,838	14,149	37,568	145,555
Prepaid items.....	180,546	-	1,373	181,919
Restricted Assets:				
Cash and investments.....	-	33,549,267	-	33,549,267
TOTAL ASSETS	<u>\$ 32,530,852</u>	<u>\$ 33,606,644</u>	<u>\$ 20,911,928</u>	<u>\$ 87,049,424</u>
LIABILITIES AND FUND BALANCES				
Accounts payable and accrued expenses.....	\$ 2,773,735	\$ 1,640,720	\$ 283,909	\$ 4,698,364
Due to other funds.....	-	1,827,031	721,904	2,548,935
Other liabilities.....	-	154,450	281,578	436,028
Deferred revenue.....	2,847,379	19,890	5,150,993	8,018,262
TOTAL LIABILITIES	<u>5,621,114</u>	<u>3,642,091</u>	<u>6,438,384</u>	<u>15,701,589</u>
FUND BALANCES				
Fund balances:				
Reserved for:				
Encumbrances.....	2,046,045	12,474,300	-	14,520,345
Prepaid items.....	180,546	-	1,373	181,919
State statute.....	6,247,987	57,377	38,109	6,343,473
Specific programs.....	830,287	-	9,924	840,211
Economic development.....	1,220,766	-	-	1,220,766
Debt service.....	-	-	14,424,138	14,424,138
Capital projects.....	-	17,432,876	-	17,432,876
Unreserved:				
Designated for subsequent years' expenditures.....	5,045,855	-	-	5,045,855
Undesignated.....	11,338,252	-	-	11,338,252
TOTAL FUND BALANCES	<u>26,909,738</u>	<u>29,964,553</u>	<u>14,473,544</u>	<u>71,347,835</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 32,530,852</u>	<u>\$ 33,606,644</u>	<u>\$ 20,911,928</u>	<u>\$ 87,049,424</u>

Fund balances as reported above	\$ 71,347,835
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.	237,161,033
Other assets that are not available to pay for current-period expenditures and are deferred in the funds.	2,464,309
Internal services funds used to allocate costs among the funds are included in the statement of net assets.	15,260,707
Consolidation adjustment for internal balances between the internal service fund and the Governmental Funds	136,464
Compensated absences are not recorded in the governmental funds	(4,182,962)
Accrued interest payable	(896,536)
Unfunded pension liability	(371,886)
Other post-employment benefit liability	(671,975)
Long-term debt and capital leases	(78,311,700)
Net assets of governmental activities	<u>\$ 241,935,289</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, 2008

	General	Governmental Capital Projects Funds	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Taxes.....	\$ 53,196,911	\$ -	\$ 3,157,498	\$ 56,354,409
Sales and use taxes.....	17,868,296	-	-	17,868,296
Intergovernmental Revenues.....	14,557,491	400,407	2,606,369	17,564,267
Licenses and Permits.....	4,698,780	-	-	4,698,780
Charges for Services.....	3,737,495	-	-	3,737,495
Interest on Investments.....	1,073,038	152,661	1,521,887	2,747,586
Miscellaneous Revenues.....	5,959,739	714,320	492,285	7,166,344
Total revenues.....	<u>101,091,750</u>	<u>1,267,388</u>	<u>7,778,039</u>	<u>110,137,177</u>
Expenditures				
Current:				
General Government.....	18,222,049	465,640	464,687	19,152,376
Public Safety.....	37,673,337	2,058,932	880,926	40,613,195
Public Services and Transportation.....	8,297,016	7,647,698	572,690	16,517,404
Public Services - Environmental services.....	6,072,918	-	-	6,072,918
Planning and Community Development.....	3,962,343	66,996	2,138,686	6,168,025
Cultural and Recreation.....	18,014,400	4,732,186	108,266	22,854,852
Debt Service:				
Principal Retirement.....	462,119	-	5,237,222	5,699,341
Interest and Fiscal Charges.....	14,348	-	2,892,422	2,906,770
Total Expenditures.....	<u>92,718,530</u>	<u>14,971,452</u>	<u>12,294,899</u>	<u>119,984,881</u>
Excess (deficiency) of revenue over expenditures	<u>8,373,220</u>	<u>(13,704,064)</u>	<u>(4,516,860)</u>	<u>(9,847,704)</u>
Other Financing Sources (Uses)				
Proceeds from issuance of general obligation bonds....	-	26,340,000	-	26,340,000
Proceeds from issuance of capital leases.....	900,000	-	-	900,000
Transfers In.....	2,010,000	1,635,885	7,743,387	11,389,272
Transfers out.....	(8,647,115)	(1,025,640)	(723,250)	(10,396,005)
Total Other Financing Sources (Uses).....	<u>(5,737,115)</u>	<u>26,950,245</u>	<u>7,020,137</u>	<u>28,233,267</u>
Net change in fund balances.....	2,636,105	13,246,181	2,503,277	18,385,563
Fund balances, beginning.....	24,273,633	16,718,372	11,970,267	52,962,272
Fund balances, ending.....	<u>\$ 26,909,738</u>	<u>\$ 29,964,553</u>	<u>\$ 14,473,544</u>	<u>\$ 71,347,835</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, 2008**

Net change in fund balances - total governmental funds	\$	18,385,563
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(3,558,633)
Principal payments are not considered expenditures in the statement of activities		5,695,400
Accrued interest is recognized as an expense in the statement of activities		(53,241)
Other post-employment benefits are recognized as an expense in the statement of activities		(671,975)
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.		11,775,980
Depreciation is recognized as an expense in the statement of activities		(30,725,420)
Infrastructure contributed by developers is considered capital contribution for the statement of net assets		4,574,823
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.		(9,694)
Proceeds from bonds and capital leases are not reported as revenues in the statement of activities		(27,240,000)
Gain on the disposal of capital assets.		153,943
Internal service funds are used by management to charge the costs of certain activities, such as facilities maintenance, fleet services and telecommunications, to individual funds. The net revenue (expense) of the internal service funds is allocated and reported with governmental activities.		(528,248)
Change in net assets of governmental activities	\$	<u>(22,201,502)</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, 2008

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes.....	\$ 52,333,831	\$ 52,333,831	\$ 53,196,911	\$ 863,080
Sales and use taxes.....	17,690,000	17,690,000	17,868,296	178,296
Intergovernmental revenues.....	11,721,097	12,521,097	14,557,491	2,036,394
Licenses and permits.....	5,723,900	4,923,900	4,698,780	(225,120)
Charges for services.....	3,708,630	3,708,630	3,737,495	28,865
Interest on investments.....	1,000,000	1,000,000	1,073,038	73,038
Miscellaneous revenues.....	5,706,095	5,756,095	5,959,739	203,644
Total revenues.....	<u>97,883,553</u>	<u>97,933,553</u>	<u>101,091,750</u>	<u>3,158,197</u>
Expenditures				
Current:				
General government.....	20,113,330	19,917,833	18,222,049	1,695,784
Public safety.....	38,877,313	39,228,062	38,129,211	1,098,851
Public Services and Transportation.....	10,112,064	10,398,332	8,297,016	2,101,316
Public Services - Environmental protection.....	6,302,863	6,304,108	6,072,918	231,190
Community and economic development.....	3,920,228	5,214,826	3,962,343	1,252,483
Cultural and recreation.....	16,451,622	18,604,314	18,034,993	569,321
Total expenditures.....	<u>95,777,420</u>	<u>99,667,475</u>	<u>92,718,530</u>	<u>6,948,945</u>
Revenues over (under) expenditures.....	<u>2,106,133</u>	<u>(1,733,922)</u>	<u>8,373,220</u>	<u>10,107,142</u>
Other financing sources (uses):				
Proceeds from capital leases.....	900,000	900,000	900,000	-
Transfers in.....	1,600,000	2,010,000	2,010,000	-
Transfers out.....	(9,151,633)	(8,811,633)	(8,647,115)	164,518
Operating transfers from Component Unit.....	-	-	-	-
Appropriated fund balance.....	4,545,500	7,635,555	-	(7,635,555)
Total other financing sources (uses).....	<u>(2,106,133)</u>	<u>1,733,922</u>	<u>(5,737,115)</u>	<u>(7,471,037)</u>
Net change in fund balance.....	<u>\$ -</u>	<u>\$ -</u>	<u>2,636,105</u>	<u>\$ 2,636,105</u>
Fund balances, beginning.....			<u>24,273,633</u>	
Fund balances, ending.....			<u>\$ 26,909,738</u>	

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	
\$ 32,527,494	\$ 99,626,868	\$ 1,748,311	
930,895	8,724,450	84,858	
-	92,788	-	
110,320	302,518	-	
-	1,048,935	-	
86,329	5,149,150	204,770	
115,715	115,715	-	
<u>33,770,753</u>	<u>115,060,424</u>	<u>2,037,939</u>	
8,152,597	68,846,113	-	
11,383	1,696,468	-	
1,500,000	1,500,000	-	
12,402,250	21,635,382	412,191	
13,760,641	258,324,924	13,153,353	
10,237,794	187,864,528	34,532,244	
4,898,547	68,743,329	-	
(24,380,378)	(195,920,576)	(33,550,680)	
<u>16,918,854</u>	<u>340,647,587</u>	<u>14,547,108</u>	
<u>25,082,834</u>	<u>411,190,168</u>	<u>14,547,108</u>	
<u>\$ 60,353,587</u>	<u>\$ 527,750,592</u>	<u>\$ 16,585,047</u>	
\$ 468,435	\$ 11,839,456	\$ 256,456	
415,905	7,971,754	123,381	
147,866	1,245,712	-	
8,020	1,217,839	-	
<u>1,040,226</u>	<u>22,274,761</u>	<u>379,837</u>	
9,161,226	9,161,226	-	
-	508,150	-	
-	13,542,527	-	
65,139	248,422	27,782	
11,143,824	59,962,587	-	
-	113,294,447	-	
-	-	790,639	
260,500	1,154,972	126,082	
1,832,212	1,832,212	-	
<u>22,462,901</u>	<u>199,704,543</u>	<u>944,503</u>	
<u>23,503,127</u>	<u>221,979,304</u>	<u>1,324,340</u>	
12,713,905	154,916,137	13,633,088	
801,180	60,284,877	-	
<u>23,335,375</u>	<u>90,570,274</u>	<u>1,627,619</u>	
<u>36,850,460</u>	<u>305,771,288</u>	<u>15,260,707</u>	
<u>\$ 60,353,587</u>	<u>\$ 527,750,592</u>	<u>\$ 16,585,047</u>	

CITY OF HIGH POINT, NORTH CAROLINA

Statement of Revenues, Expenses and Changes in Fund Net Assets
 Proprietary Funds
 For the Year Ended June 30, 2008

	Business-type - Enterprise Funds	
	WATER AND SEWER	ELECTRIC
Operating revenues		
Charges for Services.....	\$ 37,127,800	\$ 101,142,084
Miscellaneous.....	51,210	664,031
Total Operating Revenues.....	<u>37,179,010</u>	<u>101,806,115</u>
Operating Expenses		
Management and administration.....	1,403,051	213,952
Maintenance and distribution.....	8,110,077	10,849,505
Power purchases.....	-	76,920,673
Treatment plants.....	5,655,088	-
Other services and charges.....	4,480,518	5,156,068
Depreciation and amortization.....	7,176,334	3,735,148
Total Operating Expenses.....	<u>26,825,068</u>	<u>96,875,346</u>
Operating income (loss).....	<u>10,353,942</u>	<u>4,930,769</u>
Nonoperating revenues (expenses)		
Interest Revenue.....	2,809,922	701,744
Interest Expense and Fiscal Charges.....	(5,497,618)	-
Amortization of Financing Costs.....	21,773	-
Intergovernmental revenues	-	-
Gain (loss) on Disposal of Capital Assets.....	-	-
Total Non-operating Revenues (Expenses).....	<u>(2,665,923)</u>	<u>701,744</u>
Income (loss) before capital contributions and transfers	7,688,019	5,632,513
Capital contributions.....	3,254,882	305,716
Transfers in.....	-	-
Transfers out.....	(169,464)	(2,070,362)
Change in net assets.....	<u>10,773,437</u>	<u>3,867,867</u>
Total Net Assets - Beginning.....	159,969,958	94,309,566
Total Net Assets - Ending.....	<u>\$ 170,743,395</u>	<u>\$ 98,177,433</u>

Reconciliation to the Statement of Activities

Change in Net Assets - total business-type enterprise funds

Internal service funds are used by management to charge the costs of certain activities, such as facilities maintenance, fleet services and telecommunications, to individual funds. The net revenue (expense) of the internal service funds is allocated and reported with business-type activities.

Total change in net assets - business-type activities

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	
\$ 11,202,250	\$ 149,472,134	\$ 11,145,582	
34,617	749,858	-	
<u>11,236,867</u>	<u>150,221,992</u>	<u>11,145,582</u>	
8,621,187	10,238,190	8,573,112	
-	18,959,582	-	
-	76,920,673	-	
-	5,655,088	-	
606,261	10,242,847	-	
1,542,518	12,454,000	3,168,248	
<u>10,769,966</u>	<u>134,470,380</u>	<u>11,741,360</u>	
<u>466,901</u>	<u>15,751,612</u>	<u>(595,778)</u>	
1,372,438	4,884,104	-	
(348,249)	(5,845,867)	(41,628)	
(1,626)	20,147	-	
312,517	312,517	-	
-	-	184,229	
<u>1,335,080</u>	<u>(629,099)</u>	<u>142,601</u>	
1,801,981	15,122,513	(453,177)	
-	3,560,598	-	
2,827,549	2,827,549	-	
<u>(1,553,684)</u>	<u>(3,793,510)</u>	<u>(27,306)</u>	
3,075,846	17,717,150	(480,483)	
33,774,614	288,054,138	15,741,190	
<u>\$ 36,850,460</u>	<u>\$ 305,771,288</u>	<u>\$ 15,260,707</u>	
	\$ 17,717,150		
	(136,464)		
	<u>\$ 17,580,686</u>		

CITY OF HIGH POINT, NORTH CAROLINA

Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2008

Business-Type - Enterprise Funds

	<u>WATER AND SEWER</u>	<u>ELECTRIC</u>
Cash Flows From Operating Activities		
Receipts from customers and users.....	\$ 37,162,045	\$ 100,969,589
Receipts from interfund services provided.....	-	-
Payments to employees and related fringe benefits.....	(7,383,770)	(7,003,897)
Payments to suppliers and operating costs.....	(15,189,269)	(86,834,672)
Net Cash provided by Operating Activities	<u>14,589,006</u>	<u>7,131,020</u>
Cash Flows From Non Capital Financing Activities		
Transfers in.....	-	-
Transfers out.....	(169,464)	(2,070,362)
Advances to other funds.....	(1,048,935)	-
Grants and contributions.....	-	305,716
Intergovernmental revenues.....	-	-
Net Cash provided (used) by Non-Capital Financing activities	<u>(1,218,399)</u>	<u>(1,764,646)</u>
Cash Flows From Financing Activities		
Proceeds from issuance of long-term debt	39,799,383	-
Capital contributions.....	3,254,882	-
Principal Payments on long-term debt.....	(6,745,701)	-
Interest payments and fiscal charges on bonds and capital leases.....	(6,933,865)	-
Proceeds Collected on the sale of capital assets.....	-	-
Acquisition and construction of capital assets.....	(24,310,725)	(3,656,752)
Net Cash used by Noncapital Financing Activities	<u>5,063,974</u>	<u>(3,656,752)</u>
Cash Flows From Investing Activities		
Interest Earned on investments.....	3,019,485	938,238
Net Cash provided by Investing Activities	<u>3,019,485</u>	<u>938,238</u>
Net increase (decrease) in cash and investments	21,454,066	2,647,860
Cash and investments at the beginning of the year	75,853,467	27,837,497
Cash and investments at the end of the year	<u>\$ 97,307,533</u>	<u>\$ 30,485,357</u>
Operating Income (loss).....	\$ 10,353,942	\$ 4,930,769
Adjustments to reconcile Operating Income (Loss) to		
Cash Provided by Operating Activities:.....		
Depreciation and amortization.....	7,176,334	3,735,148
Change in net assets		
(Increase) decrease in Accounts Receivable.....	57,460	(924,077)
(Increase) decrease in Inventories.....	-	(1,223,138)
(Increase) decrease in Prepaid Expenses.....	-	-
Increase (decrease) in Payables and Accrued Expenses.....	(3,077,002)	392,402
Increase (decrease) in Deposits.....	(74,425)	87,551
Increase (decrease) in OPEB Liability.....	99,085	84,198
Increase (decrease) in Vacation Leave Accrual.....	53,612	48,167
Increase (decrease) in Deferred Revenue.....	-	-
Total adjustments.....	<u>4,235,064</u>	<u>2,200,251</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	<u>\$ 14,589,006</u>	<u>\$ 7,131,020</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
\$ 10,692,540	\$ 148,824,174	\$ 711,813
-	-	10,415,518
(4,449,873)	(18,837,540)	(2,212,524)
(4,911,888)	(106,935,829)	(6,520,939)
<u>1,330,779</u>	<u>23,050,805</u>	<u>2,393,868</u>
2,827,549	2,827,549	-
(1,553,684)	(3,793,510)	(27,306)
(1,500,000)	(2,548,935)	-
-	305,716	-
312,517	312,517	-
<u>86,382</u>	<u>(2,896,663)</u>	<u>(27,306)</u>
5,335,000	45,134,383	-
-	3,254,882	-
(424,948)	(7,170,649)	(110,339)
(297,828)	(7,231,693)	(41,629)
-	-	198,606
(1,888,861)	(29,856,338)	(2,692,382)
<u>2,723,363</u>	<u>4,130,585</u>	<u>(2,645,744)</u>
1,504,717	5,462,440	-
<u>1,504,717</u>	<u>5,462,440</u>	<u>-</u>
5,645,241	29,747,167	(279,182)
35,034,850	138,725,814	2,027,493
<u>\$ 40,680,091</u>	<u>\$ 168,472,981</u>	<u>\$ 1,748,311</u>
<u>\$ 466,901</u>	<u>\$ 15,751,612</u>	<u>\$ (595,778)</u>
1,542,518	12,454,000	3,168,248
(582,131)	(1,448,748)	(18,250)
(15,324)	(1,238,462)	(64,914)
(4,415)	(4,415)	-
(198,964)	(2,883,564)	(118,914)
(45)	13,081	-
65,139	248,422	27,782
19,252	121,031	(4,306)
37,848	37,848	-
<u>863,878</u>	<u>7,299,193</u>	<u>2,989,646</u>
<u>\$ 1,330,779</u>	<u>\$ 23,050,805</u>	<u>\$ 2,393,868</u>

CITY OF HIGH POINT, NORTH CAROLINA

Statement Of Fiduciary Assets
Fiduciary Fund
June 30, 2008

	<u>GENERAL AGENCY FUND</u>
<u>ASSETS</u>	
Cash and investments.....	\$ 425,479
Accounts receivable.....	66
Accrued interest.....	<u>362</u>
Total assets.....	<u>\$ 425,907</u>
 <u>LIABILITIES</u>	
Liabilities:	
Accounts payable.....	<u>\$ 425,907</u>
Total liabilities.....	<u>\$ 425,907</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, 2008

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 98,490. 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, and library 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 (financial services, human resources, 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 and the Capital Projects Funds are the major governmental funds.

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:

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.

c. Other fund types:

1. 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, Facility Services, and Computer Replacement.
2. 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

In accordance with North Carolina General Statutes, all funds of the City are maintained during the year using the modified accrual 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.

Proprietary funds distinguish operating revenues from non-operating items. 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. All revenues and expenses not meeting this definition are reported as non-operating items.

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 2007 through February 2008 apply to the fiscal year ended June 30, 2008. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues. In addition, as of January 1, 2006, State law implemented a staggered expiration date system for annually registered vehicles as part of the conversion into the staggered registration. Originally, annual registration expired December 31st each year with taxes due by May 1st of the following year. The transition from the annual into the staggered registration was completed during FY June 30, 2008 and all vehicles that were previously annually registered are 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 Funds, 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. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. A financial plan was adopted by City Council as part of the Annual Budget ordinance approval for the Internal Service Fund operations as required by the General Statutes. 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 functional 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 Office. 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.

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
Cash and investments	
Unrestricted.....	\$ 99,626,868
Restricted.....	68,846,113
Total cash and investments (Statement of Net Assets)	\$ 168,472,981
 Cash and investments (Statement of Cash Flows).....	 \$ 168,472,981

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. The unexpended bond proceeds of Combined Enterprise System Revenue Bonds and General Obligation Bonds issued by the City are classified as restricted assets for the enterprise fund. In addition, customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected.

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, 2007. 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 \$.633. 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, 2008, was \$.633 per \$100, which means that the City has a tax margin of \$.867 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	7 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's government-wide and proprietary funds, an expense and liability for compensated absences are recorded as the leave is earned. Compensated absences are reported in the governmental funds only if they have matured. The current portion of the accumulated vacation pay has been estimated based on historical trends.

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 2008-2009 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

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, 2008, the City's deposits had a carrying amount of \$14,571,061 and a bank balance of \$12,787,010. The carrying amount of deposits for the ABC Board was \$1,469,365 and the bank balance was \$1,421,963. Of the bank balances, the City and the ABC Board had deposits covered by federal depository insurance of \$566,192 and \$152,589 respectively.

2. Investments

At June 30, 2008, the City's investment balances were as follows:

	Fair Value	Maturity	Rating
U.S. Treasuries & Agencies	\$ 42,015,348	1 to 5 Years	AAA
Certificates of deposit	1,500,191	1 Year	AAA
North Carolina Capital Management Trust	184,145,920	N/A	AAAm
	<u>\$ 227,661,459</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 five years.

Credit risk. The City's investment policy limits the City's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. 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, 2008.

Custodial credit risk. For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires all book-entry investment securities to be in the City's name and delivered versus payment to a City-named third-party custodian. Certificated securities are held in the custody of the Financial Services Director.

Concentration of Credit Risk. The City's investment policy places limits on the amount that the City may invest in any one type of security and also any one issuer. There is no limit for direct obligations of the U.S. Treasury or investments in mutual funds certified by the Department of State Treasurer (NCCMT). Securities issued by agencies of the U.S. government are limited to a maximum of 75% of the portfolio and individually limited to 30% concentration to any one government agency. Commercial paper and bankers acceptances may not exceed 30% and 20%, respectively, of the portfolio. Policy also limits investments to 2% of the portfolio for any individual non-governmental issuers. More than 5% of the City's investments are in U.S. Government Agencies, which are primarily Federal Home Loan Bank (7.1%) and Federal Home Loan Mortgage Corporation (6.5%) securities. The City's investments with the North Carolina Capital Management Trust total 80.9% of the total investment portfolio. This unusually high total is due to the receipt of general obligation bond and revenue bond proceeds in late June 2008 that had not been invested in specific securities as of June 30, 2008.

3. Receivables - Allowances for Doubtful Accounts

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	
<hr/>	
General Fund	
Taxes receivable	\$ 1,070,152
Assessments receivable	460
Enterprise Fund	
Accounts receivable	2,732,302
Assessments receivable	69,613

4. 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 land improvements.....	\$ 12,942,302	\$ 7,893,879	\$ 40,770	\$ 20,795,411
Intangibles.....	-	30,000	-	30,000
Construction in progress.....	<u>19,396,200</u>	<u>27,440,168</u>	<u>20,397,152</u>	<u>26,439,216</u>
Total capital assets not being depreciated	<u>32,338,502</u>	<u>35,364,047</u>	<u>20,437,922</u>	<u>47,264,627</u>
Capital assets being depreciated				
Buildings and improvements.....	43,436,850	1,520,732	1,909,598	43,047,984
Equipment.....	72,550,895	7,261,878	6,165,585	73,647,188
Infrastructure.....	<u>452,700,967</u>	<u>16,367,077</u>	<u>15,440,244</u>	<u>453,627,800</u>
Total capital assets being depreciated	<u>568,688,712</u>	<u>25,149,687</u>	<u>23,515,427</u>	<u>570,322,972</u>
Less accumulated depreciation for:				
Buildings and improvements.....	28,073,083	1,895,651	-	29,968,734
Equipment.....	47,368,750	5,263,634	2,438,137	50,194,247
Infrastructure.....	<u>258,982,094</u>	<u>26,734,383</u>	-	<u>285,716,477</u>
Total accumulated depreciation	<u>334,423,927</u>	<u>33,893,668</u>	<u>2,438,137</u>	<u>365,879,458</u>
Total capital assets being depreciated (net).....	<u>234,264,785</u>			<u>204,443,514</u>
Governmental activities capital assets, net.....	<u>\$ 266,603,287</u>			<u>\$ 251,708,141</u>
Business-type activities:				
Capital assets not being depreciated				
Land and other nondepreciated capital assets...	\$ 24,089,622	\$ 5,797,674	\$ 8,251,914	\$ 21,635,382
Construction in progress.....	<u>97,762,764</u>	<u>22,586,194</u>	<u>51,605,629</u>	<u>68,743,329</u>
Total capital assets not being depreciated.....	<u>121,852,386</u>	<u>28,383,868</u>	<u>59,857,543</u>	<u>90,378,711</u>
Capital assets being depreciated				
Buildings and improvements.....	82,308,916	4,138,386	330,294	86,117,008
Equipment.....	269,923,710	9,889,056	91,948,238	187,864,528
Infrastructure.....	<u>28,716,658</u>	<u>143,491,258</u>	-	<u>172,207,916</u>
Capital assets being depreciated.....	<u>380,949,284</u>	<u>157,518,700</u>	<u>92,278,532</u>	<u>446,189,452</u>
Less accumulated depreciation for:				
Buildings and improvements.....	45,569,485	2,532,538	-	48,102,023
Equipment.....	69,091,284	5,841,988	18,415	74,914,857
Infrastructure.....	<u>68,824,222</u>	<u>4,079,474</u>	-	<u>72,903,696</u>
Total accumulated depreciation.....	<u>183,484,991</u>	<u>12,454,000</u>	<u>18,415</u>	<u>195,920,576</u>
Total capital assets being depreciated(net).....	<u>197,464,293</u>			<u>250,268,876</u>
Business-type activities capital assets, net.....	<u>\$ 319,316,679</u>			<u>\$ 340,647,587</u>

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

Governmental activities:	
General Government	\$ 2,159,277
Public Safety.....	2,919,077
Public Services and Transportation.....	27,555,664
Planning and Community Development.....	331,218
Culture and Recreation.....	928,432
Total governmental activities depreciation expense	<u>\$ 33,893,668</u>
Business-type activities:	
Water and Sewer.....	\$ 7,176,334
Electric.....	3,735,148
Mass Transit.....	687,267
Parking Facilities.....	268,029
Landfill Facilities.....	579,005
Storm Water Facilities.....	8,217
Total business-type activities depreciation expense	<u>\$ 12,454,000</u>

A summary of capital assets for the ABC Board at June 30, 2008 follows:

	<u>Assets</u>
Land and buildings	\$ 2,625,739
Equipment	789,169
Leasehold improvements	31,337
Construction in progress	276,517
Accumulated depreciation	(1,321,347)
Total ABC Board	<u>\$ 2,401,415</u>

B. Liabilities

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

	<u>Accounts Payable</u>	<u>Accrued Payroll and expenses</u>	<u>Total</u>
Governmental Activities			
General	\$ 838,813	\$ 1,934,922	\$ 2,773,735
Governmental Capital Projects	1,639,410	1,310	1,640,720
Other governmental	<u>465,680</u>	<u>74,685</u>	<u>540,365</u>
Total governmental	<u>2,943,903</u>	<u>2,010,917</u>	<u>4,954,820</u>
Business -Type Activities			
Water and Sewer	1,882,149	195,781	2,077,930
Electric	9,114,468	178,623	9,293,091
Other nonmajor enterprise funds	<u>363,626</u>	<u>104,809</u>	<u>468,435</u>
Total enterprise funds	<u>11,360,243</u>	<u>479,213</u>	<u>11,839,456</u>
Total Primary Government	<u>\$ 14,304,146</u>	<u>\$ 2,490,130</u>	<u>\$ 16,794,276</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 4.89% and 4.86%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 4.93% 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, 2008, 2007 and 2006 were \$3,053,840, \$2,312,107, and \$2,322,559, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2008, 2007, and 2006 were \$39,665, \$40,151, and \$39,375, 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, 2007, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits.....	35
Active plan members.....	<u>220</u>
Total.....	<u>255</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. Funds are being set aside to pay benefits and administration costs in future years. These expenditures currently are being paid as they become due. Investments are valued at market which approximates cost.

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, 2007 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.....	\$ 494,926
Interest on net pension obligation.....	34,514
Adjustment to annual required contribution.....	<u>(29,253)</u>
Annual pension cost.....	500,187
Contributions made.....	<u>604,357</u>
Decrease in net pension obligation.....	(104,170)
Net pension obligation, beginning of year.....	<u>476,056</u>
Net pension obligation, end of year.....	<u>\$ 371,886</u>

3-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2006	\$ 514,310	78.96%	\$ 522,724
6/30/2007	467,800	109.98%	476,056
6/30/2008	500,187	120.83%	371,886

5. Funded Status and Funding Status.

As of December 31, 2007, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$5,772,668. The covered payroll (annual payroll of active employees covered by the plan) was \$11,311,271 and the ratio of the UAAL to the covered payroll was 51 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the

actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The City contributes to the Supplemental Retirement Income Plan for Law Enforcement Officers (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. The Plan is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Plan. 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. 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, 2008 were \$1,873,552, which consisted of \$576,112 from the City and \$1,297,440 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-Health Care Benefit Plan

From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2008, the City recognizes the cost of postemployment healthcare in the year when the employee services are received, reports the accumulated liability from the prior years, and provides information useful in assessing the potential demands on the City's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the reported 2008 liability.

Plan Description. Under the terms of a City resolution, the City administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The City provides continuation of medical insurance coverage to employees who retire under the North Carolina Local Governmental Employees Retirement System (NCLGERS) eligibility terms at the same time they end their

continuous service to the City. The retiree and his or her spouse may elect to receive this coverage until the participant becomes Medicare-eligible. The retiree assumes the full blended premium of the healthcare coverage plan as may be renegotiated and adjusted periodically. The City Council may amend the HCB Plan in its discretion. A separate report was not issued for the HCB Plan.

The ABC Board administers its own single employer defined benefit healthcare plan which provides its retirees who have a minimum 25 completed years of service to the ABC Board and who are not eligible for Medicare benefits the opportunity to remain enrolled in its group health insurance plan. The ABC Board pays the full cost of coverage for those benefits through private insurance. A separate report was not issued for the ABC Board's Plan.

Membership of the HCB Plan at December 31, 2006, the date of the latest actuarial valuation and in the ABC Board's Plan at June 30, 2008, the alternative measurement valuation date consisted of the following:

	<u>City</u>	<u>ABC Board</u>
Active Employees	1,441	24
Retired Employees	102	4
Total	<u>1,543</u>	<u>28</u>

Funding Policy. The City currently pays for postemployment healthcare benefits on a pay-as-you-go basis. Retirees contribute the full blended premium of the healthcare coverage plan to the City as may be renegotiated and adjusted periodically. Although the City is studying the establishment of a trust that would be used to accumulate and invest assets necessary to pay for the accumulated liability, these financial statements assume the pay-as-you-go method will continue.

The current annual required contribution (ARC) rate is 1.74% of annual covered payroll. For the current year, the City contributed \$789,009, or 1.33% of annual covered payroll. The City obtains healthcare coverage through private insurers. There were no contributions made by employees and retirees contributed \$703,403 during the fiscal year. The City's obligation to contribute to HCB Plan is established and may be amended by the City Council.

The ABC Board currently pays for postemployment healthcare benefits on a pay-as-you-go basis based upon Board resolution. In the fiscal year ended June 30, 2008, the ABC Board contributed \$35,672 to its Plan.

Summary of Significant Accounting Policies. Postemployment expenditures are made from the General Fund and the proprietary funds, which are maintained on the modified accrual basis of accounting in accordance with State law. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

For the ABC Board, postemployment expenditures are made from the Board's General Fund which is maintained in conformity with generally accepted accounting principles.

Annual OPEB Cost and Net OPEB Obligation. The City's annual OPEB cost (expense) is calculated based on the ARC of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The payment of current health insurance premiums for retirees and covered spouses totaled \$789,009, which resulted in a net OPEB cost of \$948,180 for the year ended June 30, 2008. The ABC Board's OPEB cost (expense) is also calculated based on the ARC, but has elected to calculate the ARC and related information using the alternative measurement methods permitted by GASB Statement No. 45 for employers with plans of fewer than 100 total plan members.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the postemployment healthcare benefits, as well as the related amounts for the ABC Board:

	City	ABC Board
Annual required contribution (ARC)	\$1,033,786	\$80,770
Adjustment to ARC	-	-
Annual OPEB Cost (pay-as-you-go)	1,033,786	80,770
Contributions made	(85,606)	(35,672)
Increase/(decrease) in net OPEB obligation	948,180	45,098
Net OPEB obligation, beginning of year	-	-
Net OPEB obligation, end of year	<u>\$948,180</u>	<u>\$45,098</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	\$ 1,033,786	76.32%	\$ 948,180

Funded Status and Funding Progress. As of December 31, 2006, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$11,171,206. The covered payroll (annual payroll of active employees covered by the plan) was \$59,414,265, and the ratio of the UAAL to the covered payroll was 18.80%.

The ABC Board's Plan was not funded as of June 30, 2008, the date of the alternative measurement method which showed an accrued liability for benefits of \$45,098. The covered payroll for the Board's Plan was \$895,406, and the ratio of the unfunded alternative measurement method accrued liability to the covered payroll was 5.0%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements presents multiyear trend information as accumulated annually about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2006 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual

medical cost trend increase of 12.00 to 5.00 percent annually. Both rates included a 3.75 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2006, was 30 years.

In the ABC Board's June 30, 2008 alternative measurement method, the expected rate of increase in healthcare insurance premiums trended from 8.3 percent initially reducing to 5.6 percent after 6 years, payroll growth was assumed to be 3.50 percent maximum per Board policy, and the expected returns for the discount rate were 1.50 percent. The unfunded alternative measurement method accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2008, was 30 years.

3. Other Employment Benefit

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. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other employment benefit amount. The City considers these contributions to be immaterial.

4. 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 \$9,161,226 reported as landfill closure and postclosure care liability at June 30, 2008 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 costs of closure and postclosure as the remaining estimated capacity is filled and new phases are developed. These amounts are based on what it would cost to perform all closure and postclosure care in 2008. 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 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, 2008, the City has accumulated \$17,719,188 for future payment of closure and postclosure care costs. 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.

5. 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	Capital Projects	Non-Major Governmental	Enterprise Funds
Prepaid privilege licenses (unearned).....	\$ 581,521	\$ -	\$ -	\$ -
Taxes receivable (net) (unavailable).....	1,936,433	-	-	-
Assessments (net) (unavailable).....	17,497	-	-	-
Notes (unearned).....	-	-	4,633,961	-
Grants (unavailable).....	-	-	517,032	-
Contributions (unearned).....	311,928	19,890	-	-
Unexpended pond maintenance funds (unearned).....	-	-	-	1,832,212
Total.....	\$ 2,847,379	\$ 19,890	\$ 5,150,993	\$ 1,832,212

6. Commitments

Commitments for the purchase of goods and services and for the construction and acquisition of assets are as follows at June 30, 2008:

General Fund	\$ 2,046,045
Special Revenue	526,503
Governmental Capital Projects	12,474,300
Enterprise Funds	27,066,230
	<u>\$ 42,113,078</u>

7. 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 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.

The City has several properties located in various “at risk” categories as identified by the Federal Emergency Management Agency. Consequently, the City carries commercial flood insurance for aggregate coverage limits of \$100 million and for several specific properties at \$2 million per structure. Deductibles for specific loss range from \$100,000 to \$500,000 per location and can be covered under the general self-insured arrangements as discussed above.

In accordance with G.S. 159-29, the City’s employees that have access to \$100 or more at any given time of the City’s funds are performance bonded through a commercial surety bond. The Financial Services

Director is individually bonded for \$100,000. All other employees that have access to funds are bonded under a blanket bond for \$100,000.

8. Claims and Judgments

At June 30, 2008, 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.

9. 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 quarterly or semi-annual payments. The principal sources of funding for these leases are 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		900,000
911 Equipment & Towers		7,958,989
NetApp Server		194,724
City Hall Elevators		159,864
Transportation Terminal		4,200,000
Library Computer Server		75,196
Total	\$	<u>15,667,441</u>

Listing of assets under capital leases		
Equipment.....	\$	15,667,441
Less: accumulated amortization.....		<u>(1,797,058)</u>
Net asset under capital leases.....	\$	<u>13,870,383</u>

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

The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2008 were as follows:

Year Ending <u>June 30,</u>	Governmental <u>Activities</u>
2009	\$ 2,572,157
2010	2,330,478
2011	2,448,075
2012	2,373,227
2013	1,496,099
2014-2016	<u>1,566,008</u>
Total minimum lease payments	12,786,044
Less: amounts representing interest	<u>(1,410,783)</u>
Present value of minimum lease payments	\$ <u>11,375,261</u>

b. General Obligation Indebtedness

The City's general obligation bonds serviced by the governmental funds were issued for a variety of eligible purposes as permitted by North Carolina general statutes, including transportation, public safety, recreation, libraries and public buildings. 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 is payable annually in varying amounts through 2029. Principal and interest requirements will be provided by appropriation in the year in which they become due.

Bonds payable at June 30, 2008 are comprised of the following individual issues:

General Obligation Bonds

Serviced by the General Fund:

\$3,200,000 Series 2000A Public Improvement bonds for firefighting facilities maturing serially on June 1 through 2010 with interest semiannually December 1 and June 1 at 5.4%	\$ 800,000
\$12,000,000 Series 2000B Public Improvement bonds for transportation maturing serially on June 1 through 2010 with interest semiannually December 1 and June 1 at 5.4%	1,178,184
\$4,258,963 Series 2003 Refunding bonds for public safety, transportation, public buildings, and recreation facilities maturing serially on April 1 through 2015 with interest semiannually October 1 and April 1 at rates varying between 2.5% - 4.0%	2,353,350
\$14,815,000 Series 2005 Public Improvement bonds for transportation, public buildings, recreation, library and firefighting facilities maturing serially on March 1 through 2026 with interest semiannually September 1 and March 1 at rates varying 3.75% - 5.0%	8,604,919
\$17,524,774 Series 2005 Refunding bonds for public safety, transportation, public buildings, and recreation facilities maturing serially on March 1 through 2019 with interest semiannually September 1 and March 1 at rates varying between 3.5% - 5.0%	16,441,220
\$14,580,000 Series 2006 Public Improvement bonds for transportation, public buildings, recreation, library and firefighting facilities maturing serially on March 1 through 2027 with interest semiannually September 1 and March 1 at rates varying 4.0% - 5.0%	12,132,785
\$4,000,000 Series 2007A Public Improvement bonds for transportation, public buildings, and recreation facilities maturing serially on March 1 through 2028 with interest semiannually September 1 and March 1 at rates varying 4.0% - 4.75%	4,000,000
\$11,800,000 Series 2007B Public Improvement bonds for transportation, public buildings, recreation, library and firefighting facilities maturing serially on March 1 through 2028 with interest semiannually September 1 and March 1 at rates varying 4.0% - 5.0%	11,800,000
\$10,540,000 Series 2008 Public Improvement bonds for transportation, public buildings, recreation, library and firefighting facilities maturing serially on March 1 through 2029 with interest semiannually September 1 and March 1 at rates varying 3.25% - 4.25%	10,540,000
Total serviced by governmental funds	<u>67,850,458</u>

Serviced by Enterprise Funds:

Water & Sewer Fund

\$15,500,000 Series 2000B Public Improvement bonds for water and sewer maturing serially on June 1 through 2010 with interest semiannually December 1 and June 1 at 5.4%	\$ 1,521,817
\$28,000,000 Series 2002 Public Improvement bonds for water and sewer maturing serially on June 1 through 2022 with interest semiannually December 1 and June 1 at rates varying 4.0% - 5.0%	20,750,000
\$3,310,412 Series 2003 Refunding bonds for water and sewer maturing serially on April 1 through 2015 with interest semiannually October 1 and April 1 at rates varying between 2.5% - 4.0%	1,829,217
\$12,500,000 Series 2003 water and sewer bonds maturing serially on April 1 through 2023 with interest semiannually October 1 and April 1 at rates varying between 3.0% - 4.25%	9,450,000
\$20,395,226 Series 2005 Refunding bonds for water and sewer maturing serially on March 1 through 2019 with interest semiannually September 1 and March 1 at rates varying between 3.5% - 5.0%	<u>19,788,780</u>
Total serviced by Water & Sewer Fund	<u>53,339,814</u>

Storm Water Fund

\$230,625 Series 2003 Refunding bonds for storm water facilities maturing serially on April 1 through 2015 with interest semiannually October 1 and April 1 at rates varying between 2.5% - 4.0%	127,434
\$5,020,000 Series 2005 Public Improvement bonds for storm water facilities maturing serially on March 1 through 2026 with interest semiannually September 1 and March 1 at rates varying 3.75% - 5.0%	4,410,080
\$1,780,000 Series 2006 Public Improvement bonds for storm water facilities maturing serially on March 1 through 2027 with interest semiannually September 1 and March 1 at rates varying 4.0% - 5.0%	1,687,215
\$2,800,000 Series 2007B Public Improvement bonds for storm water facilities maturing serially on March 1 through 2028 with interest semiannually September 1 and March 1 at rates varying 4.0% - 5.0%	2,800,000
\$2,575,000 Series 2008 Public Improvement bonds for storm water facilities maturing serially on March 1 through 2029 with interest semiannually September 1 and March 1 at rates varying 3.25% - 4.25%	<u>2,535,000</u>
Total serviced by Storm Water Fund	<u>11,559,729</u>

Deferred loss and discount on advance refunding	<u>(251,541)</u>
Total general obligation bonds, net of deferred loss on advance refunding	<u>\$ 120,938,729</u>

Annual Debt Service Requirements:

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

Year Ending June 30,	Governmental Activities - Bonds	
	General Obligation	
	Principal	Interest
2009	\$ 3,739,586	\$ 2,899,248
2010	3,714,239	2,856,799
2011	3,503,961	2,701,082
2012	3,456,436	2,544,582
2013	3,421,881	2,385,747
2014-2018	18,812,263	9,413,324
2019-2023	16,675,631	5,192,070
2024-2028	13,817,077	1,781,228
2029	709,384	30,149
Total	<u>\$ 67,850,458</u>	<u>\$ 29,804,229</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
2009	\$ 4,269,509	\$ 2,100,277	\$ 415,905	\$ 475,052
2010	4,246,093	1,918,056	399,669	485,452
2011	4,222,620	1,804,113	323,419	469,894
2012	4,219,165	1,623,158	314,399	457,587
2013	4,209,980	1,681,311	308,139	444,123
2014-2018	22,654,448	5,371,445	2,538,289	1,950,412
2019-2023	9,517,999	1,055,950	3,951,370	1,219,668
2024-2028	-	-	3,137,923	389,262
2029	-	-	170,616	7,251
Total	<u>\$ 53,339,814</u>	<u>\$ 15,554,310</u>	<u>\$ 11,559,729</u>	<u>\$ 5,898,701</u>

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. The balance outstanding at June 30, 2008 is \$39,390,000.

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. The balance outstanding at June 30, 2008 is \$31,380,000.

On June 26, 2008, the City issued \$41.745 million of revenue bonds secured by water and sewer operating revenues at par; the bonds were issued as \$27.765 million serial bonds, and \$13.98 million were issued as term bonds. The serial bonds carry interest rates of 3.5% to 5.0% and mature annually between November 1, 2010 and November 1, 2028. The term bonds carry interest rates of 5.0% and mature annually beginning November 1, 2029 to November 1, 2033. All term bonds are subject to mandatory redemption in prescribed amounts before the maturity dates. The balance outstanding at June 30, 2008 is \$41,745,000.

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay the aforementioned revenue bonds. The bonds are payable solely from these net water and sewer customer revenues and are payable through 2033. 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 the Revenue bonds are as follows:

Year Ending June 30,	Business -Type	
	Water and Sewer Revenue Bonds	
	Principal	Interest
2009	\$ 1,785,000	\$ 4,740,846
2010	1,840,000	4,972,569
2011	2,655,000	4,896,337
2012	2,740,000	4,803,781
2013	2,840,000	4,707,072
2014-2018	15,895,000	21,780,618
2019-2023	22,445,000	17,736,817
2024-2028	28,260,000	11,882,328
2029-2033	30,975,000	4,238,863
2034	<u>3,080,000</u>	<u>77,000</u>
Total	<u>\$ 112,515,000</u>	<u>\$ 79,836,231</u>

State and Federal Revolving and Bond Loans

Serviced by Enterprise Funds:

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, 2008, a total of \$2,599,678 had been drawn-down and principal payments of \$1,424,345 had been made leaving an outstanding balance of \$1,175,333. Interest expense was \$45,355 for the year ended June 30, 2008.

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, 2008, \$7,137,854 had been drawn-down and principal payments of \$4,392,650 had been made, leaving an outstanding balance of \$2,745,204. Interest expense was \$95,219 for the year ended June 30, 2008.

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, 2008, \$15,000,000 had been drawn-down and principal payments of \$4,500,000 have been made, leaving an outstanding balance of \$10,500,000. Interest expense was \$286,875 for the year ended June 30, 2008.

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, 2008 was \$623,330. Interest expense was \$36,663 for the year ended June 30, 2008.

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
2009	\$ 130,935	\$ 40,788	\$ 1,142,172	\$ 351,067	\$ 228,233	\$ 29,106
2010	130,935	36,219	1,142,172	320,040	118,002	20,355
2011	130,935	31,656	1,142,172	289,012	92,365	14,722
2012	130,935	27,094	1,142,172	257,985	92,365	9,815
2013	130,935	22,522	1,142,172	226,957	92,365	4,907
2014-2018	520,658	44,565	4,534,344	705,082	-	-
2019-2022	-	-	3,000,000	191,250	-	-
Total	<u>\$ 1,175,333</u>	<u>\$ 202,844</u>	<u>\$ 13,245,204</u>	<u>\$ 2,341,393</u>	<u>\$ 623,330</u>	<u>\$ 78,905</u>

As of June 30, 2008, the City has \$16,700,000 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, 2008
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	5.40% - 5.50%	<u>15,400,000</u>
	Total Defeased Debt		<u>\$ 16,700,000</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, 2008, the City of High Point had authorized bonds of \$41,660,000 and a legal debt margin of \$661,496,000. There are limitations and restrictions contained in the various bond indentures.

Changes in Long-term Liabilities

	Beginning Balance	Additions & Adjustments	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities:					
Bonds and notes payable:					
General obligation bonds.....	\$ 45,146,756	\$ 26,340,000	\$ 3,636,298	\$ 67,850,458	\$ 3,739,586
Capital leases.....	12,644,706	900,000	2,169,445	11,375,261	2,144,431
Total bonds and notes payable.....	<u>57,791,462</u>	<u>27,240,000</u>	<u>5,805,743</u>	<u>79,225,719</u>	<u>5,884,017</u>
Other liabilities:					
Compensated absences.....	4,130,582	4,309,044	4,130,582	4,309,044	-
Arbitrage liabilities.....	246,964	189,064	-	436,028	-
Other post employment benefits.....	-	699,758	-	699,758	-
Pension liabilities.....	544,960	-	173,074	371,886	-
Total other liabilities:.....	<u>4,922,506</u>	<u>5,197,866</u>	<u>4,303,656</u>	<u>5,816,716</u>	<u>-</u>
Governmental activities long-term liabilities.....	<u>\$ 62,713,968</u>	<u>\$ 32,437,866</u>	<u>\$ 10,109,399</u>	<u>\$ 85,042,435</u>	<u>\$ 5,884,017</u>
Business-type Activities:					
Bonds and notes payable					
Water and Sewer General Obligation Bonds.....	\$ 57,603,567	\$ -	\$ 4,263,753	\$ 53,339,814	\$ 4,269,509
Water and Sewer Revenue Bonds.....	71,755,000	41,745,000	985,000	112,515,000	1,785,000
Premium on Water and Sewer Revenue Bonds.....	1,531,704	1,137,386	104,644	2,564,446	-
Total Water and Sewer Revenue Bonds.....	<u>73,286,704</u>	<u>42,882,386</u>	<u>1,089,644</u>	<u>115,079,446</u>	<u>1,785,000</u>
Storm Water General Obligation Bonds.....	6,649,677	5,335,000	424,948	11,559,729	415,905
Notes and loans payable.....	16,531,087	-	1,487,220	15,043,867	1,501,340
Less discount on refunding.....	(372,419)	9,438	-	(362,981)	-
Less deferred loss on refunding.....	117,632	6,192	-	111,440	-
Total bonds and notes payable.....	<u>153,816,248</u>	<u>48,233,016</u>	<u>7,265,565</u>	<u>194,771,315</u>	<u>7,971,754</u>
Other liabilities					
Arbitrage liabilities.....	188,490	319,660	-	508,150	-
Landfill closure and post-closure	8,799,658	361,568	-	9,161,226	-
Other post employment benefits.....	-	248,422	-	248,422	-
Compensated absences.....	1,033,941	1,154,972	1,033,941	1,154,972	-
Total other liabilities.....	<u>10,022,089</u>	<u>2,084,622</u>	<u>1,033,941</u>	<u>11,072,770</u>	<u>-</u>
Business-type activities long term liabilities.....	<u>\$ 163,838,337</u>	<u>\$ 50,317,638</u>	<u>\$ 8,299,506</u>	<u>\$ 205,844,085</u>	<u>\$ 7,971,754</u>

Note 3. Interfund Balances and Activity

A schedule of interfund transfers for the year ended June 30, 2008 is as follows:

Transfers to	Transfers from							Total
	General	Capital Projects	Nonmajor Governmental	Water and Sewer	Electric	Nonmajor Enterprise	Internal Service	
General Fund.....	\$ -	\$ -	\$ -	\$ 50,000	\$ 1,960,000	\$ -	\$ -	\$ 2,010,000
Governmental Capital Projects..	1,635,885	-	-	-	-	-	-	1,635,885
Nonmajor governmental	6,389,024	1,025,640	32,907	119,464	110,362	38,684	27,306	7,743,387
All non-major enterprise.....	622,206	-	690,343	-	-	-	-	1,312,549
Total.....	<u>\$ 8,647,115</u>	<u>\$ 1,025,640</u>	<u>\$ 723,250</u>	<u>\$ 169,464</u>	<u>\$ 2,070,362</u>	<u>\$ 38,684</u>	<u>\$ 27,306</u>	<u>\$ 12,701,821</u>

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

The transfers from the Electric Fund to the General Fund represent the amounts designated for Economic Development and the International Home Furnishings Market as well as the payment in lieu of taxes.

Balances due to/from other funds at June 30, 2008, consist of the following:

Due to the Water and Sewer Fund for short-term cash needs:	
Special Grants Fund	\$ 226,716
Community Development Block Grant Fund	495,188
General Capital Projects Fund	327,031
Total	<u>\$ 1,048,935</u>

During the fiscal year ended June 30, 2008, the landfill fund provided \$1,500,000 to the general capital projects fund in a quasi-external transaction for the purchase of land and building for parks and recreation administration. This transfer was done in lieu of external financing options. The intent of the City Council and management is to repay the transfer semi-annually on a ten-year amortized schedule at an interest rate of 3.61% which represented the City's blended internal rate of return for short-term investments. The interfund transaction is presented as a longterm interfund receivable for the enterprise fund and as a longterm interfund payable in the government-wide statements.

Long-Term due to the Landfill Services Fund from the General Capital Projects Ordinance Fund	<u>\$ 1,500,000</u>
--	---------------------

Note 4. Reserved Net Assets

By previous action of City Council and required by the Federal Transit Administration, the Mass Transit Fund has restricted \$357,897 of its net assets to provide for future collision liability eventualities.

Note 5. Deficit Fund Balances

The deficit fund balance in the General Capital Projects Fund of \$1,846,298 is due primarily to the expenditure of \$1,500,000 for capital assets discussed above which will be extinguished with future transfers from the General Fund and Electric Fund through fiscal year 2018. The remaining portion of the fund balance deficit of \$346,298 will be extinguished with future revenues of the Fund and transfers from the General Fund in fiscal year 2008-2009. The deficit fund balance in the Special Grants Fund of \$193,480 will be extinguished during fiscal year

2008-2009 upon the receipt of grant revenues which did not meet the requirements for revenue recognition under the modified accrual basis of accounting.

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, 2007 is presented below (in thousands of dollars):

	Total
Current and other assets.....	\$ 1,392,748
Capital assets.....	978,867
Total assets.....	<u>\$ 2,371,615</u>
Current and other liabilities.....	\$ 644,416
Long term debt.....	1,719,799
Fund equity.....	7,400
Total liabilities and fund equity.....	<u>\$ 2,371,615</u>
Total revenues.....	\$ 425,445
Total expenses.....	425,445
Net increase(decrease) in fund equity.....	<u>\$ -</u>

As of December 31, 2007, the Agency had outstanding \$1,703,360,000 of bonds.

The following is a summary of debt service requirements for bonds outstanding at December 31, 2007 (in thousands of dollars):

Year	Principal	Interest	Total
2008	\$ 106,940	\$ 84,338	\$ 191,278
2009	111,755	79,710	191,465
2010	116,465	74,695	191,160
2011	122,635	68,766	191,401
2012	129,455	62,388	191,843
2013-2017	749,860	209,208	959,068
2018-2019	366,250	27,444	393,694
	<u>\$ 1,703,360</u>	<u>\$ 606,549</u>	<u>\$ 2,309,909</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, 2008 totaled \$76,347,611. 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 and to provide a regional water resource. 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. The Randleman Dam was completed in January 2003 and the impoundment of water is complete. The Authority is now constructing a water treatment plant and a raw water pump station, transmission lines, and a finished water pump station. Upon completion of the projects, the Piedmont Triad Regional Water Authority plans to operate and maintain these facilities under an interlocal agreement among the members. The City's allocable portion of capacity and distributable water is 19% or approximately 9 MGD at full operational limits. The City's share of construction for the current phase is \$11,970,637 was due and paid to the Authority in July 2008. The City did not make a capital contribution to the Authority during the year ended June 30, 2008. 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 \$19,423 to the Council during the fiscal year ended June 30, 2008.
- 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 county-wide occupancy tax pass through the City to the Bureau. The City paid \$1,392,671 to the Bureau during the fiscal year ended June 30, 2008. 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. 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, 2008, there has been no amounts paid to the company under the incentive program. The maximum amount of reimbursements available to the company over the term of the program is \$2,575,000.

Note 11. Comparative Data and Reclassifications

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

Note 12. New GASB Pronouncements

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 become effective for fiscal periods beginning after December 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.

Statement No. 52 – Land and Other Real Estate Held as Investment by Endowments, establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. Statement No. 52 is effective for periods beginning after June 15, 2008.

Statement No. 53 – Accounting and Financial Reporting for Derivative Instruments, addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. Earlier application is encouraged. For potential hedging derivative instruments existing prior to the fiscal period during which this Statement is implemented, the evaluation of effectiveness should be performed as of the end of the current period. If determined to be effective, hedging derivative instruments are reported as if they were effective from their inception. If determined to be ineffective, the potential hedging derivative instrument is then evaluated as of the end of the prior reporting period



NORTH CAROLINA'S INTERNATIONAL CITY™

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.
- Schedule of Funding Progress for the Healthcare Benefits Plan.
- Schedule of Employer Contributions for the Healthcare Benefits Plan.
- Notes to the Required Schedules for the Healthcare Benefits Plan.

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 Accrued 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%
12/31/2007	-	5,772,668	5,772,668	0.00%	11,311,271	51.03%

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>
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	514,310	79.0%
2007	467,800	110.0%
2008	500,187	120.8%

NOTES TO THE REQUIRED SCHEDULES:

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

Valuation date	12/31/2007
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	23 Years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	4.5-12.3%
*Includes inflation at	3.75%
Cost-of-living adjustments	None

CITY OF HIGH POINT, NORTH CAROLINA

Healthcare Benefits Plan

Required Supplementary Information
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)- Projected Unit Credit	Unfunded AAL (UAAL) Obligation	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2006	\$ -	\$ 11,171,206	\$ 11,171,206	0.00%	\$ 59,414,265	18.80%

CITY OF HIGH POINT, NORTH CAROLINA

Healthcare Benefits Plan

Required Supplementary Information

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2008	\$ 1,033,786	76.3%

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 open
Remaining amortization period	30 Years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate*	12.00% - 5.00%
Year of Ultimate trend rate	2014
*Includes inflation at	3.75%



NORTH CAROLINA'S INTERNATIONAL CITY™

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, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Taxes				
Ad valorem taxes-current year	\$ 51,698,781	\$ 52,435,821	\$ 737,040	\$ 48,582,814
Ad valorem taxes-prior years	493,500	582,015	88,515	459,042
Penalty and interest	141,550	179,075	37,525	150,114
Total taxes	<u>52,333,831</u>	<u>53,196,911</u>	<u>863,080</u>	<u>49,191,970</u>
Sales and Use Taxes				
Sales tax	15,990,000	16,038,021	48,021	15,898,590
Room occupancy tax	1,700,000	1,830,275	130,275	1,744,850
Total sales taxes	<u>17,690,000</u>	<u>17,868,296</u>	<u>178,296</u>	<u>17,643,440</u>
Intergovernmental Revenues				
Utility franchise tax	4,300,000	4,480,612	180,612	4,846,734
Beer and wine tax	410,000	434,483	24,483	413,176
Powell Bill	2,850,000	3,215,067	365,067	2,806,293
Hold harmless tax reimbursement	400,000	491,710	91,710	463,104
Guilford County	876,600	939,908	63,308	838,509
State Grants	-	1,257,721	1,257,721	750,000
Other intergovernmental revenues	3,684,497	3,737,990	53,493	2,763,571
Total Intergovernmental Revenues	<u>12,521,097</u>	<u>14,557,491</u>	<u>2,036,394</u>	<u>12,881,387</u>
Licenses and permits				
Privilege licenses	2,580,000	2,489,642	(90,358)	2,257,037
Inspection fees and permits	1,866,500	1,605,898	(260,602)	1,750,017
CATV franchise	40,000	148,279	108,279	708,776
Fines and forfeitures	101,500	101,221	(279)	103,310
Other licenses and fees	335,900	353,740	17,840	349,813
Total licenses and permits	<u>4,923,900</u>	<u>4,698,780</u>	<u>(225,120)</u>	<u>5,168,953</u>
Charges for services				
Self-sustaining recreation programs	2,519,500	2,544,394	24,894	2,439,754
Sales and rentals	1,104,130	1,099,154	(4,976)	2,779,430
Other charges and services	85,000	93,947	8,947	304,768
Total charges for services	<u>3,708,630</u>	<u>3,737,495</u>	<u>28,865</u>	<u>5,523,952</u>
Interest Income and Miscellaneous Revenues				
Interest income	1,000,000	1,073,038	73,038	1,337,354
Miscellaneous revenues	514,560	718,204	203,644	1,007,181
Administrative reimbursements	5,241,535	5,241,535	-	4,675,886
Total miscellaneous revenues	<u>6,756,095</u>	<u>7,032,777</u>	<u>276,682</u>	<u>7,020,421</u>
Total revenues	<u>97,933,553</u>	<u>101,091,750</u>	<u>3,158,197</u>	<u>97,430,123</u>

(Continued)

CITY OF HIGH POINT, NORTH CAROLINA

General Fund
Schedule of Revenue and Expenditures - Budget and Actual
For the Year Ended June 30, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Expenditures:				
General government				
Governing Body	369,107	310,764	58,343	315,900
Administration and general	2,926,039	2,557,769	368,270	2,093,059
Human Resources	1,326,171	1,411,366	(85,195)	1,176,374
Financial Services	5,053,205	4,788,720	264,485	4,853,086
Engineering Services	1,751,321	1,586,105	165,216	1,566,194
Communications	2,088,979	1,952,887	136,092	2,172,746
Business Development	456,216	454,384	1,832	455,959
ERP Project Management	277,081	249,737	27,344	196,822
Information Services	3,241,584	3,250,394	(8,810)	2,695,885
Public services administration	347,730	340,583	7,147	296,693
Facility Services	1,672,130	1,319,340	352,790	1,348,903
Contingency	408,270	-	408,270	-
Total general government	<u>19,917,833</u>	<u>18,222,049</u>	<u>1,695,784</u>	<u>17,171,621</u>
Public Safety				
Police	21,803,169	21,214,336	588,833	20,259,165
Fire	17,424,893	16,914,875	510,018	15,636,412
Total public safety	<u>39,228,062</u>	<u>38,129,211</u>	<u>1,098,851</u>	<u>35,895,577</u>
Transportation				
Administration	778,465	723,354	55,111	802,618
Signs and signals	3,329,423	3,238,777	90,646	3,136,671
Streets maintenance	6,290,444	4,334,885	1,955,559	6,894,302
Total transportation	<u>10,398,332</u>	<u>8,297,016</u>	<u>2,101,316</u>	<u>10,833,591</u>
Environmental Services				
Environmental services	6,090,917	5,872,765	218,152	5,288,831
Cemeteries	213,191	200,153	13,038	195,645
Total environmental service	<u>6,304,108</u>	<u>6,072,918</u>	<u>231,190</u>	<u>5,484,476</u>
Total Public Service	<u>16,702,440</u>	<u>14,369,934</u>	<u>2,332,506</u>	<u>16,318,067</u>
Community and economic development				
Planning	1,227,739	1,091,628	136,111	1,074,311
Housing	72,742	76,769	(4,027)	77,356
Building inspections	1,985,432	1,842,233	143,199	1,801,637
Workforce development	50,000	50,000		62,532
Economic development	1,878,913	901,713	977,200	912,960
Total community and economic development	<u>5,214,826</u>	<u>3,962,343</u>	<u>1,252,483</u>	<u>3,928,796</u>
Cultural and recreation				
Parks and recreation	8,988,737	8,758,698	230,039	8,784,039
Library	4,587,205	4,465,455	121,750	4,376,076
Theatre	1,088,569	1,051,191	37,378	930,648
Special appropriations	3,939,803	3,759,649	180,154	2,058,785
Total cultural and recreation and spec approp.	<u>18,604,314</u>	<u>18,034,993</u>	<u>569,321</u>	<u>16,149,548</u>
Total expenditures	<u>99,667,475</u>	<u>92,718,530</u>	<u>6,948,945</u>	<u>89,463,609</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,733,922)</u>	<u>8,373,220</u>	<u>10,107,142</u>	<u>7,966,514</u>

(Continued)

CITY OF HIGH POINT, NORTH CAROLINA

General Fund
 Schedule of Revenue and Expenditures - Budget and Actual
 For the Year Ended June 30, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Other financing sources (uses)				
Lease Purchase Proceeds	900,000	900,000	-	75,196
Contributions from (to) other funds				
Operating transfer from Water/Sewer Fund	50,000	50,000	-	50,000
Operating transfer from Electric Fund	1,960,000	1,960,000	-	1,160,000
Operating transfer to Mass Transit Fund	(636,782)	(472,264)	164,518	(449,877)
Operating transfer to Parking Facilities Fund	(149,942)	(149,942)	-	(183,017)
Transfers from (to) other funds:				
General Debt Service Fund	(5,903,420)	(5,903,420)	-	(5,903,420)
Special Grants Fund	(365,604)	(365,604)	-	-
Community Development Grant Fund	(120,000)	(120,000)	-	(120,000)
Capital Projects Fund	(1,635,885)	(1,635,885)	-	(1,335,032)
Fund balance appropriated	<u>7,635,555</u>	<u>-</u>	<u>(7,635,555)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,733,922</u>	<u>(5,737,115)</u>	<u>(7,471,037)</u>	<u>(6,706,150)</u>
 Net change in fund balance	 <u>\$ -</u>	 <u>\$ 2,636,105</u>	 <u>\$ 2,636,105</u>	 <u>\$ 1,260,364</u>

(Concluded)

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, 2008

	<u>General Capital Projects Fund</u>	<u>General Capital Projects Ordinance Fund</u>	<u>Total Governmental Capital Projects Funds</u>
Assets:			
Receivables:			
Accounts receivable.....	\$ 41,316	\$ 1,912	\$ 43,228
Accrued interest.....	14,149	-	14,149
Restricted cash and investments.....	-	33,549,267	33,549,267
	<hr/>	<hr/>	<hr/>
Total Assets.....	<u>\$ 55,465</u>	<u>\$ 33,551,179</u>	<u>\$ 33,606,644</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued expenses.....	\$ 54,842	\$ 1,585,878	\$ 1,640,720
Due to other funds.....	1,827,031	-	1,827,031
Other liabilities.....	-	154,450	154,450
Deferred revenue.....	19,890	-	19,890
	<hr/>	<hr/>	<hr/>
Total Liabilities.....	<u>1,901,763</u>	<u>1,740,328</u>	<u>3,642,091</u>
Fund Balance (deficit):			
Reserved for:			
Encumbrances.....	693,335	11,780,965	12,474,300
State Statute.....	55,465	1,912	57,377
Capital Projects.....	(2,595,098)	20,027,974	17,432,876
	<hr/>	<hr/>	<hr/>
Total Fund Balance (deficit).....	<u>(1,846,298)</u>	<u>31,810,851</u>	<u>29,964,553</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances.....	<u>\$ 55,465</u>	<u>\$ 33,551,179</u>	<u>\$ 33,606,644</u>

CITY OF HIGH POINT, NORTH CAROLINA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Capital Projects Funds
For the Year Ended June 30, 2008

	General Capital Projects Fund	General Capital Projects Ordinance Fund	Total Governmental Capital Projects Funds
Revenues:			
Interest on investments.....	\$ 152,661	\$ -	\$ 152,661
Intergovernmental Revenues.....	407	400,000	400,407
Miscellaneous Revenues.....	514,320	200,000	714,320
Total revenues.....	667,388	600,000	1,267,388
Expenditures:			
General government.....	465,640	-	465,640
Public safety.....	104,270	1,954,662	2,058,932
Public service - transportation.....	573,169	7,074,529	7,647,698
Planning and community development.....	66,996	-	66,996
Culture and recreation.....	1,810,795	2,921,391	4,732,186
Total expenditures.....	3,020,870	11,950,582	14,971,452
Deficiency of revenues (under) expenditures	(2,353,482)	(11,350,582)	(13,704,064)
Other Financing Sources (Uses):			
Proceeds from issuance of general obligation bonds.....	-	26,340,000	26,340,000
Transfers In	1,635,885	-	1,635,885
Transfers Out	(1,025,640)	-	(1,025,640)
Total other financing sources (uses).....	610,245	26,340,000	26,950,245
Net change in fund balance.....	(1,743,237)	14,989,418	13,246,181
Fund balance (deficit), beginning of the year.....	(103,061)	16,821,433	16,718,372
Fund balance (deficit), ending of the year.....	\$ (1,846,298)	\$ 31,810,851	\$ 29,964,553

CITY OF HIGH POINT, NORTH CAROLINA

General Capital Projects Fund
 Schedule of Revenues and Expenditures
 Budget and Actual (Non-GAAP)
 For The Year Ended June 30, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Interest on investments.....	\$ -	\$ 152,661	152,661	\$ 258,680
Grants.....	193,747	407	(193,340)	4,078,868
Miscellaneous revenue.....	-	514,320	514,320	185,882
Total revenues	<u>193,747</u>	<u>667,388</u>	<u>473,641</u>	<u>4,523,430</u>
Expenditures:				
General government.....	745,654	465,640	280,014	216,898
Public safety	106,895	104,270	2,625	11,604
Public services - transportation	5,545,779	573,169	4,972,610	8,335,692
Planning and community development.....	211,913	66,996	144,917	155,536
Culture and recreation.....	2,142,742	1,810,795	331,947	313,143
Total Expenditures	<u>8,752,983</u>	<u>3,020,870</u>	<u>5,732,113</u>	<u>9,032,873</u>
Deficiency of revenues (under) expenditures	<u>(8,559,236)</u>	<u>(2,353,482)</u>	<u>6,205,754</u>	<u>(4,509,443)</u>
Other Financing Sources (Uses):				
Transfer from the General Fund.....	1,635,885	1,635,885	-	1,335,032
Transfer from the Landfill Fund.....	1,500,000	1,500,000	-	-
Transfer to the Debt Service Fund.....	(1,025,640)	(1,025,640)	-	-
Proceeds from issuance of capital leases.....	-	-	-	4,200,000
Fund Balance Appropriated	6,448,991	-	(6,448,991)	-
Total other financing sources and fund balance appropriated.....	<u>8,559,236</u>	<u>2,110,245</u>	<u>(6,448,991)</u>	<u>5,535,032</u>
Net change in fund balance-budgetary basis.....	<u>\$ -</u>	<u>(243,237)</u>	<u>\$ (243,237)</u>	1,025,589
Reconciliation From Budgetary Basis (Modified Accrual) to GAAP Basis				
Reconciling Items:				
Proceeds from interfund loan.....		(1,500,000)		-
Fund balance (deficit), beginning of the year.....		<u>(103,061)</u>		<u>(1,128,650)</u>
Fund balance (deficit), ending of the year.....		<u>\$ (1,846,298)</u>		<u>\$ (103,061)</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, 2008

	<u>PROJECT AUTHORIZATION</u>	<u>PRIOR YEAR</u>	<u>ACTUAL CURRENT YEAR</u>	<u>TOTAL TO DATE</u>
Revenues:				
Intergovernmental.....	\$ -	\$ -	\$ 400,000	\$ 400,000
Interest on investments.....	-	1,469,230	-	1,469,230
Miscellaneous.....	1,716,000	619,513	200,000	819,513
Total revenues.....	<u>1,716,000</u>	<u>2,088,743</u>	<u>600,000</u>	<u>2,688,743</u>
Expenditures:				
Public safety.....	7,000,000	1,242,421	1,954,662	3,197,083
Transportation.....	39,966,000	4,345,892	7,074,529	11,420,421
Cultural and recreation.....	17,000,000	2,273,797	2,921,391	5,195,188
Total expenditures.....	<u>63,966,000</u>	<u>7,862,110</u>	<u>11,950,582</u>	<u>19,812,692</u>
Other financing sources				
General obligation bonds.....	62,250,000	22,594,800	26,340,000	48,934,800
Excess (deficiency) of revenues and financing sources under expenditures.....				
	<u>\$ -</u>	<u>\$ 16,821,433</u>	\$ 14,989,418	<u>\$ 31,810,851</u>
Fund Balance, beginning of year.....			<u>16,821,433</u>	
Fund Balance, end of year.....			<u>\$ 31,810,851</u>	



NORTH CAROLINA'S INTERNATIONAL CITY™

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.



NORTH CAROLINA'S INTERNATIONAL CITY™

CITY OF HIGH POINT, NORTH CAROLINA

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

	Special Revenue	Debt Service	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments.....	\$ -	\$ 14,731,541	\$ 14,731,541
Receivables:			
Accounts receivable and accrued revenue (net).....	1,506,944	541	1,507,485
Notes.....	4,633,961	-	4,633,961
Accrued Interest.....	55	37,513	37,568
Prepaid Items.....	1,373	-	1,373
TOTAL ASSETS	<u><u>\$ 6,142,333</u></u>	<u><u>\$ 14,769,595</u></u>	<u><u>\$ 20,911,928</u></u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued expenses.....	\$ 258,084	\$ 25,825	\$ 283,909
Due to other funds.....	721,904	-	721,904
Other liabilities.....	-	281,578	281,578
Deferred revenue.....	5,150,993	-	5,150,993
TOTAL LIABILITIES	<u><u>6,130,981</u></u>	<u><u>307,403</u></u>	<u><u>6,438,384</u></u>
Fund balances:			
Reserved for:			
Prepaid items.....	1,373	-	1,373
State Statute.....	55	38,054	38,109
Specific programs.....	9,924	-	9,924
Debt Service.....	-	14,424,138	14,424,138
TOTAL FUND BALANCES	<u><u>11,352</u></u>	<u><u>14,462,192</u></u>	<u><u>14,473,544</u></u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u><u>\$ 6,142,333</u></u>	 <u><u>\$ 14,769,595</u></u>	 <u><u>\$ 20,911,928</u></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, 2008

	Special Revenue	Debt Service	Total Nonmajor Governmental Funds
Revenues			
Taxes.....	\$ -	\$ 3,157,498	\$ 3,157,498
Intergovernmental Revenues.....	2,606,369	-	2,606,369
Local Grants and Matches.....	151,118	-	151,118
Interest on Investments.....	7,763	1,514,124	1,521,887
Miscellaneous Revenues.....	341,167	-	341,167
Total revenues.....	3,106,417	4,671,622	7,778,039
Expenditures			
General Government.....	464,687	-	464,687
Public Safety.....	880,926	-	880,926
Public Services.....	572,690	-	572,690
Planning and Community Development.....	2,138,686	-	2,138,686
Cultural and Recreation.....	108,266	-	108,266
Debt Service:			
Principal Retirement.....	-	5,237,222	5,237,222
Interest and Fiscal Charges.....	-	2,892,422	2,892,422
Total Expenditures.....	4,165,255	8,129,644	12,294,899
Deficiency of revenues under expenditures.....	(1,058,838)	(3,458,022)	(4,516,860)
Other Financing Sources (Uses)			
Transfers In	485,604	7,257,783	7,743,387
Transfers out.....	(32,907)	(690,343)	(723,250)
Total Other Financing Sources (uses).....	452,697	6,567,440	7,020,137
Net change in fund balances.....	(606,141)	3,109,418	2,503,277
Fund balances, beginning of the year.....	617,493	11,352,774	11,970,267
Fund balances, ending of the year.....	\$ 11,352	\$ 14,462,192	\$ 14,473,544

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, 2008

	<u>SPECIAL GRANTS</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>TOTAL</u>
Assets:			
Receivables:.....			
Accounts and grants.....	\$ 560,388	\$ 946,556	\$ 1,506,944
Notes	-	4,633,961	4,633,961
Accrued Interest.....	55	-	55
Total receivables.....	<u>560,443</u>	<u>5,580,517</u>	<u>6,140,960</u>
Prepaid items.....	<u>1,373</u>	<u>-</u>	<u>1,373</u>
Total assets.....	<u><u>\$ 561,816</u></u>	<u><u>\$ 5,580,517</u></u>	<u><u>\$ 6,142,333</u></u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable and accrued expenses.....	\$ 173,507	\$ 84,577	\$ 258,084
Due to other funds.....	226,716	495,188	721,904
Deferred Revenue.....	<u>355,073</u>	<u>4,795,920</u>	<u>5,150,993</u>
Total Liabilities.....	<u>755,296</u>	<u>5,375,685</u>	<u>6,130,981</u>
Fund Balances (Deficits):			
Reserved for Specific Programs.....	<u>(193,480)</u>	<u>204,832</u>	<u>11,352</u>
Total Fund Balances (Deficits).....	<u>(193,480)</u>	<u>204,832</u>	<u>11,352</u>
Total Liabilities and Fund Balances (Deficits)	<u><u>\$ 561,816</u></u>	<u><u>\$ 5,580,517</u></u>	<u><u>\$ 6,142,333</u></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, 2008

	<u>SPECIAL GRANTS</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>TOTAL</u>
Revenues:			
Intergovernmental Revenues.....	\$ 1,104,336	\$ 1,502,033	\$ 2,606,369
Local grants and matches.....	151,118	-	151,118
Interest on Investments.....	7,763	-	7,763
Miscellaneous Revenues.....	60,156	281,011	341,167
Total Revenues.....	<u>1,323,373</u>	<u>1,783,044</u>	<u>3,106,417</u>
Expenditures			
General Government.....	464,687	-	464,687
Public Safety.....	880,926	-	880,926
Public Services.....	572,690	-	572,690
Planning and Community Development.....	111,040	2,027,646	2,138,686
Cultural and Recreation.....	108,266	-	108,266
Total expenditures.....	<u>2,137,609</u>	<u>2,027,646</u>	<u>4,165,255</u>
Deficiency of revenues under expenditures	<u>(814,236)</u>	<u>(244,602)</u>	<u>(1,058,838)</u>
Other Financing Sources (Uses):			
Transfers in	365,604	120,000	485,604
Transfers out	<u>(32,907)</u>	-	<u>(32,907)</u>
Total other financing sources.....	<u>332,697</u>	<u>120,000</u>	<u>452,697</u>
Net change in fund balance.....	(481,539)	(124,602)	(606,141)
Fund balance, beginning of year.....	<u>288,059</u>	<u>329,434</u>	<u>617,493</u>
Fund balance (deficit), end of year.....	<u>\$ (193,480)</u>	<u>\$ 204,832</u>	<u>\$ 11,352</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, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Intergovernmental revenues				
Federal Grants.....	\$ 2,468,671	\$ 943,147	\$ (1,525,524)	\$ 870,570
State Grants.....	1,722,834	161,189	(1,561,645)	578,108
Local Grants and Matches.....	337,930	151,118	(186,812)	325,268
Total intergovernmental revenues.....	<u>4,529,435</u>	<u>1,255,454</u>	<u>(3,273,981)</u>	<u>1,773,946</u>
Interest on investments.....	-	7,763	7,763	-
Miscellaneous.....	60,156	60,156	-	-
Total revenues.....	<u>4,589,591</u>	<u>1,323,373</u>	<u>(3,266,218)</u>	<u>1,773,946</u>
Expenditures:				
General Government.....	2,836,426	464,687	2,371,739	436,647
Public Safety.....	1,511,347	880,926	630,421	906,908
Public Services.....	886,178	572,690	313,488	204,583
Planning and Community Development.....	144,680	111,040	33,640	57,447
Cultural and Recreation.....	137,821	108,266	29,555	134,142
Total expenditures.....	<u>5,516,452</u>	<u>2,137,609</u>	<u>3,378,843</u>	<u>1,739,727</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(926,861)</u>	<u>(814,236)</u>	<u>112,625</u>	<u>34,219</u>
Other Financing Sources (Uses):				
Transfer from General Fund.....	365,604	365,604	-	-
Transfer to General Debt Service Fund.....	(32,907)	(32,907)	-	(25,810)
Appropriated Fund Balance.....	594,164	-	(594,164)	-
Total other financing sources (uses).....	<u>926,861</u>	<u>332,697</u>	<u>(594,164)</u>	<u>(25,810)</u>
Net change in fund balance	<u>\$ -</u>	<u>(481,539)</u>	<u>\$ (481,539)</u>	8,409
Fund Balance, beginning of year.....		<u>288,059</u>		<u>279,650</u>
Fund Balance, end of year.....		<u>\$ (193,480)</u>		<u>\$ 288,059</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, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Intergovernmental revenues				
Federal Grants.....	\$ 2,496,162	\$ 1,502,033	\$ (994,129)	\$ 1,609,780
State Grants.....	<u>360,000</u>	<u>-</u>	<u>(360,000)</u>	<u>-</u>
Total intergovernmental revenues.....	2,856,162	1,502,033	(1,354,129)	1,609,780
Miscellaneous income.....	<u>5,000</u>	<u>281,011</u>	<u>276,011</u>	<u>234,570</u>
Total revenues.....	<u>2,861,162</u>	<u>1,783,044</u>	<u>(1,078,118)</u>	<u>1,844,350</u>
Expenditures:				
Community development				
Planning and Community Development.....	1,848,505	1,317,931	530,574	1,474,872
Home Program.....	772,657	709,715	62,942	660,738
Lead Base Paint.....	<u>360,000</u>	<u>-</u>	<u>360,000</u>	<u>-</u>
Total expenditures.....	<u>2,981,162</u>	<u>2,027,646</u>	<u>953,516</u>	<u>2,135,610</u>
Deficiency of revenues under expenditures	<u>(120,000)</u>	<u>(244,602)</u>	<u>(124,602)</u>	<u>(291,260)</u>
Other Financing Sources:				
Transfer from General Fund.....	<u>120,000</u>	<u>120,000</u>	<u>-</u>	<u>120,000</u>
Net change in fund balance.....	<u>\$ -</u>	<u>(124,602)</u>	<u>\$ (124,602)</u>	<u>(171,260)</u>
Fund Balance, beginning of the year.....		<u>329,434</u>		<u>500,694</u>
Fund Balance, ending of the year.....		<u>\$ 204,832</u>		<u>\$ 329,434</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, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Taxes.....	\$ 2,933,896	\$ 3,157,498	\$ 223,602	\$ 3,032,696
Interest on Investments.....	189,567	1,514,124	1,324,557	1,676,341
Total Revenues.....	<u>3,123,463</u>	<u>4,671,622</u>	<u>1,548,159</u>	<u>4,709,037</u>
Expenditures:				
Debt service:				
Principal.....	6,737,094	5,237,222	1,499,872	4,311,692
Interest.....	2,843,509	2,743,510	99,999	2,381,098
Fiscal charges.....	110,000	148,912	(38,912)	36,918
Total Expenditures.....	<u>9,690,603</u>	<u>8,129,644</u>	<u>1,560,959</u>	<u>6,729,708</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,567,140)</u>	<u>(3,458,022)</u>	<u>3,109,118</u>	<u>(2,020,671)</u>
Other Financing Sources (Uses):				
Transfer from General Fund.....	5,903,420	5,903,420	-	5,903,420
Transfer from the Special Grants Fund.....	32,907	32,907	-	25,810
Transfer from the General Capital Projects Fund.....	1,025,640	1,025,640	-	-
Transfer from the Central Services Fund.....	27,306	27,306	-	19,036
Transfer from Water and Sewer Fund.....	119,464	119,464	-	83,282
Transfer from the Electric Fund.....	110,362	110,362	-	76,937
Transfer from the Mass Transit Fund.....	1,138	1,138	-	793
Transfer from the Parking Fund.....	9,102	9,102	-	6,345
Transfer from the Landfill Facilities Fund.....	23,893	23,893	-	16,656
Transfer from the Storm Water Facilities Fund.....	4,551	4,551	-	3,173
Transfer to Storm Water Facilities Fund.....	(690,643)	(690,343)	300	(531,558)
Total transfers.....	<u>6,567,140</u>	<u>6,567,440</u>	<u>300</u>	<u>5,603,894</u>
Net change in fund balance.....	<u>\$ -</u>	<u>3,109,418</u>	<u>\$ 3,109,418</u>	<u>3,583,223</u>
Fund Balance, beginning of the year.....		<u>11,352,774</u>		<u>7,769,551</u>
Fund Balance, ending of the year.....		<u>\$ 14,462,192</u>		<u>\$ 11,352,774</u>

CITY OF HIGH POINT, NORTH CAROLINA

PROPRIETARY FUND TYPES **Enterprise Funds**

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

Water and Sewer Fund

To provide the maximum treatment possible of our raw water and to furnish to the customer an adequate quantity of high quality and aesthetically pleasing stain-free water for home, industrial and commercial users. Additionally, this fund provides for the proper and effective treatment of all wastewater and 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, 2008

ASSETS	MASS TRANSIT	PARKING FACILITIES	LANDFILL FACILITIES	STORM WATER	TOTAL
Current Assets:					
Cash and investments.....	\$ 256,812	\$ 288,482	\$ 27,548,641	\$ 4,433,559	\$ 32,527,494
Receivables:					
Accounts (net).....	426,739	6,218	405,360	92,578	930,895
Accrued Interest.....	3,121	1,687	86,244	19,268	110,320
Inventory.....	86,329	-	-	-	86,329
Prepaid Expenses.....	113,794	-	1,921	-	115,715
Total current assets.....	886,795	296,387	28,042,166	4,545,405	33,770,753
Noncurrent assets					
Restricted Assets:					
Cash and investments.....	357,897	8,020	-	7,786,680	8,152,597
Deferred charges.....	-	-	-	11,383	11,383
Interfund Loan receivable.....	-	-	1,500,000	-	1,500,000
Capital Assets:					
Land.....	626,056	898,720	10,849,974	27,500	12,402,250
Buildings and System Assets.....	829,742	8,693,940	4,236,959	-	13,760,641
Machinery and Equipment.....	6,164,717	581,808	3,426,686	64,583	10,237,794
Construction in progress.....	328,585	-	430,859	4,139,103	4,898,547
Accumulated Depreciation.....	(3,803,814)	(6,038,397)	(14,511,930)	(26,237)	(24,380,378)
Total capital assets.....	4,145,286	4,136,071	4,432,548	4,204,949	16,918,854
TOTAL ASSETS.....	\$ 5,389,978	\$ 4,440,478	\$ 33,974,714	\$ 16,548,417	\$ 60,353,587
LIABILITIES AND NET ASSETS:					
Liabilities					
Current Liabilities:					
Accounts Payable and Accrued Expenses.....	\$ 357,675	\$ 14,301	\$ 62,422	\$ 34,037	\$ 468,435
Current Maturities of Long-Term Debt.....	-	-	-	415,905	415,905
Accrued interest payable.....	-	-	-	147,866	147,866
Deposits.....	-	8,020	-	-	8,020
Total current liabilities	357,675	22,321	62,422	597,808	1,040,226
Long-term Liabilities:					
Accrued Closure/Post closure Costs.....	-	-	9,161,226	-	9,161,226
Other Post Employment Benefits accrual.....	22,377	3,413	31,195	8,154	65,139
General Obligation Bonds Payable.....	-	-	-	11,143,824	11,143,824
Vacation accrual.....	68,641	15,457	151,581	24,821	260,500
Deferred Revenue.....	-	-	-	1,832,212	1,832,212
Total Long-term liabilities	91,018	18,870	9,344,002	13,009,011	22,462,901
Total Liabilities.....	448,693	41,191	9,406,424	13,606,819	23,503,127
Net Assets					
Invested in capital assets, net of related debt.....	4,145,286	4,136,071	4,432,548	-	12,713,905
Restricted	357,897	-	-	443,283	801,180
Unrestricted.....	438,102	263,216	20,135,742	2,498,315	23,335,375
Total Net Assets.....	4,941,285	4,399,287	24,568,290	2,941,598	36,850,460
TOTAL LIABILITIES AND NET ASSETS.....	\$ 5,389,978	\$ 4,440,478	\$ 33,974,714	\$ 16,548,417	\$ 60,353,587

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, 2008

	MASS TRANSIT	PARKING FACILITIES	LANDFILL FACILITIES	STORM WATER	TOTAL NONMAJOR ENTERPRISE FUNDS
OPERATING REVENUES:					
Charges for Services.....	\$ 1,952,804	\$ 455,650	\$ 6,502,996	\$ 2,290,800	\$ 11,202,250
Miscellaneous.....	34,617	-	-	-	34,617
Total operating revenues.....	<u>1,987,421</u>	<u>455,650</u>	<u>6,502,996</u>	<u>2,290,800</u>	<u>11,236,867</u>
OPERATING EXPENSES:					
Management and administration.....	2,558,911	613,756	4,687,291	1,340,418	9,200,376
Other services and charges.....	27,072	-	-	-	27,072
Depreciation and amortization.....	687,267	268,029	579,005	8,217	1,542,518
Total Operating Expenses.....	<u>3,273,250</u>	<u>881,785</u>	<u>5,266,296</u>	<u>1,348,635</u>	<u>10,769,966</u>
Operating income (loss).....	(1,285,829)	(426,135)	1,236,700	942,165	466,901
Nonoperating Revenues (Expenses)					
Interest Revenue.....	35,039	17,919	1,104,357	215,123	1,372,438
Interest Expense and Fiscal Charges.....	-	-	-	(348,249)	(348,249)
Amortization of Financing Costs.....	-	-	-	(1,626)	(1,626)
Intergovernmental revenues.....	312,517	-	-	-	312,517
Total Nonoperating revenues (expenses).....	<u>347,556</u>	<u>17,919</u>	<u>1,104,357</u>	<u>(134,752)</u>	<u>1,335,080</u>
Income(loss) before transfers.....	(938,273)	(408,216)	2,341,057	807,413	1,801,981
Transfers:					
Transfers In.....	472,264	149,942	1,515,000	690,343	2,827,549
Transfers Out.....	(1,138)	(9,102)	(1,538,893)	(4,551)	(1,553,684)
Total Transfers.....	<u>471,126</u>	<u>140,840</u>	<u>(23,893)</u>	<u>685,792</u>	<u>1,273,865</u>
Change in net assets.....	(467,147)	(267,376)	2,317,164	1,493,205	3,075,846
Net assets, beginning of the year.....	5,408,432	4,666,663	22,251,126	1,448,393	33,774,614
Net assets, ending of the year.....	<u>\$ 4,941,285</u>	<u>\$ 4,399,287</u>	<u>\$ 24,568,290</u>	<u>\$ 2,941,598</u>	<u>\$ 36,850,460</u>

City of High Point, North Carolina

Combining Statement of Cash Flows
All Nonmajor Enterprise Funds
For The Year Ended June 30, 2008

	Business-Type - Enterprise Funds				
	MASS TRANSIT	PARKING	LANDFILL	STORM WATER	TOTAL
		FACILITIES	FACILITIES		
Cash Flows From Operating Activities					
Receipts from customers and users.....	\$ 1,592,925	\$ 455,174	\$ 6,369,903	\$ 2,274,538	\$ 10,692,540
Payments to employees and related fringe benefits.....	(1,529,805)	(363,672)	(1,914,342)	(642,054)	(4,449,873)
Payments to suppliers and operating costs.....	(903,097)	(251,735)	(2,382,529)	(1,374,527)	(4,911,888)
Net cash provided by (used in) by operating activities	(839,977)	(160,233)	2,073,032	257,957	1,330,779
Cash Flows From Non Capital Financing Activities					
Transfers In.....	472,264	149,942	1,515,000	690,343	2,827,549
Transfers Out.....	(1,138)	(9,102)	(1,538,893)	(4,551)	(1,553,684)
Advances to other funds.....	-	-	(1,500,000)	-	(1,500,000)
Intergovernmental revenues.....	312,517	-	-	-	312,517
Net Cash provided by (used in) noncapital financing activities	783,643	140,840	(1,523,893)	685,792	86,382
Cash Flows From Financing Activities					
Proceeds from Issuance of Long-Term Debt	-	-	-	5,335,000	5,335,000
Principal Payments on Long-Term Debt.....	-	-	-	(424,948)	(424,948)
Interest payments on Long-Term Debt.....	-	-	-	(297,828)	(297,828)
Acquisition and Construction of Capital Assets.....	(524,262)	-	(683,925)	(680,674)	(1,888,861)
Net cash provided by (used in) noncapital financing activities	(524,262)	-	(683,925)	3,931,550	2,723,363
Cash Flows From Investing Activities					
Interest Earned on Investments.....	39,180	23,438	1,198,081	244,018	1,504,717
Net cash provided by investing activities	39,180	23,438	1,198,081	244,018	1,504,717
Net increase (decrease) in cash and investments	(541,416)	4,045	1,063,295	5,119,317	5,645,241
Cash and investments, beginning of the year	1,156,125	292,457	26,485,346	7,100,922	35,034,850
Cash and investments end of the year	\$ 614,709	\$ 296,502	\$ 27,548,641	\$ 12,220,239	\$ 40,680,091
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income (loss).....	\$ (1,285,829)	\$ (426,135)	\$ 1,236,700	\$ 942,165	\$ 466,901
Adjustments to Reconcile Operating Income (Loss) to					
Cash Provided by (Used in) Operating Activities:.....					
Depreciation and amortization.....	687,267	268,029	579,005	8,217	1,542,518
Change in Assets and Liabilities:					
(Increase) Decrease in Receivables.....	(394,496)	(432)	(133,093)	(54,110)	(582,131)
(Increase) Decrease in Inventories.....	(15,324)	-	-	-	(15,324)
(Increase) Decrease in Prepaid Expenses and Deferred Charges.....	(2,494)	-	(1,921)	-	(4,415)
Increase (Decrease) in Payables and Accrued Expenses.....	143,827	(3,952)	347,034	(685,873)	(198,964)
Increase (Decrease) in Deposits.....	-	(45)	-	-	(45)
Increase (Decrease) in OPEB Liability.....	22,377	3,413	31,195	8,154	65,139
Increase (Decrease) in Vacation Leave Accrual.....	4,695	(1,111)	14,112	1,556	19,252
Increase (Decrease) in Deferred Revenue.....	-	-	-	37,848	37,848
Total adjustments.....	445,852	265,902	836,332	(684,208)	863,878
Net cash provided by (used in) operating activities.....	\$ (839,977)	\$ (160,233)	\$ 2,073,032	\$ 257,957	\$ 1,330,779

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, 2008

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	PRIOR YEAR ACTUAL
Operating Revenues				
Charges for Services.....	\$ 35,599,300	\$ 37,127,800	\$ 1,528,500	\$ 34,539,475
Miscellaneous revenues.....	43,000	51,210	8,210	842,663
Total operating revenues.....	<u>35,642,300</u>	<u>37,179,010</u>	<u>1,536,710</u>	<u>35,382,138</u>
Operating Expenses				
Management and administration.....	1,558,923	1,403,051	155,872	1,298,646
Maintenance and distribution.....	8,702,016	8,493,168	208,848	7,466,759
Treatment plants.....	5,967,642	5,655,088	312,554	5,339,835
Other services and charges.....	603,628	372,844	230,784	378,489
Total operating expenses.....	<u>16,832,209</u>	<u>15,924,151</u>	<u>908,058</u>	<u>14,483,729</u>
Operating income (loss)	<u>18,810,091</u>	<u>21,254,859</u>	<u>2,444,768</u>	<u>20,898,409</u>
Nonoperating revenues (expenses)				
Interest on Investments.....	1,304,500	1,444,184	139,684	733,711
Interest expense and fiscal charges.....	(6,485,363)	(5,475,845)	1,009,518	(4,551,542)
Grants and contributions.....	-	3,254,882	3,254,882	6,194,073
Reimbursement to General Fund.....	(2,533,669)	(2,533,669)	-	(2,299,462)
Reimbursement to Electric Fund.....	(1,573,776)	(1,573,776)	-	(1,569,537)
Total non-operating revenues(expenses).....	<u>(9,288,308)</u>	<u>(4,884,224)</u>	<u>4,404,084</u>	<u>(1,492,757)</u>
Income (loss) before other financing sources (uses)	<u>9,521,783</u>	<u>16,370,635</u>	<u>6,848,852</u>	<u>19,405,652</u>
Other Financing Sources (Uses)				
Contingency.....	(300,000)	-	300,000	-
Capital projects.....	(772,182)	(482,176)	290,006	(368,891)
Payment of debt principal.....	(6,745,703)	(6,745,701)	2	(5,540,805)
Transfer to General Fund.....	(50,000)	(50,000)	-	(50,000)
Transfer to General Debt Service Fund.....	(119,464)	(119,464)	-	(83,282)
Transfer to Water & Sewer Capital Projects Fund.....	(4,190,928)	(4,190,828)	100	(5,236,179)
Net assets appropriated.....	2,656,494	-	(2,656,494)	-
Total other financing sources (uses).....	<u>(9,521,783)</u>	<u>(11,588,169)</u>	<u>(2,066,386)</u>	<u>(11,279,157)</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>\$ 4,782,466</u>	<u>\$ 4,782,466</u>	<u>\$ 8,126,495</u>
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual				
Reconciling Items				
Changes in net assets				
Water and Sewer Fund.....		\$ 4,782,466		\$ 8,126,495
Water & Sewer Capital Project Ordinance Fund.....		21,853,420		(14,201,859)
Water Capital Reserve Fund.....		91,388		100,043
Sewer Capital Reserve Fund.....		64,539		78,400
		<u>26,791,813</u>		<u>(5,896,921)</u>
Depreciation.....		(7,176,334)		(6,400,232)
OPEB Expense.....		(99,085)		-
Capital Additions.....		24,310,725		21,824,842
Bond Proceeds.....		(39,799,383)		-
Bond Principal Paid.....		6,745,701		5,540,805
Assessments Principal and Interest Paid.....		-		2,205
Total Reconciling Items.....		<u>(16,018,376)</u>		<u>20,967,620</u>
Net change in net assets - full accrual.....		<u>\$ 10,773,437</u>		<u>\$ 15,070,699</u>

CITY OF HIGH POINT, NORTH CAROLINA

Water & 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, 2008

	<u>PROJECT AUTHORIZATION</u>	<u>PRIOR YEAR</u>	<u>ACTUAL CURRENT YEAR</u>	<u>TOTAL TO DATE</u>
Revenues:				
Interest on investments.....	\$ -	\$ 3,606,344	\$ 1,209,811	\$ 4,816,155
Expenditures:				
System improvements.....	183,794,437	97,750,980	23,346,602	121,097,582
Other financing sources:				
Contributed Capital.....	8,850,000	8,850,000	-	8,850,000
General obligation bonds.....	52,000,000	52,000,000	-	52,000,000
Proceeds from Revenue bonds.....	106,050,000	66,050,000	39,799,383	105,849,383
Transfer from Water and Sewer	16,894,437	12,115,609	4,190,828	16,306,437
Total other financing sources.....	<u>183,794,437</u>	<u>139,015,609</u>	<u>43,990,211</u>	<u>183,005,820</u>
Change in net assets.....	<u>\$ -</u>	<u>\$ 44,870,973</u>	<u>\$ 21,853,420</u>	<u>\$ 66,724,393</u>

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, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Nonoperating Revenues				
Interest on Investments.....	<u>\$ -</u>	<u>\$ 91,388</u>	<u>\$ 91,388</u>	<u>\$ 100,043</u>
Change in net assets.....	<u>\$ -</u>	<u>\$ 91,388</u>	<u>\$ 91,388</u>	<u>\$ 100,043</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, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Nonoperating Revenues				
Interest on Investments.....	<u>\$ -</u>	<u>\$ 64,539</u>	<u>\$ 64,539</u>	<u>\$ 78,400</u>
Change in net assets.....	<u>\$ -</u>	<u>\$ 64,539</u>	<u>\$ 64,539</u>	<u>\$ 78,400</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, 2008

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	PRIOR YEAR ACTUAL
Operating Revenues				
Charges for Services.....	\$ 99,902,732	\$ 101,142,084	\$ 1,239,352	\$ 97,404,939
Miscellaneous revenues.....	1,030,000	664,031	(365,969)	551,651
Total operating revenues.....	<u>100,932,732</u>	<u>101,806,115</u>	<u>873,383</u>	<u>97,956,590</u>
Operating Expenses				
Management and administration.....	185,058	213,952	(28,894)	629,037
Maintenance and distribution.....	13,440,227	10,026,473	3,413,754	11,507,639
Power purchases.....	77,591,371	76,920,673	670,698	73,373,983
Other services and charges.....	4,282,111	4,675,406	(393,295)	4,076,226
Total operating expenses.....	<u>95,498,767</u>	<u>91,836,504</u>	<u>3,662,263</u>	<u>89,586,885</u>
Operating income (loss)	<u>5,433,965</u>	<u>9,969,611</u>	<u>4,535,646</u>	<u>8,369,705</u>
Nonoperating Revenues (Expenses)				
Interest on Investments.....	1,000,000	701,744	(298,256)	1,165,947
Developer Contributions.....	-	305,716	305,716	-
Reimbursement from General Fund.....	74,239	74,239	-	73,472
Reimbursement from Water and Sewer Facilities Fund.....	1,573,776	1,573,776	-	1,569,537
Reimbursement to General Fund.....	(2,128,677)	(2,128,677)	-	(1,889,219)
Total nonoperating revenues.....	<u>519,338</u>	<u>526,798</u>	<u>7,460</u>	<u>919,737</u>
Income (loss) before other financing sources (uses)	<u>5,953,303</u>	<u>10,496,409</u>	<u>4,543,106</u>	<u>9,289,442</u>
Other Financing Sources (Uses)				
Contingency.....	(450,000)	-	450,000	-
Capital projects.....	(10,042,632)	(4,395,586)	5,647,046	(5,358,689)
Transfer from Central Services Fund.....	-	-	-	4,877,559
Transfer to the General Fund.....	(1,960,000)	(1,960,000)	-	(1,160,000)
Transfer to General Debt Service Fund.....	(111,157)	(110,362)	795	(77,732)
Net assets appropriated.....	6,610,486	-	(6,610,486)	-
Total other financing sources (uses).....	<u>(5,953,303)</u>	<u>(6,465,948)</u>	<u>(512,645)</u>	<u>(1,718,862)</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>4,030,461</u>	<u>\$ 4,030,461</u>	<u>7,570,580</u>
Reconciliation From Budgetary Basis (Modified Accrual) To Full Accrual				
Reconciling Items:				
Depreciation.....		(3,735,148)		(3,741,995)
OPEB Expense.....		(84,198)		-
Capital Additions.....		3,656,752		3,921,747
Gain/(Loss) on Disposal of Assets.....		-		239,888
Total reconciliation items.....		<u>(162,594)</u>		<u>419,640</u>
Change in net assets - full accrual basis.....		<u>\$ 3,867,867</u>		<u>\$ 7,990,220</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, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues:				
Charges for Services.....	\$ 1,949,989	\$ 1,952,804	\$ 2,815	\$ 1,482,731
Miscellaneous revenues.....	-	34,617	34,617	8,294
Total operating revenues.....	<u>1,949,989</u>	<u>1,987,421</u>	<u>37,432</u>	<u>1,491,025</u>
Operating Expenses:				
Management and administration.....	3,488,353	2,417,928	1,070,425	2,421,451
Other services and charges.....	-	27,072	(27,072)	438
Total operating expenses.....	<u>3,488,353</u>	<u>2,445,000</u>	<u>1,043,353</u>	<u>2,421,889</u>
Operating income (loss)	<u>(1,538,364)</u>	<u>(457,579)</u>	<u>1,080,785</u>	<u>(930,864)</u>
Nonoperating revenues (expenses)				
Interest on Investments.....	-	83	83	2,074
Intergovernmental revenues.....	2,037,673	312,517	(1,725,156)	791,439
Total non-operating revenues.....	<u>2,037,673</u>	<u>312,600</u>	<u>(1,725,073)</u>	<u>793,513</u>
Income (loss) before other financing sources (uses)	<u>499,309</u>	<u>(144,979)</u>	<u>(644,288)</u>	<u>(137,351)</u>
Other Financing Sources (uses)				
Transfer from General Fund.....	472,264	472,264	-	449,877
Capital Projects.....	(970,435)	(642,868)	327,567	(391,161)
Transfer to General Debt Service Fund.....	(1,138)	(1,138)	-	(793)
Total other financing sources (uses).....	<u>(499,309)</u>	<u>(171,742)</u>	<u>327,567</u>	<u>57,923</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>\$ (316,721)</u>	<u>\$ (316,721)</u>	<u>\$ (79,428)</u>
Reconciliation From Budgetary Basis (Modified Accrual) To Full Accrual				
Change in net assets - budgetary basis				
Mass Transit Fund.....		\$ (316,721)		\$ (79,428)
Mass Transit Capital Reserve Fund.....		34,956		35,078
		<u>(281,765)</u>		<u>(44,350)</u>
Reconciling items:				
Depreciation.....		(687,267)		(546,462)
OPEB Expense.....		(22,377)		-
Capital Additions.....		524,262		189,755
Total reconciling items.....		<u>(185,382)</u>		<u>(356,707)</u>
Change in net assets - full accrual basis.....		<u>\$ (467,147)</u>		<u>\$ (401,057)</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, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Nonoperating Revenues				
Interest on Investments.....	\$ -	\$ 34,956	\$ 34,956	\$ 35,078
Change in net assets.....	<u>\$ -</u>	<u>\$ 34,956</u>	<u>\$ 34,956</u>	<u>\$ 35,078</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, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues:				
Charges for Services.....	\$ 454,000	\$ 455,650	\$ 1,650	\$ 429,998
Operating Expenses				
Management and administration.....	648,889	531,793	117,096	566,771
Operating income (loss)	<u>(194,889)</u>	<u>(76,143)</u>	<u>118,746</u>	<u>(136,773)</u>
Nonoperating Revenues (Expenses)				
Interest on Investments.....	22,000	17,919	(4,081)	31,129
Interest expense.....	-	-	-	(7,881)
Total nonoperating revenues (expenses)	<u>22,000</u>	<u>17,919</u>	<u>(4,081)</u>	<u>23,248</u>
Income (loss) before other financing sources (uses)	<u>(172,889)</u>	<u>(58,224)</u>	<u>114,665</u>	<u>(113,525)</u>
Other Financing Sources (Uses)				
Transfer from General Fund.....	149,942	149,942	-	183,017
Transfer to the General Debt Service Fund.....	(9,103)	(9,102)	1	(6,345)
Capital projects.....	(65,499)	(78,550)	(13,051)	(55,158)
Payment of debt principal.....	-	-	-	(175,136)
Net assets appropriated.....	97,549	-	(97,549)	-
Total other financing sources (uses)	<u>172,889</u>	<u>62,290</u>	<u>(110,599)</u>	<u>(53,622)</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	4,066	<u>\$ 4,066</u>	(167,147)
Reconciliation From Budgetary Basis (Modified Accrual) To Full Accrual				
Reconciling Items				
Depreciation.....		(268,029)		(268,294)
OPEB Expense.....		(3,413)		-
Bond Principal Paid.....		-		175,136
Amortization of financing costs.....		-		(3,566)
Total Reconciling Items.....		<u>(271,442)</u>		<u>(96,724)</u>
Change in net assets - full accrual basis.....		<u>\$ (267,376)</u>		<u>\$ (263,871)</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, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues				
Charges for Services.....	\$ 5,877,500	\$ 6,502,996	\$ 625,496	\$ 6,512,504
Operating Expenses				
Management and administration.....	4,117,988	3,975,185	142,803	3,753,158
Operating income (loss)	<u>1,759,512</u>	<u>2,527,811</u>	<u>768,299</u>	<u>2,759,346</u>
Nonoperating Revenues				
Interest on Investments.....	320,000	349,115	29,115	364,302
Income (loss) before other financing sources (uses)	<u>2,079,512</u>	<u>2,876,926</u>	<u>797,414</u>	<u>3,123,648</u>
Other Financing Sources (Uses)				
Reimbursement to General Fund.....	(579,189)	(579,189)	-	(487,205)
Transfer to General Debt Service Fund.....	(23,893)	(23,893)	-	(16,656)
Transfer to Landfill Maintenance Reserve Fund.....	(1,515,000)	(1,515,000)	-	(1,550,000)
Transfer from Landfill Maintenance Reserve Fund.....	1,000,000	1,000,000	-	-
Capital projects.....	(3,697,596)	(424,079)	3,273,517	(419,199)
Net assets appropriated.....	2,736,166	-	(2,736,166)	-
Total other financing (uses).....	<u>(2,079,512)</u>	<u>(1,542,161)</u>	<u>537,351</u>	<u>(2,473,060)</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>\$ 1,334,765</u>	<u>\$ 1,334,765</u>	<u>\$ 650,588</u>
Reconciliation From Budgetary Basis (Modified Accrual) to To Full Accrual Basis				
Change in net assets.....				
Landfill Facilities Fund.....		\$ 1,334,765		\$ 650,588
Landfill Maintenance Reserve Fund.....		908,674		2,120,576
		<u>2,243,439</u>		<u>2,771,164</u>
Reconciling Items				
Depreciation.....		(579,005)		(526,872)
OPEB Expense.....		(31,195)		-
Capital Additions.....		683,925		414,961
Total Reconciling Items.....		<u>73,725</u>		<u>(111,911)</u>
Change in net assets - full accrual basis.....		<u>\$ 2,317,164</u>		<u>\$ 2,659,253</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, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Expenses				
Landfill closure/post-closure costs.....	\$ -	\$ 361,568	\$ (361,568)	\$ 247,998
Nonoperating Revenues				
Interest on Investments.....	-	755,242	755,242	818,574
Other financing sources (uses):				
Transfer from Landfill Facilities Fund.....	-	1,515,000	1,515,000	1,550,000
Transfer to Landfill Facilities Fund.....	-	(1,000,000)	(1,000,000)	-
Total other financing Sources.....	-	515,000	515,000	1,550,000
Change in net assets.....	\$ -	\$ 908,674	\$ 908,674	\$ 2,120,576

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, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues				
Charges for Services.....	\$ 2,207,500	\$ 2,290,800	\$ 83,300	\$ 1,098,650
Operating Expenses				
Management and administration.....	2,529,571	1,146,715	1,382,856	2,134,190
Operating income (loss)	<u>(322,071)</u>	<u>1,144,085</u>	<u>1,466,156</u>	<u>(1,035,540)</u>
Nonoperating Revenues (Expenses)				
Interest on Investments.....	150,000	215,123	65,123	231,793
Interest expense.....	(297,828)	(348,249)	(50,421)	(340,211)
Total nonoperating revenues.....	<u>(147,828)</u>	<u>(133,126)</u>	<u>14,702</u>	<u>(108,418)</u>
Income (loss) before other financing sources (uses)	<u>(469,899)</u>	<u>1,010,959</u>	<u>1,480,858</u>	<u>(1,143,958)</u>
Other Financing Sources (Uses)				
Transfer from General Debt Service Fund.....	690,343	690,343	-	531,558
Transfer to General Debt Service Fund.....	(4,552)	(4,551)	1	(3,173)
Transfer to Storm Water Capital Projects Fund.....	(603,545)	-	603,545	-
Payment of debt principal.....	(424,949)	(424,948)	1	(304,958)
Net assets appropriated.....	812,602	-	(812,602)	-
Total other financing sources	<u>469,899</u>	<u>260,844</u>	<u>(209,055)</u>	<u>223,427</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>\$ 1,271,803</u>	<u>\$ 1,271,803</u>	<u>\$ (920,531)</u>
Reconciliation From Budgetary Basis (Modified Accrual)				
To Full Accrual				
Change in net assets.....				
Storm Water Facilities Fund.....		\$ 1,271,803		\$ (920,531)
Storm Water Facilities Capital Project Ordinance Fund		4,468,777		(1,769,864)
		<u>5,740,580</u>		<u>(2,690,395)</u>
Reconciling Items				
Capital Assets additions.....		680,674		1,769,864
Depreciation.....		(8,217)		(8,217)
OPEB Expense.....		(8,154)		-
Bond Proceeds.....		(5,335,000)		-
Bond Principal Paid.....		424,948		304,958
Amortization of financing costs.....		(1,626)		(1,626)
Total Reconciling Items.....		<u>(4,247,375)</u>		<u>2,064,979</u>
Change in net assets - full accrual basis.....		<u>\$ 1,493,205</u>		<u>\$ (625,416)</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, 2008

	<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	\$ 3,492,589	\$ 866,223	\$ 4,358,812
Other financing sources				
General obligation bonds.....	13,677,275	6,800,000	5,335,000	12,135,000
Change in fund balance.....	\$ -	\$ 3,307,411	\$ 4,468,777	\$ 7,776,188

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 Services

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

Radio Repair Shop

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

Facilities Services

Provide maintenance operations and services for buildings and grounds of all City facilities.

Computer Replacement

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

CITY OF HIGH POINT, NORTH CAROLINA

Internal Service Fund
 Schedule of Revenues, Expenditures and Changes in Net Assets
 For the Year Ended June 30, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues:				
Interfund charges.....	\$ 11,463,995	\$ 11,145,582	\$ (318,413)	\$ 10,730,111
Operating Expenditures:				
Fleet services.....	8,827,574	8,051,581	775,993	7,101,415
Radio repair shop.....	948,687	916,733	31,954	849,815
Facility services.....	1,894,365	1,836,420	57,945	1,801,241
Computer replacement.....	647,078	584,945	62,133	518,357
Total operating expenses.....	<u>12,317,704</u>	<u>11,389,679</u>	<u>928,025</u>	<u>10,270,828</u>
Operating income (loss)	<u>(853,709)</u>	<u>(244,097)</u>	<u>609,612</u>	<u>459,283</u>
Nonoperating Revenues				
Interest on Investments.....	-	-	-	6,326
Other financing sources (uses):				
Transfer to the General Debt Service Fund.....	(27,606)	(27,306)	300	(18,241)
Transfer to the Electric Facilities Fund.....	-	-	-	(4,877,559)
Proceeds from sale of assets.....	150,237	198,606	48,369	193,432
Appropriated retained earnings.....	731,078	-	(731,078)	-
Total other financing sources (uses).....	<u>853,709</u>	<u>171,300</u>	<u>(682,409)</u>	<u>(4,702,368)</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>(72,797)</u>	<u>\$ (72,797)</u>	<u>(4,236,759)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Capital Additions.....		2,692,382		2,276,900
Capital lease principal payments.....		110,339		115,589
Depreciation.....		(3,168,248)		(3,191,288)
OPEB Expense.....		(27,782)		-
Basis of capital assets disposed.....		<u>(14,377)</u>		<u>(77,663)</u>
Change in net assets - full accrual basis.....		<u>\$ (480,483)</u>		<u>\$ (5,113,221)</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, including special events for associated organizations, 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, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
Assets:				
Cash and investments	\$ 737,503	\$ -	\$ 312,024	\$ 425,479
Accounts receivable	1,141,031	-	1,140,965	66
Accrued interest	874	-	512	362
	<u>874</u>	<u>-</u>	<u>512</u>	<u>362</u>
Total Assets	<u>\$ 1,879,408</u>	<u>\$ -</u>	<u>\$ 1,453,501</u>	<u>\$ 425,907</u>
Liabilities:				
Accounts Payable: Due to other organizations	<u>\$ 1,879,408</u>	<u>\$ -</u>	<u>\$ 1,453,501</u>	<u>\$ 425,907</u>

CITY OF HIGH POINT, NORTH CAROLINA

SUPPORTING SCHEDULES

- (1) Schedule of Ad Valorem Taxes Receivable June 30, 2008
- (2) Analysis of Current Tax Levy June 30, 2008
- (3) Analysis of Current Tax Levy June 30, 2008 for Secondary Market Disclosure

CITY OF HIGH POINT, NORTH CAROLINA

General Fund and Debt Service Fund
 Schedule of Ad Valorem Taxes Receivable
 June 30, 2008

Fiscal Year	Uncollected Balance June 30, 2007	Current Net Levy	Collections and Credits	Uncollected Balance June 30, 2008
2007-08	\$ -	\$ 57,726,974	\$ 56,595,208	\$ 1,131,766
2006-07	873,573		574,034	299,539
2005-06	291,754		86,694	205,060
2004-05	161,006		14,297	146,709
2003-04	134,341		7,425	126,916
2002-03	98,945		4,074	94,871
2001-02	95,072		2,745	92,327
2000-01	75,367		2,240	73,127
1999-00	57,424		749	56,675
Prior	799,518		1,331	798,187
	<u>\$ 2,587,000</u>	<u>\$ 57,726,974</u>	<u>\$ 57,288,797</u>	<u>\$ 3,025,177</u>

Less: allowance for uncollectible accounts:

 General Fund

1,070,152

Ad valorem taxes receivable - net

\$ 1,955,025

Reconciliation to revenues:

 Ad valorem taxes - General Fund and Debt Service Fund

\$ 56,354,409

 Vehicle user fees

354,325

 Discounts and adjustments allowed

754,148

 Subtotal

57,462,882

Less interest collected

174,085

Total collections and credits

\$ 57,288,797

CITY OF HIGH POINT, NORTH CAROLINA

Analysis of Current Tax Levy
City - Wide Levy
For the Fiscal Year Ended June 30, 2008

	City - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 8,680,204,739	\$ 0.633	\$ 54,945,696	\$ 52,938,208	\$ 2,007,488
Registered motor vehicles taxed at prior year's rate	455,151,652	0.608	2,767,322	-	2,767,322
Penalties	-		42,449	42,449	-
Total	<u>9,135,356,391</u>		<u>57,755,467</u>	<u>52,980,657</u>	<u>4,774,810</u>
Discoveries - Current year taxes	<u>49,231,912</u>	0.633	<u>311,638</u>	<u>311,638</u>	<u>-</u>
Net Vehicle Tax Annual System	<u>-</u>		<u>354,325</u>	<u>-</u>	<u>354,325</u>
Abatements	<u>(109,708,747)</u>	0.633	<u>(694,456)</u>	<u>(643,629)</u>	<u>(50,827)</u>
Total assessed valuation	<u>\$ 9,074,879,556</u>				
Net levy			57,726,974	52,648,666	5,078,308
Uncollected taxes at June 30			<u>(1,131,766)</u>	<u>(687,431)</u>	<u>(444,335)</u>
Current year's taxes collected			<u>\$ 56,595,208</u>	<u>\$ 51,961,235</u>	<u>\$ 4,633,973</u>
Current levy collection percentage			98.04%	98.69%	91.25%

CITY OF HIGH POINT, NORTH CAROLINA

Analysis of Current Tax Levy
City - Wide Levy
For the Fiscal Year Ended June 30, 2008

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio (1)	100%
Real Property	\$ 7,502,491,522
Personal Property	1,441,055,968
Public Service Companies (2)	131,332,066
Total Assessed Valuation	<u>9,074,879,556</u>
City-wide Tax Rate	0.633
Levy (3)	\$ 57,726,974

(1) Percentage of appraised value has been established by statute.

(2) Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

(3) The levy includes discoveries, releases, abatements, interest and penalties.

CITY OF HIGH POINT, NORTH CAROLINA

STATISTICAL SECTION

CITY OF HIGH POINT, NORTH CAROLINA

Table I

Net Assets by Component,

Last Six Fiscal Years

(accrual basis of accounting)

	Fiscal Year		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental activities			
Invested in capital assets, net of related debt	\$ 235,462,448	\$ 217,483,238	\$ 213,391,739
Restricted	15,845,598	20,775,167	14,141,184
Unrestricted	<u>26,673,580</u>	<u>25,486,747</u>	<u>25,867,575</u>
Total governmental activities net assets	<u>\$ 277,981,626</u>	<u>\$ 263,745,152</u>	<u>\$ 253,400,498</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 147,056,289	\$ 166,454,291	\$ 186,983,381
Restricted	37,935,540	22,696,388	817,141
Unrestricted	<u>46,229,568</u>	<u>51,455,656</u>	<u>64,947,701</u>
Total business-type activities	<u>\$ 231,221,397</u>	<u>\$ 240,606,335</u>	<u>\$ 252,748,223</u>
Primary government			
Invested in capital assets, net of related debt	\$ 382,518,737	\$ 383,937,529	\$ 400,375,120
Restricted	53,781,138	43,471,555	14,958,325
Unrestricted	<u>72,903,148</u>	<u>76,942,403</u>	<u>90,815,276</u>
Total primary government net assets	<u>\$ 509,203,023</u>	<u>\$ 504,351,487</u>	<u>\$ 506,148,721</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.

	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$	213,536,521	\$ 239,573,737	\$ 172,482,422
	13,946,595	8,485,692	46,003,788
	<u>23,178,515</u>	<u>16,077,362</u>	<u>23,449,079</u>
\$	<u>250,661,631</u>	<u>264,136,791</u>	<u>241,935,289</u>
\$	192,054,588	\$ 205,189,262	\$ 154,916,137
	3,902,913	1,780,548	60,284,877
	<u>67,666,809</u>	<u>81,084,328</u>	<u>90,433,810</u>
\$	<u>263,624,310</u>	<u>288,054,138</u>	<u>305,634,824</u>
\$	405,591,109	\$ 444,762,999	\$ 327,398,559
	17,849,508	10,266,240	106,288,665
	<u>90,845,324</u>	<u>97,161,690</u>	<u>113,882,889</u>
\$	<u>514,285,941</u>	<u>552,190,929</u>	<u>547,570,113</u>

CITY OF HIGH POINT, NORTH CAROLINA

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

	Fiscal Year					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses						
Governmental activities:						
General government	\$ 13,197,876	\$ 14,097,596	\$ 27,914,659	\$ 26,079,638	\$ 28,543,278	\$ 25,941,473
Public safety	31,375,441	34,253,880	34,758,588	38,192,667	37,562,840	37,591,692
Public Services	28,144,946	38,605,309	41,404,266	50,073,130	43,851,774	46,244,845
Planning and Community Development	4,789,475	2,551,518	6,452,158	2,839,298	5,356,419	5,636,936
Cultural and recreation	12,932,978	14,084,464	14,992,492	15,951,176	15,892,000	19,383,650
Interest on long term debt	2,224,392	2,072,867	1,968,433	2,109,696	2,964,267	3,005,580
Total governmental activities	<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>	<u>137,804,176</u>
Business-type activities:						
Water and Sewer	23,974,918	25,483,351	29,307,657	27,369,416	29,585,248	32,350,433
Electric	81,766,031	82,479,807	84,256,727	92,536,413	94,772,144	96,905,034
Mass Transit	1,644,646	2,061,753	3,351,162	3,033,584	3,169,756	3,276,113
Parking	889,704	764,673	812,021	928,624	901,670	883,139
Landfill	7,314,005	4,751,994	5,206,416	4,921,503	5,019,471	5,313,245
Stormwater	870,672	774,371	877,850	1,349,600	2,484,244	1,704,600
Total business-type activities	<u>116,459,976</u>	<u>116,315,949</u>	<u>123,811,833</u>	<u>130,139,140</u>	<u>135,932,533</u>	<u>140,432,564</u>
Total primary government expenses	<u>\$ 209,125,084</u>	<u>\$ 221,981,583</u>	<u>\$ 251,302,429</u>	<u>\$ 265,384,745</u>	<u>\$ 270,103,111</u>	<u>\$ 278,236,740</u>
Program Revenues						
Governmental activities						
Charges for services:						
General government	\$ 5,125,286	\$ 2,305,180	\$ 11,210,431	\$ 8,195,048	\$ 4,142,566	\$ 2,843,382
Public safety	128,961	-	1,597,293	1,597,293	919,369	101,221
Public Services	-	1,981,781	330,518	5,559,290	6,477,450	3,633,808
Planning and Community Development	-	81,135	4,706,832	4,706,832	2,075,285	1,605,898
Cultural and recreation	3,417,628	3,431,981	3,672,008	3,672,008	2,832,825	3,581,369
Operating grants and contributions:						
General government	-	-	-	-	703,685	240,067
Public safety	3,775,725	1,270,835	2,575,436	3,422,182	2,791,283	455,108
Public Services	2,741,968	5,473,920	4,134,784	4,239,241	4,239,241	3,510,931
Planning and Community Development	1,108,181	1,713,976	2,402,594	1,659,336	1,729,780	1,559,398
Cultural and recreation	-	87,644	-	-	93,141	55,932
Capital grants and contributions:						
Public Services	11,101,309	5,940,144	10,349,900	13,473,495	30,339,941	4,574,823
Planning and Community Development	119,894	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	400,407
Total governmental activities program revenues	<u>27,518,952</u>	<u>22,286,596</u>	<u>40,979,796</u>	<u>46,524,725</u>	<u>56,344,566</u>	<u>22,562,344</u>
Business-type activities:						
Charges for Services						
Charge for services - Water and Sewer	28,858,889	30,481,421	31,155,498	33,827,133	35,389,889	37,127,800
Charge for services - Electric	85,029,325	82,791,841	86,256,922	89,650,166	97,956,590	101,142,084
Charge for services - Mass Transit	1,003,609	1,086,079	1,413,476	772,364	1,491,025	1,952,804
Charge for services - Parking	537,222	500,307	497,556	489,665	429,998	455,650
Charge for services -Landfill	6,897,804	7,230,486	6,107,444	5,614,564	6,512,504	6,502,996
Charge for services - Storm Water	739,599	846,109	1,137,594	1,817,554	1,098,650	2,290,800
Operating and Capital Grants						
Water	-	115,000	-	-	-	-
Electric	523,854	-	-	-	-	-
Mass Transit	498,250	513,154	-	-	791,439	312,517
Capital grants and contributions - Water	4,750,000	-	-	1,383,043	6,194,074	3,254,882
Capital grants and contributions - Electric	-	-	-	-	-	305,716
Capital grants and contributions - Mass Transit	-	-	5,281,379	3,286,918	-	-
Total business-type activities program revenues	<u>128,838,552</u>	<u>123,564,397</u>	<u>131,849,869</u>	<u>136,841,407</u>	<u>149,864,169</u>	<u>153,345,249</u>
Total primary government program revenues	<u>\$ 156,357,504</u>	<u>\$ 145,850,993</u>	<u>\$ 172,829,665</u>	<u>\$ 183,366,132</u>	<u>\$ 206,208,735</u>	<u>\$ 175,907,593</u>

(Continued)

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Net (Expense)/Revenue						
Governmental activities	\$ (65,146,156)	\$ (83,379,038)	\$ (86,510,800)	\$ (88,720,880)	\$ (77,826,012)	\$ (115,241,832)
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>	<u>12,912,685</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>	<u>\$ (102,329,147)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Property taxes	\$ 39,879,436	\$ 40,586,808	\$ 44,555,015	\$ 49,118,481	\$ 52,944,945	\$ 56,228,819
Sales Taxes	13,025,288	13,986,485	16,505,888	15,601,714	17,643,440	17,868,296
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	15,075,725
Investment earnings	857,839	717,492	1,279,438	1,954,778	3,318,216	2,747,586
Miscellaneous	(32,381)	(84,893)	(296,840)	-	-	153,943
Transfers	<u>(639,365)</u>	<u>(297,104)</u>	<u>(293,109)</u>	<u>(107,139)</u>	<u>(4,644,030)</u>	<u>965,961</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>	<u>93,040,330</u>
Business-type activities:						
Investment earnings	1,761,550	1,525,924	2,034,710	4,067,574	5,854,162	4,884,104
Grants, Contributions and revenues not restricted	-	-	-	-	-	749,858
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>	<u>(965,961)</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>	<u>4,668,001</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>	<u>\$ 97,708,331</u>
Change in Net Assets						
Governmental activities	\$ 2,676,577	\$ (14,236,474)	\$ (10,344,654)	\$ (2,738,867)	\$ 13,475,160	\$ (22,201,502)
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>	<u>17,580,686</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>	<u>\$ (4,620,816)</u>

(Concluded)

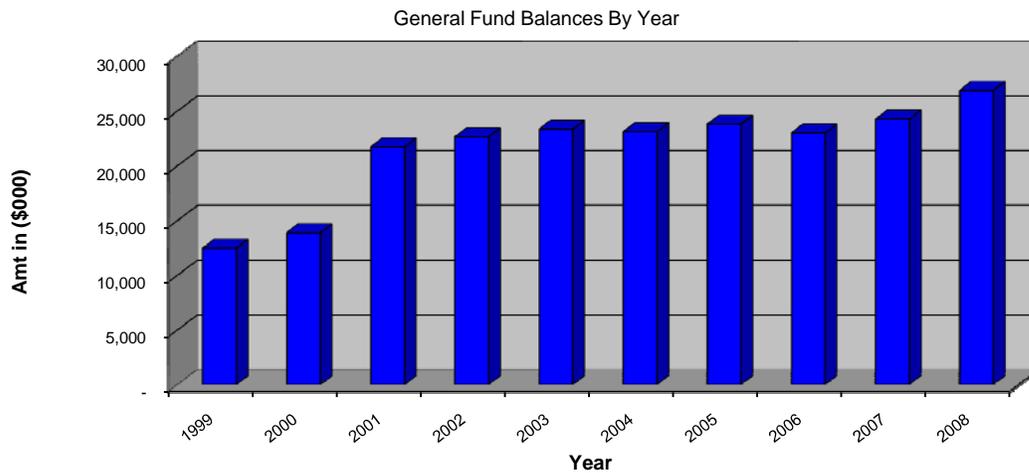
Note: Accrual-basis financial information for the City of High Point as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

CITY OF HIGH POINT, NORTH CAROLINA

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

	Fiscal Year				
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General Fund					
Reserved for:					
State statute	\$ 3,685,791	\$ 1,672,688	\$ 3,878,514	\$ 2,822,583	\$ 2,819,357
For prepaid items	281,499	27,439	47,664	11,196	76,966
Specific programs	-	-	-	-	73,035
Encumbrances	-	570,157	1,049,559	2,390,000	2,685,021
Economic Development Purposes	-	626,204	789,513	842,988	598,131
Total reserved	<u>3,967,290</u>	<u>2,896,488</u>	<u>5,765,250</u>	<u>6,066,767</u>	<u>6,252,510</u>
Unreserved					
Designated for subsequent year's expenditures	2,375,000	2,400,000	2,896,007	3,785,811	3,784,838
Undesignated	<u>6,138,768</u>	<u>8,593,665</u>	<u>13,081,030</u>	<u>12,811,758</u>	<u>13,307,688</u>
Total General Fund	\$ <u><u>12,481,058</u></u>	\$ <u><u>13,890,153</u></u>	\$ <u><u>21,742,287</u></u>	\$ <u><u>22,664,336</u></u>	\$ <u><u>23,345,036</u></u>
All Other Governmental Funds					
Reserved for:					
State statute	\$ 548,910	\$ -	\$ -	\$ -	\$ -
For prepaid items	-	-	-	-	-
Specific programs	4,380,216	1,257,680	785,357	294,694	769,027
Capital projects	-	-	-	7,645,834	8,040,303
Encumbrances	-	-	-	-	-
Debt service	-	-	-	1,823,791	2,356,477
Total reserved	<u>4,929,126</u>	<u>1,257,680</u>	<u>785,357</u>	<u>9,764,319</u>	<u>11,165,807</u>
Unreserved					
Undesignated/(deficit) Special revenue	(621,352)	-	-	-	-
Undesignated	<u>(1,123,318)</u>	<u>13,906,542</u>	<u>12,068,497</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	\$ <u><u>3,184,456</u></u>	\$ <u><u>15,164,222</u></u>	\$ <u><u>12,853,854</u></u>	\$ <u><u>9,764,319</u></u>	\$ <u><u>11,165,807</u></u>

(Continued)



		Fiscal Year							
		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>			
\$	2,338,164	\$	4,450,833	\$	2,977,521	\$	3,015,032	\$	6,247,987
	102,613		131,928		235,539		147,011		180,546
	415,974		751,173		-		941,320		830,287
	2,390,579		2,098,653		1,584,105		635,689		2,046,045
	<u>420,043</u>		<u>420,043</u>		<u>580,568</u>		<u>903,937</u>		<u>1,220,766</u>
	5,667,373		7,852,630		5,377,733		5,642,989		10,525,631
	4,670,022		4,999,246		4,128,876		4,495,500		5,045,855
	<u>12,788,563</u>		<u>10,962,358</u>		<u>13,506,660</u>		<u>14,135,144</u>		<u>11,338,252</u>
\$	<u><u>23,125,958</u></u>	\$	<u><u>23,814,234</u></u>	\$	<u><u>23,013,269</u></u>	\$	<u><u>24,273,633</u></u>	\$	<u><u>26,909,738</u></u>
\$	-	\$	-	\$	-	\$	-	\$	95,486
	-		-		-		-		1,373
	856,511		1,038,310		780,344		617,493		9,924
	12,330,589		4,899,332		7,769,551		16,718,372		17,432,876
	-		-		-		-		12,474,300
	<u>3,033,268</u>		<u>3,373,898</u>		<u>20,339,011</u>		<u>11,352,774</u>		<u>14,424,138</u>
	16,220,368		9,311,540		28,888,906		28,688,639		44,438,097
	-		-		-		-		-
	-		-		-		-		-
\$	<u><u>16,220,368</u></u>	\$	<u><u>9,311,540</u></u>	\$	<u><u>51,902,175</u></u>	\$	<u><u>52,962,272</u></u>	\$	<u><u>71,347,835</u></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>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Revenues					
Taxes:					
Property	\$ 32,727,712	\$ 32,205,438	\$ 35,603,060	\$ 37,880,381	\$ 39,414,150
Sales	8,389,832	10,262,747	11,074,790	10,941,081	11,468,207
Other	2,253,959	1,188,881	1,227,652	1,476,168	1,557,081
Total taxes	<u>43,371,503</u>	<u>43,657,066</u>	<u>47,905,502</u>	<u>50,297,630</u>	<u>52,439,438</u>
Intergovernmental	9,554,509	13,130,490	14,572,405	11,981,846	14,834,834
Licenses and Permits	3,254,115	3,737,133	3,807,220	4,745,290	4,461,779
Charges for Services	3,266,928	3,233,336	3,495,370	3,357,823	3,456,266
Interest	1,307,625	1,202,364	2,585,207	2,300,860	784,767
Miscellaneous	5,236,228	1,630,705	1,546,027	1,885,936	2,523,063
Administrative reimbursements	-	2,756,833	2,758,208	3,752,099	4,231,632
Total Revenues	<u>65,990,908</u>	<u>69,347,927</u>	<u>76,669,939</u>	<u>78,321,484</u>	<u>82,731,779</u>
Expenditures					
General Government	13,116,991	11,857,337	10,389,406	11,937,580	12,616,839
Public Safety	24,711,330	22,702,665	26,061,017	29,620,614	32,595,299
Public Services	8,108,731	12,543,839	13,763,673	14,097,504	12,902,823
Planning and Community Development	2,200,875	4,529,568	5,424,101	5,554,982	4,789,223
Culture and Recreation	9,652,547	11,576,844	12,129,049	13,183,410	12,558,012
Reimbursements	174,255	-	-	-	-
Other Services and Charges	3,663,330	-	-	-	-
Capital Outlay	888,187	-	-	-	-
Debt Service:					
Principal	2,485,913	2,809,968	3,439,475	3,467,341	3,347,625
Interest	1,742,355	1,666,360	2,321,939	2,162,086	2,000,405
Total Expenditures	<u>66,744,514</u>	<u>67,686,581</u>	<u>73,528,660</u>	<u>80,023,517</u>	<u>80,810,226</u>
Excess of revenues over (under) expenditures	<u>(753,606)</u>	<u>1,661,346</u>	<u>3,141,279</u>	<u>(1,702,033)</u>	<u>1,921,553</u>
Other Financing Sources (Uses)					
Lease purchase proceeds	-	-	-	-	800,000
Transfers in	7,868,273	8,421,641	7,688,489	7,273,478	228,600
Contributions to	(665,458)	(847,851)	(808,172)	(604,053)	(618,097)
Transfers out	(6,146,966)	(7,628,341)	(7,180,012)	(7,134,878)	(7,938,699)
General obligation bonds	-	15,200,000	-	-	-
Refunding bonds issued	-	-	-	-	-
Total other financing sources (uses)	<u>1,055,849</u>	<u>15,145,449</u>	<u>(299,695)</u>	<u>(465,453)</u>	<u>(7,528,196)</u>
Net change in fund balances	\$ <u>302,243</u>	\$ <u>16,806,795</u>	\$ <u>2,841,584</u>	\$ <u>(2,167,486)</u>	\$ <u>(5,606,643)</u>
Debt service as a percentage of noncapital expenditures	6.42%	6.61%	7.84%	7.03%	6.62%

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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$	40,494,558	\$ 44,189,414	\$ 49,118,481	\$ 52,224,666	\$ 56,354,409
	12,378,265	14,818,161	15,601,714	17,643,440	17,868,296
	1,608,217	1,687,727	-	-	-
	<u>54,481,040</u>	<u>60,695,302</u>	<u>64,720,195</u>	<u>69,868,106</u>	<u>74,222,705</u>
	14,947,451	16,481,501	21,403,252	20,463,981	17,564,267
	4,380,607	4,629,749	5,228,772	5,273,785	4,698,780
	3,579,060	4,238,495	3,948,282	5,419,120	3,737,495
	685,268	1,279,438	1,952,292	3,311,890	2,747,586
	3,092,429	2,267,217	7,141,083	1,426,585	1,924,809
	4,400,603	4,994,829	-	4,675,886	5,241,535
	<u>85,566,458</u>	<u>94,586,531</u>	<u>104,393,876</u>	<u>110,439,353</u>	<u>110,137,177</u>
	13,522,897	14,939,812	16,579,056	17,825,166	19,152,376
	35,091,686	39,715,207	35,973,681	37,055,281	40,613,195
	17,173,905	19,375,819	28,173,499	27,431,443	22,590,322
	5,148,808	6,501,035	6,571,347	6,277,388	6,168,025
	13,870,764	14,355,284	15,050,819	18,034,136	22,854,852
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	3,327,103	3,709,888	4,088,867	4,832,681	5,699,341
	1,742,936	1,935,965	1,914,228	2,450,127	2,906,770
	<u>89,878,099</u>	<u>100,533,010</u>	<u>108,351,497</u>	<u>113,906,222</u>	<u>119,984,881</u>
	<u>(4,311,641)</u>	<u>(5,946,479)</u>	<u>(3,957,621)</u>	<u>(3,466,869)</u>	<u>(9,847,704)</u>
	1,485,236	-	194,724	4,275,196	900,000
	543,062	7,510,242	7,785,838	8,680,484	11,389,272
	(590,166)	(708,895)	-	-	-
	(7,052,750)	(7,075,420)	(7,873,941)	(8,428,714)	(10,396,005)
	-	-	40,119,472	-	26,340,000
	-	-	(17,474,472)	-	-
	<u>(5,614,618)</u>	<u>(274,073)</u>	<u>22,751,621</u>	<u>4,526,966</u>	<u>28,233,267</u>
\$	<u>(9,926,259)</u>	<u>(6,220,552)</u>	<u>18,794,000</u>	<u>1,060,097</u>	<u>18,385,563</u>
	5.64%	5.62%	5.54%	6.39%	7.17%

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

Fiscal Year	Real Property			
	Residential Property	Commercial Property	Industrial Property	Present-use Value (1)
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
2008	3,778,859,150	2,729,008,608	994,596,450	27,314

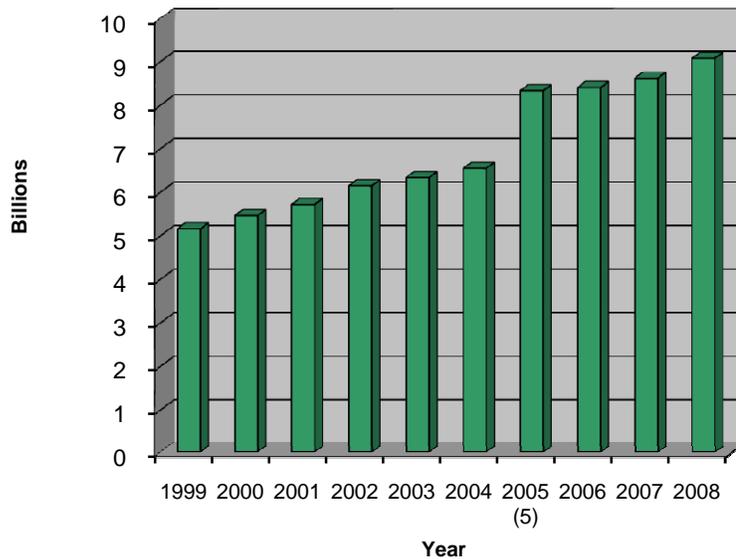
Source: Annual County Report of Valuation and Property Tax Levies

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.
- (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.

Personal Property	Public Service Companies (2)	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Taxable Value (4)
1,116,315,148	99,687,882	5,157,654,448	0.595	5,471,731,857
1,210,117,353	103,590,068	5,462,812,931	0.595	6,113,948,440
1,228,471,472	100,414,882	5,720,935,556	0.622	6,464,333,962
1,323,717,669	108,526,990	6,150,657,700	0.622	7,255,700,956
1,323,404,973	106,052,487	6,337,599,467	0.622	7,618,222,703
1,309,933,022	96,395,635	6,547,953,215	0.622	8,124,011,433
1,353,571,796	111,464,661	8,332,124,596	0.540	8,386,637,741
1,372,316,382	117,923,262	8,406,291,778	0.593	8,517,875,953
1,409,442,958	122,178,728	8,619,787,453	0.608	8,967,735,594
1,441,055,968	131,332,066	9,074,879,556	0.633	9,787,402,455

Total Taxable Assessed Value



CITY OF HIGH POINT, NORTH CAROLINA

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

	Year Taxes Are Payable									
	1999	2000	2001	2002	2003	2004	2005 (1)	2006	2007	2008
Guilford County	\$ 0.5700	\$ 0.5700	\$ 0.5700	\$ 0.6000	\$ 0.5800	\$ 0.5600	\$ 0.5600	\$ 0.6100	\$ 0.6615	0.6914
High Point City	0.5950	0.5950	0.6220	0.6220	0.6220	0.6220	0.5400	0.5930	0.6080	0.6330

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





NORTH CAROLINA'S INTERNATIONAL CITY™

CITY OF HIGH POINT, NORTH CAROLINA

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

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Fiscal Year 2008</u>		
		<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
International Home Furnishings Center	Showroom Rental	\$ 182,191,169	1	2.01%
Liberty Property Ltd. Ptsp.	Real Estate	115,481,121	2	1.27%
Market Square LLC	Real Estate	82,469,500	3	0.91%
HP Showplace Investors	Real Estate	72,125,920	4	0.79%
North State Telephone Co.	Communications	62,332,405	5	0.69%
High Point Development Ltd. Ptsp.	Real Estate	54,057,374	6	0.60%
Tyco Electronics formerly RFMicro, formerly AMP Inc.	Electrical Parts	52,811,422	7	0.58%
Thomas Built Buses Inc.	Bus Bodies	51,587,774	8	0.57%
Polo Ralph Lauren Corp	Clothing	51,265,354	9	0.56%
Mannington Wood Floors	Manufacturing	46,588,494	10	0.51%
Banner Pharmacaps	Pharmaceuticals	-		-
High Point Chemical Corp.	Chemicals	-		-
Traci Hopkins	Banking	-		-
Totals		\$ <u>770,910,533</u>		<u>12.80%</u>

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

Fiscal Year 1999

	<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
\$	133,075,732	1	2.58%
	49,788,600	3	0.97%
	50,028,580	2	0.97%
	N/A		
	46,867,521	5	0.91%
	47,549,088	4	0.92%
	26,159,293	10	0.51%
	33,463,830	7	0.65%
	N/A		
	N/A		
	34,963,981	6	0.68%
	28,201,050	8	0.55%
	28,068,200	9	0.54%
\$	<u>478,165,875</u>		<u>13.04%</u>

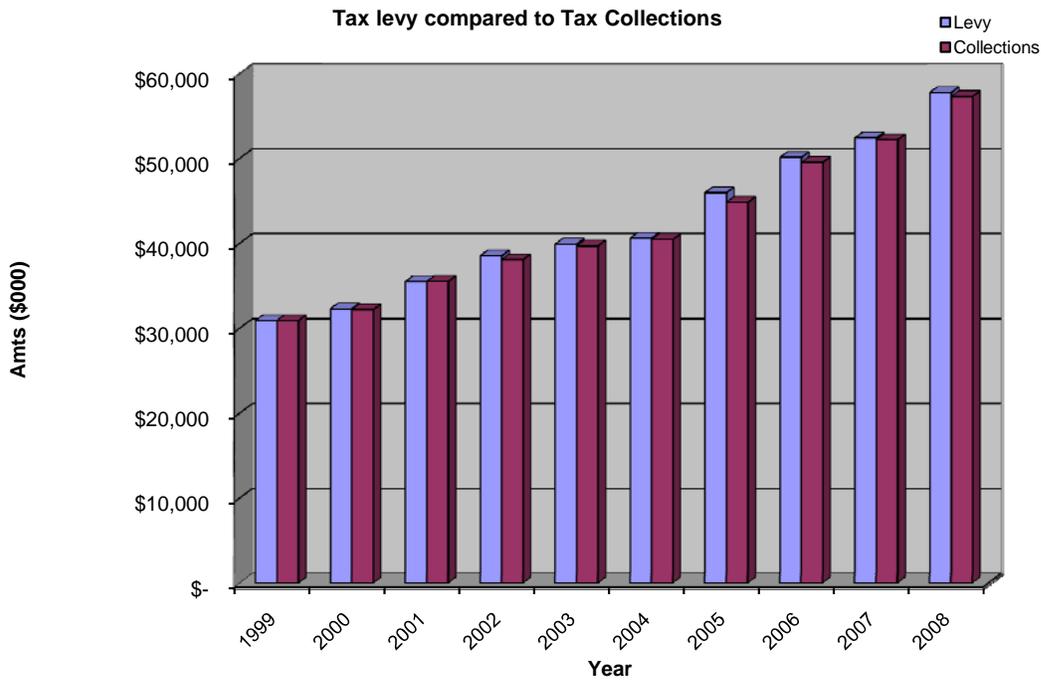
CITY OF HIGH POINT, NORTH CAROLINA

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

Fiscal Year	Taxes Levied for the Fiscal Year		Total Adjusted Levy	Collected within the Fiscal Year of the Levy	
	(Original Levy)	Adjustments ¹		Amount	Percentage of Original Levy
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%
2008	57,755,467	(28,493)	57,726,974	56,595,208	98.04%

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

Source: City of High Point Financial Services Department



	Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Adjusted Levy
\$	211,769	\$ 30,895,899	99.77%
	264,741	32,194,544	99.73%
	289,298	35,501,161	99.73%
	326,632	38,075,981	99.71%
	381,818	39,707,001	99.68%
	409,973	40,460,090	99.66%
	637,963	44,827,377	99.60%
	575,262	49,536,723	99.61%
	589,405	52,187,527	99.54%
	693,589	57,288,797	99.24%

CITY OF HIGH POINT, NORTH CAROLINA

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

Taxpayer	Fiscal Year 2008		
	Water and Sewer Charges	Rank	Percentage of Water and Sewer Charges
Town of Jamestown	\$ 652,254	1	1.75%
KAO Specialties	523,256	2	1.41%
City of Archdale	412,303	3	1.11%
High Point Regional Hospital	343,683	4	0.92%
Hunter Jersey Farms	271,292	5	0.73%
Slane Hosiery Mill	294,807	6	0.79%
Diary Fresh, LLC	258,335	7	0.69%
High Point University	266,367	8	0.72%
Thomas Built Buses	206,523	9	0.56%
Liberty Property LTD Partnership	197,731	10	0.53%
High Point Housing Authority			
Superbrand Dairy			
International Home Furnishings (IHFC)			
Banner Pharmcaps Inc			
Totals	\$ 3,426,551		9.21%

Source: City of High Point

N/A - Not Available

Fiscal Year 1999

	Water and Sewer Charges	Rank	Percentage of Water and Sewer Charges
\$	290,139	4	1.55%
	609,233	1	3.25%
	556,475	2	2.96%
	221,569	6	1.18%
	109,530	10	0.58%
			N/A
			N/A
			N/A
	184,079	7	0.98%
			N/A
	507,948	3	2.71%
	247,868	5	1.32%
	171,164	8	0.91%
	141,370	9	0.75%
\$	<u>3,039,375</u>		<u>16.19%</u>

CITY OF HIGH POINT, NORTH CAROLINA

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

Taxpayer	Fiscal Year 2008		
	Electric Charges	Rank	Percentage of Total Electric Charges
High Point Regional Health System	\$ 2,520,266	1	2.48%
International Home Furnishings Center	2,265,431	2	2.23%
HP City Waste Disposal	2,238,834	3	2.20%
Thomas Built Buses Inc.	2,063,963	4	2.03%
High Point University	1,635,362	5	1.61%
KAO Specialities of America, LLC	1,236,208	6	1.21%
High Point Development Ltd. Ptsp.	1,209,747	7	1.19%
Banner Pharmacaps, Inc	1,025,793	8	1.01%
Liberty Property LTD Partnership	735,987	9	0.72%
Southern Film	471,066	10	0.46%
Food Lion			
High Point Housing Authority			
Totals	\$ 15,402,657		15.14%

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

Fiscal Year 1999

	Electric Charges	Rank	Percentage of Total Electric Charges
\$	1,048,025	2	1.45%
	1,793,546	1	2.49%
	641,545	4	0.89%
	962,420	3	1.34%
	539,816	6	0.75%
	640,611	5	0.89%
	103,715	7	0.14%
	44,386	8	0.06%
\$	<u>5,774,064</u>		<u>8.01%</u>

CITY OF HIGH POINT, NORTH CAROLINA

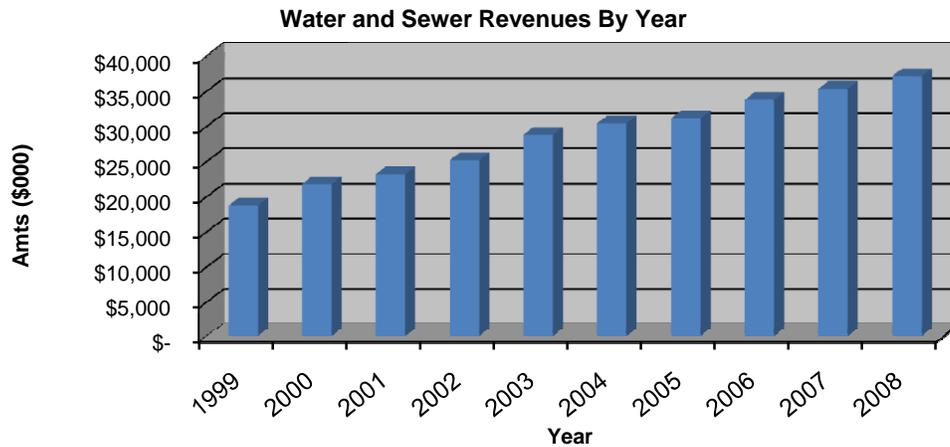
**TABLE XI
Schedule of Water and Sewer, and Electric Revenues
For the Last Ten Years**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Sales - Sewer	\$ 9,195,440	\$ 10,049,749	\$ 11,707,547	\$ 12,995,740	\$ 15,525,952
Sales - Water	7,158,354	7,889,534	8,878,876	9,565,617	10,096,931
City Sales - Water	301,330	293,320	300,001	345,835	71,047
City Sales - Sewer	39,104	45,566	51,722	66,184	322,470
Wastewater - Archdale	369,667	357,051	354,305	326,971	505,028
Wastewater - Jamestown	430,048	444,725	435,987	411,724	497,054
Wastewater - Greensboro	77,433	312,878	289,347	521,587	668,750
Wastewater - Sedgefield	3,683	50,442	34,882	35,240	64,493
Other	1,198,695	2,412,641	1,194,217	942,533	1,107,164
Total	\$ 18,773,754	\$ 21,855,906	\$ 23,246,884	\$ 25,211,431	\$ 28,858,889

Electric

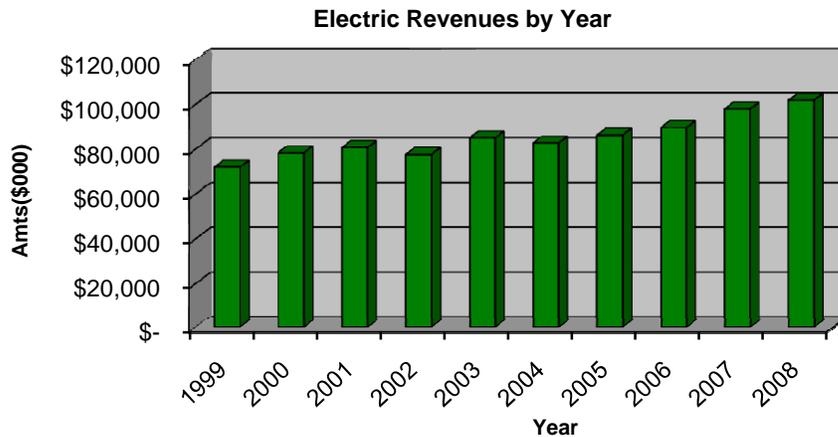
Residential	\$ 27,904,629	\$ 30,016,865	\$ 31,385,964	\$ 28,641,020	\$ 32,941,788
Industrial	7,335,731	7,977,430	8,114,084	7,620,309	7,930,464
Commercial	31,855,550	33,149,634	34,645,974	34,764,658	36,778,049
City	2,675,328	2,800,460	3,054,712	2,938,192	3,128,955
Street Lighting	1,047,642	1,148,087	1,177,481	1,214,672	1,259,836
Private Lighting	823,281	884,134	926,546	984,194	1,007,347
Other	392,450	2,442,517	1,460,774	1,518,771	1,982,886
Total	\$ 72,034,611	\$ 78,419,127	\$ 80,765,535	\$ 77,681,816	\$ 85,029,325

Source: City of High Point Public Services and Electric Departments



	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$	17,096,893	\$ 17,894,044	\$ 19,088,863	\$ 19,883,533	\$ 21,350,473
	10,097,991	10,599,458	11,781,595	12,136,279	13,369,707
	81,271	94,144	87,567	105,875	465,626
	330,792	358,524	340,956	411,721	122,919
	389,927	373,287	342,985	396,530	295,071
	441,280	423,764	463,209	532,514	521,978
	758,462	782,571	322,207	210,892	368,844
	67,104	65,033	40,749	48,791	103,065
	<u>1,216,701</u>	<u>564,673</u>	<u>1,359,002</u>	<u>1,663,754</u>	<u>581,327</u>
\$	<u>30,480,421</u>	<u>31,155,498</u>	<u>33,827,133</u>	<u>35,389,889</u>	<u>37,179,010</u>

\$	31,117,279	\$ 32,058,229	\$ 33,779,198	\$ 35,358,605	\$ 39,080,218
	7,696,746	8,410,064	9,044,046	9,455,323	11,294,014
	36,839,225	37,640,817	39,187,841	40,930,200	43,574,982
	3,147,343	3,189,477	3,289,930	3,330,363	3,517,806
	1,279,640	1,390,427	1,456,755	1,528,075	1,586,740
	1,063,312	1,135,956	1,170,112	1,266,127	1,469,432
	<u>1,648,296</u>	<u>2,431,952</u>	<u>1,722,284</u>	<u>6,087,897</u>	<u>1,282,923</u>
\$	<u>82,791,841</u>	<u>86,256,922</u>	<u>89,650,166</u>	<u>97,956,590</u>	<u>101,806,115</u>



CITY OF HIGH POINT, NORTH CAROLINA

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

Fiscal Year	Governmental Activities			
	General Obligation Bonds	Revenue Bonds	Notes and Loans	Capital Leases
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
2008	67,850,458	-	-	11,375,261

* Information not yet available

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

- (1) See Table 13 for personal income and population data.
These ratios are calculated using personal income and population for the prior calendar year.

Business-type Activities

	General Obligation Bonds	Revenue Bonds	Notes and Loans	Capital Leases	Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
\$	28,285,285	\$ 4,110,000	\$ 8,277,326	\$ -	\$ 74,822,990	\$ 942	3.53%
	41,170,603	2,795,000	8,460,176	-	98,966,191	1,161	4.52%
	38,351,247	1,470,064	14,929,030	316,636	98,001,352	1,099	4.14%
	63,649,194	-	24,216,161	162,325	127,544,426	1,428	5.31%
	73,910,135	-	22,772,225	-	134,058,088	1,481	5.62%
	70,660,789	-	21,216,559	-	136,269,640	1,473	5.49%
	66,535,967	42,031,741	19,651,413	-	168,381,729	1,804	6.29%
	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	2,171	6.78%
	64,899,543	112,515,000	15,043,867	-	271,684,129	2,758	8.16%

CITY OF HIGH POINT, NORTH CAROLINA

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

Fiscal Year	General Bonded Debt Outstanding			Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total			
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	117,662,807	7,769,552	109,893,255	3.55%	1.31%	1,163
2007	109,400,000	11,352,774	98,047,226	3.16%	1.14%	1,012
2008	132,750,001	14,731,541	118,018,460	3.54%	1.30%	1,198

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

(1) See Table 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

(2) See Table 5 for property value data.



NORTH CAROLINA'S INTERNATIONAL CITY™

City of High Point, North Carolina

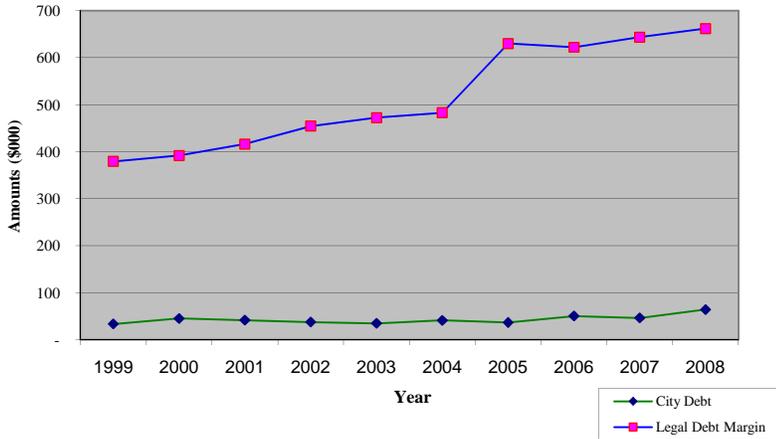
**Table XIV
Legal Debt Margin Information,
Last Ten Fiscal Years
(dollars in thousands)**

	Fiscal Year				
	1999	2000	2001	2002	2003
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	74,823	98,966	98,001	127,544	134,058
Less: Amount available for repayment of general obligation bonds	613	1,103	1,485	1,824	2,356
Debt outstanding for water and sewer purposes	36,563	49,631	53,280	87,865	96,682
Revenue bonds	4,110	2,795	1,470	-	-
Total net debt applicable to limit	<u>33,537</u>	<u>45,437</u>	<u>41,766</u>	<u>37,855</u>	<u>35,020</u>
Legal Debt Margin	<u>\$ 379,075</u>	<u>\$ 391,588</u>	<u>\$ 415,909</u>	<u>\$ 454,198</u>	<u>\$ 471,988</u>
Total net debt applicable to the limit as a percentage of debt limit	8.13%	10.40%	9.13%	7.69%	6.91%

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				
2004	2005	2006	2007	2008
\$ 6,547,953	\$ 8,332,125	\$ 8,406,292	\$ 8,619,787	\$ 9,074,880
523,836	666,570	672,503	689,583	725,990
136,270	168,382	216,974	210,331	271,684
3,033	3,374	7,770	11,353	14,732
91,877	86,187	86,761	80,784	79,943
-	42,032	71,755	71,755	112,515
<u>41,360</u>	<u>36,789</u>	<u>50,688</u>	<u>46,439</u>	<u>64,494</u>
\$ <u>482,476</u>	\$ <u>629,781</u>	\$ <u>621,815</u>	\$ <u>643,144</u>	\$ <u>661,496</u>
7.90%	5.52%	7.54%	6.73%	8.88%

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

<u>Name of Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable To This Governmental Unit</u>	<u>City of High Point's Share of Debt</u>
City of High Point	\$ 147,793,868	100.0%	\$ 147,793,868
Guilford County	539,371,667	20.9%	<u>112,728,678</u>
Total direct and overlapping debt			<u>\$ 260,522,546</u>

CITY OF HIGH POINT, NORTH CAROLINA

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

Fiscal Year	Prior Year		Operating Expenses ³	Income Available for Debt Service	Parity Debt Service Requirement	Total Debt Service Requirement	Coverage on	Coverage on
	Unrestricted Net Assets ¹	Operating Revenues ²					Including 15% Unrestricted Net Assets ⁴	Total Debt Excluding 15% Unrestricted Net Assets ⁵
2005	\$ 28,133,279	\$ 31,155,498	\$ 14,304,298	\$ 16,851,200	\$ 189,988	\$ 10,356,238	110.91	1.63
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
2008	34,294,452	37,179,010	19,648,734	17,530,276	3,645,100	11,456,100	6.22	1.53

Notes: The City issued water and sewer revenue bonds in the amount of \$40,375,000 dated October 2004, \$31,380,000 dated June 2006, and \$41,745,000 dated June 2008

¹ From the Comprehensive Annual Financial Report for the prior fiscal year.

² From the current combined financial statements.

³ Operating Expenses exclude depreciation and bond interest.

⁴ Most restrictive required coverage is 1.20

⁵ Most restrictive required coverage is 1.00

CITY OF HIGH POINT, NORTH CAROLINA

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

Year	Population (1)	Personal Income (2) (thousands of dollars)	Per Capita Personal Income (2)	Public School Enrollment (3)	Unemployment Rate (4)	Number of Building Inspections Performed (5)
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
2008	98,490	3,330,636	33,817	15,026	5.00%	9,302

* 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**

Employer	2008			1999		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
High Point Regional Health Center	1888	1	0.76%	1900	2	0.85%
Bank of America	1800	2	0.73%	2000	1	0.90%
Guilford County Schools <i>(employees assigned to High Point Schools and offices)</i>	1799	3	0.73%	1600	3	0.72%
Thomas Built Buses <i>(a division of Daimler Chrysler/Freightliners)</i>	1586	4	0.64%	1550	4	0.69%
City of High Point	1329	5	0.54%	1400	5	0.63%
NCO Group Inc	1050	6	0.43%	600	10	0.27%
Polo Ralph Lauren	990	7	0.40%	750	8	0.34%
Tyco Electronics	942	8	0.38%	1390	6	0.62%
Cornerstone Healthcare	870	9	0.35%			
Aetna	820	10	0.33%	1000	7	0.45%
Marsh Furniture				650	9	0.29%

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

CITY OF HIGH POINT, NORTH CAROLINA

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

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government	113	115	115	121	119	120	120	121	125	118
Public Safety	440	445	464	476	477	483	489	507	525	478
Public Services	152	152	157	157	157	161	161	161	161	160
Planning and Community Development	30	29	36	27	27	38	38	52	51	54
Cultural and Recreation	149	150	154	161	161	161	159	159	159	159
Water and Sewer	148	141	133	132	132	140	141	143	145	127
Electric	116	115	119	122	122	121	122	121	121	123
Mass Transit	32	33	33	33	33	33	33	33	33	34
Parking	5	5	5	5	5	5	5	5	5	7
Landfill	47	47	47	46	46	46	46	46	46	40
Storm Water	7	7	7	8	8	8	9	10	10	11
Central Services	56	50	49	42	42	42	42	42	42	40
Total	1,295	1,289	1,319	1,330	1,329	1,358	1,365	1,400	1,423	1,351

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.



NORTH CAROLINA'S INTERNATIONAL CITY™

CITY OF HIGH POINT, NORTH CAROLINA

Table XX
 Operating Indicators For Major Functions/Programs
 Last Ten Fiscal Years

<u>Function/Program</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Police					
Calls dispatched	168,874	140,000	151,000	129,338	133,528
Fire					
Emergency responses	8,004	8,498	9,299	10,307	10,715
Inspections	494	872	1,570	1,668	3,565
Streets					
Streets paved	23	-	15	1	10
Water and Sewer					
Water pumped (mg per day)	12	12	12	12	12
Sewer Treated (mg per day)	18	18	18	18	18
Electric					
Customers	32,023	33,442	33,682	35,690	36,748
KWH Purchased	891,613,000	966,017,000	981,281,000	1,062,077,000	1,060,289,000

Fiscal Year				
<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
125,920	140,161	148,899	148,899	125,137
11,114	11,332	-	-	11,038
3,335	4,613	1,464	1,571	6,715
13	-	6	4	3
12	12	12	13	13
18	18	18	17	15
37,037	38,364	40,564	39,140	40,359
1,080,987,000	1,116,574,300	1,200,578,120	1,158,205,000	1,138,448,000

CITY OF HIGH POINT, NORTH CAROLINA

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

<u>Function/Program</u>	Fiscal Year					
	<u>1997</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Police						
Stations	1	1	1	1	1	1
Patrol Units	196	205	205	207	211	212
Fire stations	10	11	11	11	11	11
Streets						
Paved Streets (miles)	364	439	439	454	455	465
Unpaved Streets (miles)	4	4	4	4	3	2
Alleys (miles)	2	2	2	2	2	2
Parks and Recreation						
Acreage	3,090	3,796	3,796	3,799	3,799	3,799
Parks	25	35	35	36	36	36
Swimming pools (City owned)	2	2	2	2	2	2
Golf Courses (City owned)	2	2	2	2	2	2
Recreation and Community Centers	5	5	5	5	5	5
Library						
Books and Volumes	292,010	292,010	292,010	292,010	297,973	302,945
Theatre						
Seats	967	967	967	967	967	967
Water and Sewer						
Water and Sewer mains (miles)	950	1,018	1,018	1,041	1,063	974
Water storage capacity (mg/day)	24	24	24	24	24	24
Water and Sewer Treatment capacity(mg/day)	22	22	22	22	22	22
Electric						
Overhead lines	571	580	580	587	597	591
Underground lines						
Electric substations	12	13	13	13	13	13
Mass Transit						
Buses	16	16	16	16	16	16
Parking						
Parking spaces	1,237	1,237	1,237	1,237	1,237	1,237
Stormwater						
Storm sewers (miles)	525	530	530	541	542	545

Fiscal year				
<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
1	1	1	1	1
220	220	251	255	225
13	14	14	14	14
478	478	484	489	492
2	4	4	4	4
2	2	2	2	2
3,799	3,799	3,804	3,804	3,804
36	37	38	38	38
2	2	2	2	2
2	2	2	2	2
5	5	4	4	4
284,711	320,322	343,444	320,431	295,542
967	967	967	963	963
984	991	1,311	1,324	1,420
24	24	24	24	18
22	32	26	26	56
597	416	416	420	416
	184	286	300	311
14	14	13	13	13
18	18	18	18	18
1,237	1,237	1,237	1,237	1,237
545	549	570	600	294



NORTH CAROLINA'S INTERNATIONAL CITY™

CITY OF HIGH POINT, NORTH CAROLINA

COMPLIANCE SECTION



NORTH CAROLINA'S INTERNATIONAL CITY™

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, 2008, which collectively comprise the City of High Point's basic financial statements, and have issued our report thereon dated December 22, 2008. 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 as findings 2008-1, 2008-2, and 2008-3 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 the Mayor, members of City Council, management, others within the organization, 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
December 22, 2008

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, 2008. 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, 2008.

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.

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

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2008-4 to be a significant deficiency.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The City's responses to the finding identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Mayor, members of City Council, management, others within the organization, 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
December 22, 2008

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, 2008. 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, 2008.

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 the Mayor, members of City Council, management, others within the organization, 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
December 22, 2008

City of High Point, North Carolina

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2008**

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>
20.507	Federal Transit – Formula Grants
14.218	Community Development Block Grant

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

Auditee qualified as low-risk auditee? yes no

(Continued)

City of High Point, North Carolina

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2008**

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:

N. C. Department of Transportation
Powell Bill Funds

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2008

Section II. Financial Statement Findings & Questioned Costs

Significant Deficiency in Internal Control

Finding 2008-1: Allowance for Doubtful Tax Accounts Receivable

Criteria: Tax Accounts Receivable should be reduced to their estimated net collectible amount.

Condition & Cause: The City neither calculated its allowance for doubtful taxes receivable nor reported related bad debts for taxes receivable. The allowance account at year-end remained unchanged from the prior year.

Effect: Balances for taxes receivable in the original Trial Balance presented to us for audit did not accurately reflect the amount that would likely be collected. Subsequent adjustments were made to correctly present the amounts reported in the financial statements.

Recommendation: The City needs to establish a formalized process to estimate the reserves for bad debts in taxes receivable. The process should be structured so that appropriate information is obtained, measured, and applied. In performing this analysis, we suggest that the City perform a historical analysis to develop estimated uncollectibles based upon the aging and other relevant factors.

Views of responsible officials and planned corrective actions: The City hired a number of new accounting staff immediately prior to year-end and the preparation of the valuation adjustment was overlooked due to a misunderstanding among all staff of assigned duties for this calculation and entry. The recommendation above is a part of the normal procedure and will be utilized to prevent future occurrence.

Finding 2008-2: Accounts Payable Cut-off

Criteria: An appropriate review of expenditures should be performed to ensure they are properly recorded in the period which incurred the fund liability.

Condition: City employees failed to properly review some invoices received for payment after year-end for recording in the appropriate fiscal year.

Effect: The City's year-end liability was understated.

Cause: Although year-end procedures for cut-off were communicated to all affected clerical and Treasury Services Department staff, there were instances where invoices were recorded in the incorrect fiscal year through lack of oversight and / or improper review of supporting documentation.

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2008

Section II. Financial Statement Findings & Questioned Costs (Continued)

Finding 2008-2: Accounts Payable Cut-off (Continued)

Recommendation: We recommend that payables personnel be trained to identify invoices that represent a liability due for the period after which they are received.

Views of responsible officials and planned corrective actions: In connection with normal communication of year-end procedures and invoice cut-off processes, the Treasury Services Department and Purchasing Department will conduct a procedure refresher training which will include specific discussion on accounts payable cut-off processes in the late spring of 2009 prior to fiscal year-end.

Finding 2008-3: Timely Bank Reconciliations

Criteria: Bank reconciliations are an integral part of the internal controls safeguarding assets.

Condition: The City's main operating account was not being reconciled in a reasonable amount of time after each month-end.

Effect: The main operating bank account reconciliation included unidentified items that fluctuated in amount each month. These items were not fully investigated until after year-end. The safeguarding of cash was also weakened by the untimely preparation of the reconciliations.

Cause: Staff performing bank reconciliation duties were not properly trained on how to record all types of transactions. In addition, supervisory review of the bank reconciliations was not being conducted.

Recommendation: We recommend that accounting personnel reconcile all bank accounts on a monthly basis investigating all outstanding items. Bank reconciliations should be reviewed by a supervisor to verify their completion and accuracy.

Views of responsible officials and planned corrective actions: None of the individuals responsible for the reconciliations remain employed by the Financial Services Department. Bank reconciliation procedures have been reviewed and new accounting division personnel trained. In addition, there has been a realignment of the organizational structure within the accounting function. Bank reconciliations are now being reviewed and approved by the Financial Services Director.

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2008

Section III. Federal Award Findings & Questioned Costs

Finding 2008-4: Data Collection Form

Criteria: OMB Circular A-133 requires that the Data Collection Form (SF-SAC) be filed within 30 days of receipt of the auditor's report or nine months after year-end.

Condition: The Data Collection Form was filed approximately 60 days after receipt of the report.

Effect: The City was not in compliance with the Single Audit Act requirements.

Cause: Staff responsible for performing functions that fulfill the Single Audit Act requirements failed to file the Data Collection Form as required.

Recommendation: We recommend that the City establish a formalized process to file the Data Collection form. The Data Collection Form process should be supervised to verify all required procedures are performed.

Views of responsible officials and planned corrective actions: We believe this is an isolated event due to the distractions caused by the implementation of the new payroll and human resources software. The Financial Services Director has formalized the process to review and verify all required reports are filed properly.

(Continued)

City of High Point, North Carolina

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2008**

Section IV. State Award Findings & Questioned Costs

None reported

City of High Point, North Carolina

**Corrective Action Plan
Year Ended June 30, 2008**

Significant Deficiencies in Internal Controls over Financial Reporting

Finding 2008-1

Name of Contact Person: Jeffrey A. Moore, CPA, Director of Financial Services

Corrective Action Taken: The City hired a number of new accounting staff immediately prior to year-end and the normal practice of preparing the valuation adjustment was overlooked. The auditor's recommendation is a part of the normal procedure and will be utilized to prevent future occurrence.

Finding 2008-2

Name of Contact Person: Jeffrey A. Moore, CPA, Director of Financial Services

Corrective Action Taken: In connection with normal communication of year-end procedures and invoice cut-off processes, the Treasury Services Department and Purchasing Department will conduct a procedure refresher training which will include specific discussion on accounts payable cut-off processes in the late spring of 2009 prior to fiscal year-end.

Finding 2008-3

Name of Contact Person: Jeffrey A. Moore, CPA, Director of Financial Services

Corrective Action Taken: None of the individuals responsible for the reconciliations remain employed by the Financial Services Department. Bank reconciliation procedures have been reviewed and new accounting division personnel trained. In addition, there has been a realignment of the organizational structure within the accounting function. Bank reconciliations are now being reviewed and approved by the Financial Services Director.

Significant Deficiency in Internal Control over Compliance Related to Major Federal Programs

Finding 2008-4

Name of Contact Person: Jeffrey A. Moore, CPA, Director of Financial Services

Corrective Action Taken: We believe this is an isolated event due to the distractions caused by the implementation of the new payroll and human resources software. The Financial Services Director has formalized the process to review and verify all required reports are filed properly.

City of High Point, North Carolina

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2008**

Finding 2007-1

Name of Contact Person: Jeffrey A. Moore, CPA, Director of Financial Services

Corrective Action Taken: The staff routinely performs expenditure analysis. In addition, staff responsibilities for cash payments and interest expense have been clarified to prevent future occurrence

Finding 2007-2

Name of Contact Person: Jeffrey A. Moore, CPA, Director of Financial Services

Corrective Action Taken: Financial services staff have assumed responsibilities for calculating accrued interest expense from the Budget Office to prevent future accidental oversight.

CITY OF HIGH POINT, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2008

<u>Grantor/Passed Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures (Direct and Passed Through)</u>	<u>State Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Community Development Block Grant	14.218	\$ 1,073,819	\$ -
HOME PJ	14.239	510,565	-
Shelter Care Plus	14.238	45,686	-
<u>U.S. Department of Justice</u>			
Forfeiture Funds	16.000	219,041	-
COPS Technology - Range	16.710	126,266	-
Weed and Seed	16.595	149,442	-
Justice Assistance Grant	16.738	268,781	-
Violence Against Women	16.527	128,968	-
<u>U.S. Department of Transportation</u>			
Section 104(f) Highway Planning Grant	20.205	137,156	-
Public Transportation Capital Grant - FY 2004-2005	20.507	6,891	-
Public Transportation Capital Grant - FY 2005-2006	20.507	25,451	-
Public Transportation Capital Grant - FY 2006-2007	20.507	97,438	-
Public Transportation Capital & Planning Grant - FY 2007-2008	20.507	105,145	-
Public Transportation Capital Grant - FY 2007-2008	20.507	97,126	12,141
Public Transportation Planning Grant - FY 2007-2008	20.507	25,945	3,243
Section 9 Operating Grant	20.507	875,374	423,024
Furniture Market Transportation Terminal	20.507	5,787	723
<u>U.S. Department of Health & Human Services</u>			
Title III D Disease Prevention	93.043	1,880	120
<u>N.C. Department of Transportation</u>			
Advanced Technology Grant - FY 2005-06		-	83,864
Advanced Technology Grant - FY 2006-07		-	48,064
Computerized Signal System		-	1,401
Penny/Premier - WBS 37190		-	321,558
Wendover/Penny - WBS 41366		-	144,043
Eastchester/Premier - WBS 41365		-	184,020
Depot Restoration		-	321
CMAQ 2007		-	33,348
Powell Bill		-	3,215,067
<u>N.C. Department of Crime Control & Public Safety</u>			
Forfeiture Funds		-	24,211
Gang Deterrence		-	38,733
<u>N.C. Department of Health and Human Services</u>			
Senior Center General Purpose		-	13,090
<u>N.C. Department of Cultural Resources</u>			
State Aid to Libraries		-	83,446
		<u>-\$ 3,900,761</u>	<u>\$ 4,630,417</u>
Total Federal and State Assistance		<u>\$ 3,900,761</u>	<u>\$ 4,630,417</u>

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, 2008

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.



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