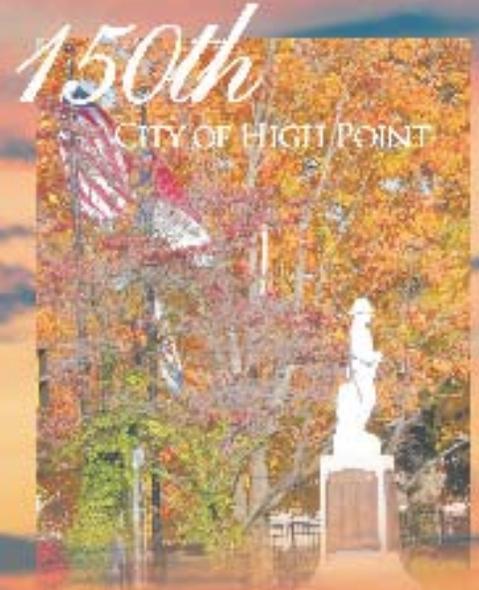
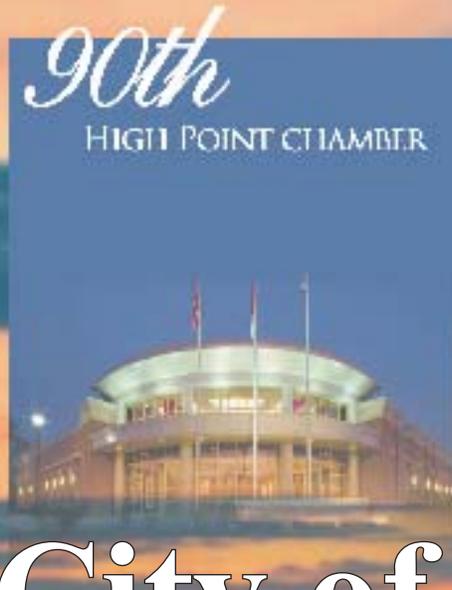
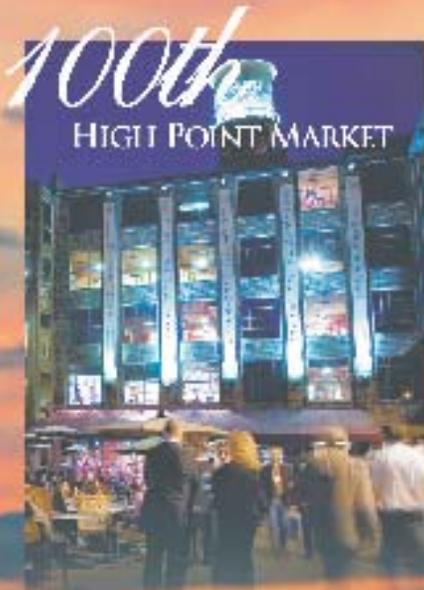


# 2009

A YEAR OF CELEBRATION



## City of **HIGH POINT** **NORTH CAROLINA**

Comprehensive Annual Financial Report  
For The Fiscal Year Ended June 30, 2009





**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

*CITY COUNCIL*

**REBECCA R. SMOTHERS.....MAYOR**  
**BERNITA SIMS .....MAYOR PRO-TEMPORE**  
**LATIMER B. ALEXANDER IV.....AT- LARGE**  
**MARY LOU BLAKENEY .....AT- LARGE**  
**FOSTER DOUGLAS..... WARD 2**  
**MICHAEL PUGH.....WARD 3**  
**WILLIAM S. BENCINI..... WARD 4**  
**M. CHRISTOPHER WHITLEY.....WARD 5**  
**JOHN FAIRCLOTH ..... WARD 6**

*CITY MANAGER*

**STRIB BOYNTON**

*ASSISTANT CITY MANAGERS*

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

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

*PREPARED BY THE FINANCIAL SERVICES DEPARTMENT*



# T

able of Contents

---

## INTRODUCTORY SECTION

Letter of Transmittal	i
Certificate of Achievement	xiii
Organization Chart	xiv

## FINANCIAL SECTION

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

# T

able of Contents

---

Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	29
Notes to Financial Statements	31
<b>Required Supplemental Financial Information</b>	67
Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress	68
Law Enforcement Officers' Special Separation Allowance Schedule of Employer Contributions	69
Healthcare Benefits Plan Schedule of Funding Progress	70
Healthcare Benefits Plan Schedule of Employer Contributions	71
<b>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES</b>	
<b>General Fund</b>	73
Schedule of Revenue and Expenditures-Budget and Actual - General Fund	74
<b>Capital Projects Funds</b>	77
General Capital Projects Fund-Schedule of Revenues & Expenditures Compared with Project Authorizations	79
<b>Non-major Governmental Funds</b>	81
Combining Balance Sheet - All Non-major Governmental Funds	83
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - All Non-major Governmental Funds	84

# T

able of Contents

---

<b>Special Revenue Funds</b>	85
Combining Balance Sheet-All Special Revenue Funds	87
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-All Special Revenue Funds	88
Special Grants Fund-Schedule of Revenues, Expenditures, And Changes in Fund Balances- Budget and Actual	89
Community Development Fund-Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual	90
<b>Debt Service Fund</b>	91
Debt Service Fund-Schedule of Revenues, Expenditures, And Changes in Fund Balances-Budget and Actual	92
<b>Proprietary Fund Types</b>	93
Combining Balance Sheet-All Nonmajor Enterprise Funds	94
Combining Statement of Revenues, Expenses, and Changes in Net Assets-All Nonmajor Enterprise Funds	95
Combining Statement of Cash Flows-All Nonmajor Enterprise Funds	96
Water and Sewer Fund-Schedule of Revenues and Expenses - Budget to Actual	97
Water and Sewer Capital Projects Ordinance Fund- Schedule of Revenue and Expenditures Compared with Authorizations	98
Water Capital Reserve Fund-Schedule of Revenue and Expenditures Compared to Authorizations	99

# T

able of Contents

---

Sewer Capital Reserve Fund-Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual	100
Electric Fund-Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual	101
Mass Transit Fund-Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual	102
Transit Capital Projects Reserve Fund-Schedule of Revenues and Expenditures Compared to Project Authorizations	103
Parking Facilities Fund - Schedule of Revenues, Expenses and Changes in Net Assets - Budget to Actual	104
Landfill Facilities Fund-Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual	105
Landfill Closure and Postclosure Reserve Fund-Schedule of Revenues and Expenditures Compared to Authorizations	106
Storm Water Fund-Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual	107
Storm Water Capital Projects Fund-Schedule of Revenue and Expenditures Compared to Authorizations	108
<b>Internal Service Fund</b>	109
Internal Service Fund- Schedule of Revenues, Expenditures and Changes in Net Assets	110
<b>Fiduciary Fund Types</b>	111
Agency Fund	112
<b>Supporting Schedules</b>	113
Schedule of Ad Valorem Taxes Receivable	114
Analysis of Current Tax Levy	115
Analysis of Current Tax Levy - Secondary Market Disclosure	116

# T

able of Contents

---

	<b>STATISTICAL SECTION</b>	
<b>Table</b>		117
I	Net Assets By Component -Last Six Fiscal Years	118
II	Changes in Net Assets -Last Six Fiscal Years	120
III	Fund Balances, Governmental Funds – Last Ten Fiscal Years	122
IV	Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	124
V	Assessed Value and Actual Value of Taxable Property Last Ten Fiscal Years	126
VI	Property Tax Rates -Direct and Overlapping Governments- Last Ten Fiscal Years	127
VII	Principal Property Taxpayers, Current and Nine Years Ago	128
VIII	Property Tax Levies and Collections – Last Ten Fiscal Years	130
IX	Principal Water and Sewer Users	131
X	Principal Electric Users	132
XI	Schedule of Water, Sewer and Electric Revenues	134
XII	Schedule of Outstanding Debt, By Type -Last Ten Fiscal Years	136
XIII	Ratios of Net General Bonded Debt Outstanding, Last Ten Fiscal Years	137
XIV	Legal Debt Margin Information, Last Ten Fiscal Years	138
XV	Computation of Direct and Overlapping Debt – End of Fiscal Year	140
XVI	Water and Sewer Revenue Bond Coverage -Last Five Fiscal Years	141

# T

## able of Contents

---

### Table

XVII	Demographic and Economic Statistics - Last Ten Fiscal Years	142
XVIII	Principal Employers - Current Year and Nine Years Ago	143
XIX	Full -time Equivalent City Employees By Function - Last Ten Fiscal Years	144
XX	Operating Indicators for Major Functions/Programs	146
XXI	Capital Asset Statistics, By Function/Program	148
	<b>COMPLIANCE SECTION</b>	<b>151</b>
	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>	153
	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	155
	Independent Auditor's Report on Compliance with Requirements Applicable to Each Major State Program and On Internal Control Over Compliance in Accordance With OMB Circular A-133 and the State Single Audit Implementation Act	157
	Schedule of Compliance Findings and Questioned Costs	159
	Summary Schedule of Prior Audit Findings	167
	Schedule of Expenditures of Federal and State Awards and Notes to Schedule of Expenditures of Federal and State Awards	169

## Financial Services

Jeffrey A. Moore, CPA  
DIRECTOR



November 30, 2009

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, 2009. 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, 2008. This marked the 22<sup>nd</sup> time the City has received the Certificate of Achievement since 1980, and the 14<sup>th</sup> 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 High Point 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 that exceeds 100,400.

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

## **Form of Government**

The City has a Council-Manager form of government. The Council is the legislative body of the City government with the Mayor as a voting member and the presiding officer. The Mayor is elected on an at-large basis for a two-year term. The remainder of City Council is composed of two at-large members and representatives from six voting wards. Council members are elected on a non-partisan basis and serve two-year terms. Elections are held in November of 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: EXTRAORDINARY SUCCESS IN EXTRAORDINARY TIMES**

### **Business and Economic Development**

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

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

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

High Point is at the center of it all -- centered between New York City and Miami, centered between Washington and Atlanta, centered between Charlotte and Raleigh/Durham/Research Triangle Park. High Point is part of North Carolina's Piedmont Triad region, the nation's 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.

Piedmont Triad International Airport is less than one mile from High Point's city limits and is centrally located for easy access throughout the region. Currently the airport has 59 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 new \$300 million Mid-Atlantic Hub for FedEx. The first phase now in operation moved local FedEx ramp operations into 500,000 square feet of the new one million square foot facility. Sixty-five flights per week are currently operating out of the new hub. In addition, the Airport has nearly completed the construction of a new 9,000-foot public runway and related airfield improvements which will benefit both freight and passenger service.

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. Full regional hub operations are expected to begin as the national economy improves. When the hub reaches full operational mode an additional 75-100 flights per week will be added.

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.

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

For many years, High Point has had year-after-year successes in economic development. In fact, in March 2007 and again in March 2008, High Point and its diverse industry sectors led the way in getting High Point's region named #1 in the nation for attracting new industry. Site Selection magazine and North Carolina's governor announced in both years that the three-county Greensboro / High Point metro area was ranked #1 in the nation for attracting new and expanded business. That ranking was for all regions in the United States with a population between 200,000 and one million. Both years, High Point led the way within its winning region.

High Point, however, has not been immune to the effects of the national economic downturn. The 2008 average annual unemployment rate for High Point was 6.5% rising to 12.3% in June 2009, a direct correlation to the current national economic crisis and matching the national unemployment trend.

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 employed 1,000 during the fiscal year. In September 2009, the company announced that it will scale back operations due to decreased demand for desktop computers and immediately began trimming its workforce. Dell has since determined it will shut down the facility and lay off the remaining 900 employees by January 2010.

### **2008-2009 Economic Development Announcements**

The City of High Point was pleased to announce several economic development projects in the 2008-2009 Fiscal Year. Among them were:

- **FedEx Ground**, began construction in November 2008 on a new \$100 million sorting facility between Kernersville and High Point, just north of the High Point city limits. More than 120 contractor jobs will be created for the operation and the City of High Point will be providing the water and sewer utility services.
- **Harland Clarke Corp.**, opened its new 135,000 square foot check manufacturing facility in High Point. The company is the nation's leading provider of solutions for approximately 15,000 financial institutions. The company moved 200 employees from a nearby facility and hired 80 new employees.
- **Anco-Eaglin**, a manufacturer of industrial-sized tanks, cylinders, and equipment used by food processing companies both in the United states and internationally expanded into High Point with a new \$4 million, 65,000 square foot facility.

- **Schnadig International Corp.**, a subsidiary of China-based Markor International, consolidated all its US administrative functions and services into its new headquarters location with 110,000 square feet of warehouse space adjacent to its 18,000 square foot offices in High Point.
- **SunGard Public Sector** added 50 employees to its 135 employee workforce and expanded to its 50,000 square foot facility in High Point. The company is a public safety software developer for law enforcement and fire/rescue services around the nation.
- **High Point University** continues its \$250 million campus transformation. More than 100 new jobs were created in the last year. This brings the total number of employees to 750, doubling what it was just three years ago. HPU's annual economic impact exceeds \$320 million.

### **#1 in the Nation**

For the second year in a row High Point was selected as one of five national recipients for Expansion Solutions Magazine's "Award of Excellence" in the distribution / warehousing category. The award recognizes areas that have "made exceptional progress in economic development by successfully recruiting, retaining, and growing businesses" in that industry sector.

### **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 50 retail discount furniture stores.

The Market is the single largest economic event in North Carolina. An average of 170,000 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 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.

Tenants in Piedmont Centre include 8 of High Point's Top 20 employers: Bank of America's customer service center, Polo Ralph Lauren's primary-U.S. retail distribution facility, NCO Group which is the customer service call center for UPS, Aetna Healthcare, Banner Pharmacaps' manufacturing facility and headquarters, Advanced Home Care, and New Breed Logistics.

### **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 third building for Moses Cone's MedCenter of High Point, an emergency medical care facility. Other primary tenants include the corporate headquarters of Home Meridian International and the corporate headquarters and distribution center for Samson Marketing and its subsidiaries Legacy Classic Furniture and Universal Furniture.

### **Piedmont Corporate Park**

Developed by Samet Corporation, Piedmont Corporate Park is a 160-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, Bindagraphics and the primary distribution center and customer contact facility for RalphLauren.com.

### **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% two years ago but remains strong at an estimated 85%. Total taxable retail sales in High Point for the fiscal year ended June 30, 2009 decreased almost \$75.8 million to \$903,182,641 compared to last fiscal year's total of \$979,003,825 and generated total gross sales tax collections during fiscal year June 30, 2009 of \$40,035,999, a 4.3% decrease compared to last fiscal year of \$41,845,826.

### **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 City is enthusiastic about the completion of the Miracle League Field in High Point. Only the second such program in North Carolina, and the only one in the Triad region, the City partnered with civic organizations, most notably Rotary and Kiwanis, to build the specially equipped baseball field and playground to meet the recreational needs of children with intellectual and/or physical disabilities in this area and surrounding communities. The Grand Opening celebration and dedication was held September 26, 2009 and fielded 40 young persons in its inaugural fall season.

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 \$250 million capital construction program which has included replacing or modernizing a number of dormitories, athletic facilities, and other campus buildings. 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.

### **High Point Sesquicentennial**

The City is celebrating a milestone birthday in its history – 150 years! When High Point was incorporated May 26, 1859, there were 595 people residing in the general area, including 70 slaves and 14 free black people. This humble beginning has led to 150 years of entrepreneurial spirit and growth in the city.

Today, High Point is home to a culturally rich, diverse population of more than 100,400. As stated earlier, the city is the only municipality in North Carolina whose city limits encompass parts of four counties: Davidson, Forsyth, Guilford and Randolph.

Our business community is also diverse. Many of the city's earliest businesses continue to operate – Beeson Hardware (1883), High Point Enterprise (1884), North State Communications (1895), Jarrett Stationery (1902), and Thomas Built Buses (1916) to name only a few. And to our traditional base of furniture and textile manufacturing, we have included the industry clusters of advanced manufacturing, high technology, distribution/logistics/warehousing, auto-related/motor sports, healthcare/pharmaceuticals/biotech, and commercial photography.

The City has celebrated its heritage and history with events throughout the 2009 calendar year. It is with an eye to our past that 150 years of tradition, progress and vision will lead the community into the future.

### *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 Project
Proprietary Funds	Enterprise, Internal Service
Fiduciary Funds	Agency, Pension 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, 2009 are treated as commitments, rather than expenditures, and such encumbered funds are appropriated for expenditure in fiscal year 2009-2010.

### *Cash Management*

Cash during the year was invested in U.S. Government Securities and agencies, commercial paper, money market accounts, and certificates of deposit. Cash balances are analyzed daily to maximize interest earnings.

Investment periods ranged from overnight to 5 years, and at interest rates ranging from 0.17% to 4.43%. The City's cash management program during FY2009 produced investment earnings across all funds of \$3,635,449, or a decrease of \$3,659,297 for the year ended June 30, 2009, predominantly as interest rates fell to historical lows during the fiscal year. At June 30, 2009, the investment portfolio is strategically invested with an emphasis in the North Carolina Capital Management Trust in order to maintain a higher percentage of readily convertible money market funds to take advantage of a steepening of investment yields anticipated to begin during second and third quarters of the fiscal year 2010.

### **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 over 100,400 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. This has become even more challenging during the most significant economic downturn in more than a generation.

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.

The City's adopted fiscal management policies will require that the City rebuild the fund balances being used during this current economic turmoil. We expect that this will be accomplished as we have done in the past through deliberate and strategic financial and capital planning and budgeting. Nevertheless, the use of fund balances during these times is required and necessary to provide our citizens the financial stability and security they expect from their local government.

Strong leadership and adaptive fiscal policy will give the City the tools and wherewithal to withstand the latest challenges 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. At this writing, the world-wide, national, and local economies are beginning to stabilize and slowly recover, but we also acknowledge that economic recovery will look very different and also that it may very well be another 12-18 months before the local economy sees real benefit and growth.

#### Acknowledgments

The preparation of this year's report could not have been accomplished without the dedicated efforts of the Accounting Division, contributions from the 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



NORTH CAROLINA'S INTERNATIONAL CITY™

# 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, 2008

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



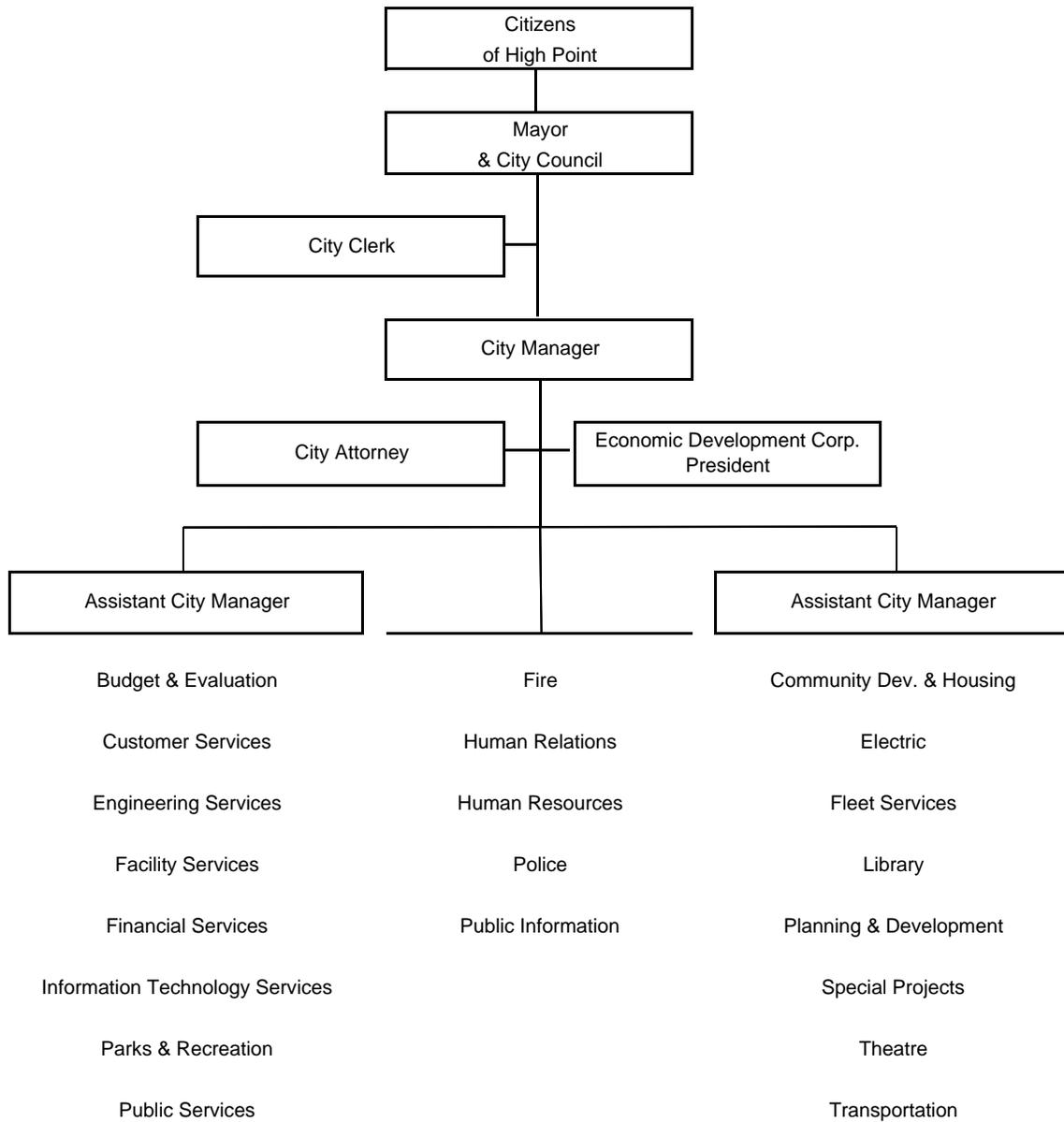
A stylized handwritten signature in black ink.

President

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

Executive Director

**Organization Chart**  
**CITY OF HIGH POINT**  
*as of June 30, 2009*



# 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, 2009, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. 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 aggregate discretely presented component units, 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, 2009, 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 November 30, 2009 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 67 through 71, 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  
November 30, 2009

## 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, 2009. 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

As most anyone would expect during the most significant economic downturn in a generation, the City's net assets declined as a result of this year's operations. However, the City is financially sound and strategically positioned to weather the current economic storm.

- The assets of the City of High Point exceeded its liabilities at the close of the fiscal year by \$537 million. Governmental net assets totaled \$235 million, while business-type net assets totaled \$302 million.
- As of the close of the current fiscal year, the City of High Point's governmental funds reported combined ending fund balances of \$55,016,673, a decrease of \$16,331,162 in comparison with the prior year. However, this total is still more than fund balances 2 years ago. Approximately 25 percent of this total amount, or \$15,329,093, is available for spending at the government's discretion, or 15.8 percent of total general fund expenditures for the fiscal year.
- The City's general obligation bond rating continues to maintain its rating of AAA from Standard & Poor's and to carry the second highest possible ratings of Aa2 from Moody's as well as of AA from Fitch as of June 30, 2009.

### 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. The City is not financially accountable for them, even though all net profits are distributed to the City.

#### *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

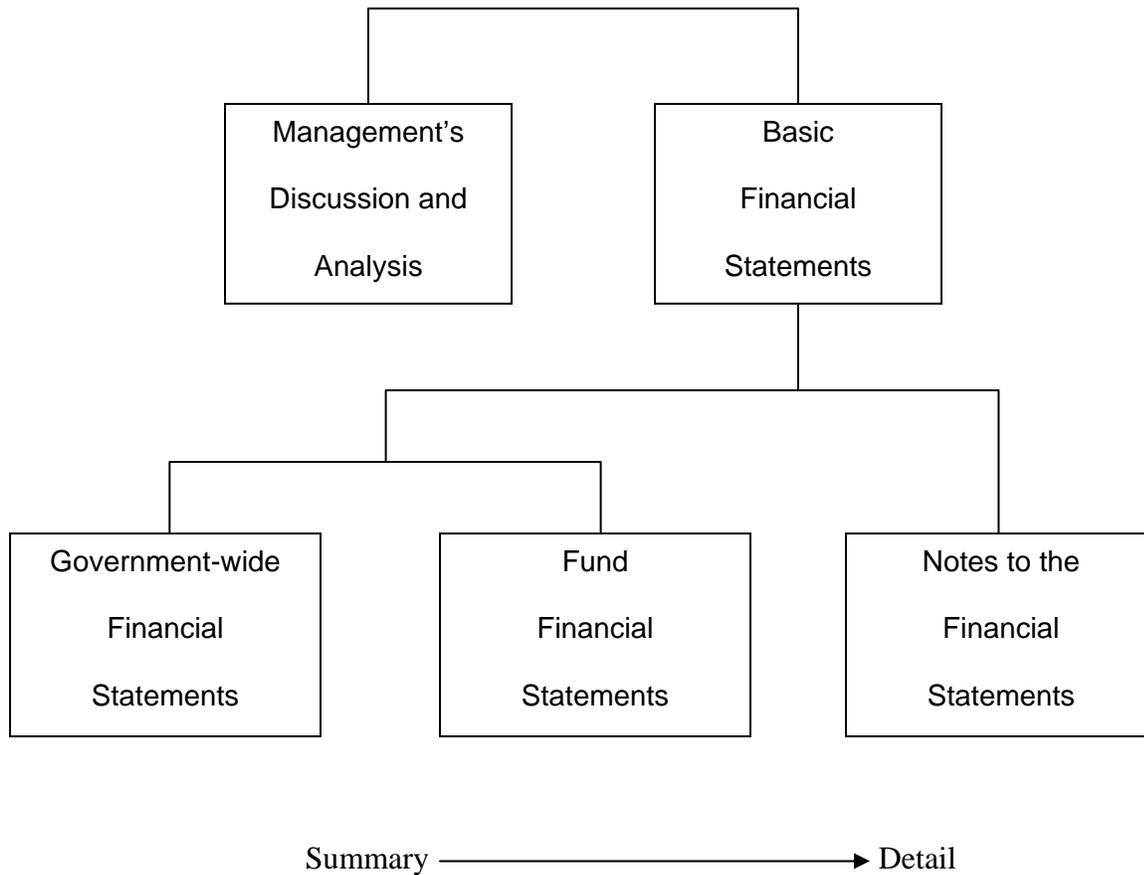
City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### THE CITY AS A WHOLE AND GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements for the fiscal year ended June 30, 2009 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 1.8% this year to \$537 million from \$548 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*

Total net assets decreased slightly as compared to the prior fiscal year, caused primarily by the decrease in unrestricted net assets. The City continues to invest heavily in capital spending with its continuing emphasis on infrastructure using long-term debt proceeds issued during the prior fiscal year. Unrestricted net assets in the governmental funds—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—decreased to \$19,348,796 as compared to \$23,449,079. 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, 2009  
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
<b>Assets</b>						
Current and other assets	\$ 76,088	\$ 86,675	\$149,814	\$186,966	\$225,902	\$273,641
Capital Assets (net)	251,691	251,708	372,657	340,648	624,348	592,356
Total assets	<u>327,779</u>	<u>338,383</u>	<u>522,471</u>	<u>527,614</u>	<u>850,250</u>	<u>865,997</u>
<b>Liabilities</b>						
Current liabilities and payables	12,399	11,406	19,409	16,135	31,808	27,541
Long-term debt	80,359	85,042	200,719	205,844	281,078	290,886
Total liabilities	<u>92,758</u>	<u>96,448</u>	<u>220,128</u>	<u>221,979</u>	<u>312,886</u>	<u>318,427</u>
<b>Net Assets</b>						
Invested in capital assets, net of debt	197,660	206,032	218,662	214,843	416,322	420,875
Restricted	18,012	12,454	-	358	18,012	12,812
Unrestricted	19,349	23,449	83,681	90,434	103,030	113,883
Total net assets	<u>\$235,021</u>	<u>\$241,935</u>	<u>\$302,343</u>	<u>\$305,635</u>	<u>\$537,364</u>	<u>\$547,570</u>

The net assets of our business-type activities decreased slightly (\$302 million compared to \$306 million) in 2009 as increased spending on major infrastructure projects to repair, 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) increased approximately 4 percent (\$11 million) over the previous fiscal year. The primary reason for the increase was due primarily to federal and state assistance for several grant programs. The total cost of all programs and services increased 5.8

percent (\$16 million) led by increases in public safety and costs of operations in the water and sewer utility and electric utility.

Table 2  
Changes in Net Assets for the Fiscal Year Ended June 30, 2009  
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
<b>City Revenues</b>						
<b>Program revenue:</b>						
Charges for services	\$ 9,943	\$ 11,766	\$147,045	\$149,472	\$156,988	\$161,238
Operating grants and contributions	14,837	5,821	3,526	313	18,363	6,134
Capital grants and contributions	1,026	4,975	1,881	3,561	2,907	8,536
<b>General revenue:</b>						
Property taxes	57,737	56,229	-	-	57,737	56,229
Sales taxes	16,146	17,868	-	-	16,146	17,868
Grants, contributions not restricted to specific programs	16,211	15,076	-	750	16,211	15,826
Other	14,440	2,902	1,540	4,884	15,980	7,786
Total City revenues	<u>130,340</u>	<u>114,637</u>	<u>153,992</u>	<u>158,980</u>	<u>284,332</u>	<u>273,617</u>
<b>City Expenses</b>						
General Government	22,156	25,941	-	-	22,156	25,941
Public safety	41,601	37,592	-	-	41,601	37,592
Public and Environmental Services	42,960	46,245	-	-	42,960	46,245
Planning and Community Development	7,514	5,637	-	-	7,514	5,637
Cultural and Recreation	20,833	19,384	-	-	20,833	19,384
Interest expense and related debt service	3,505	3,006	-	-	3,505	3,006
Water and Sewer	-	-	41,025	32,351	41,025	32,351
Electric	-	-	100,645	96,905	100,645	96,905
Mass Transit	-	-	3,458	3,276	3,458	3,276
Parking	-	-	824	883	824	883
Landfill	-	-	8,066	5,313	8,066	5,313
Storm Water	-	-	1,951	1,705	1,951	1,705
Total City expenses	<u>138,569</u>	<u>137,805</u>	<u>155,969</u>	<u>140,433</u>	<u>294,538</u>	<u>278,238</u>
Increase (decrease) in net assets before transfers	(8,229)	(23,168)	(1,977)	18,547	(10,206)	(4,621)
Transfers in (out)	1,315	966	(1,315)	(966)	-	-
Increase (decrease) in net assets	(6,914)	(22,202)	(3,292)	17,581	(10,206)	(4,621)
Net assets, beginning	<u>241,935</u>	<u>264,137</u>	<u>305,635</u>	<u>288,054</u>	<u>547,570</u>	<u>552,191</u>
Net assets, ending	<u>\$235,021</u>	<u>\$241,935</u>	<u>\$302,343</u>	<u>\$305,635</u>	<u>\$537,364</u>	<u>\$547,570</u>

Several aspects of the City's financial operations continue to positively influence 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 decreased this year by only \$3 million due to the City's increasing rates for water and sewer services, which have been utilized to continue efforts to improve and replace the water and sewer, and electric system infrastructure and distribution system which were somewhat offset by reduced consumption from business and residential customers. Additionally, this level of 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*

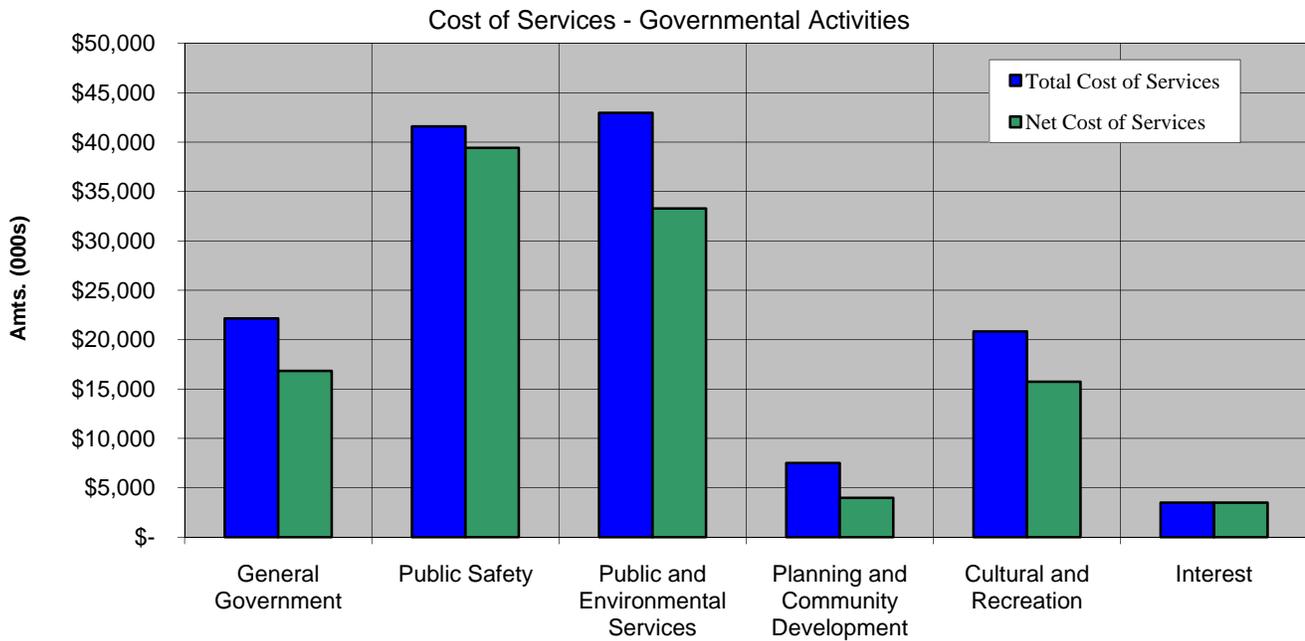
Property tax revenues increased slightly by \$1.5 million compared to the prior year as taxable growth slowed last year. The City did not have a property tax increase in the current fiscal year. The City did feel the impact of the local economic downturn as sales taxes decreased approximately \$1.7 million (10%) from the prior year. As discussed earlier, the City benefitted from the an increase in operating assistance from federal and state sources which are also reflected in increases in expenses in public safety, community development, public services (transportation) and recreation categories.

The total cost of all governmental activities this year remained \$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 \$113 million because some of the cost was paid by those who directly benefited from the programs (\$10 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$15 million). The City paid for the remaining “public benefit” portion of governmental activities with \$16 million in sales taxes, \$16 million in intergovernmental revenues, grants, and contributions, and \$14 million in other revenues which included gains from the sales of surplus assets and investment earnings.

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	\$ 22,155,751	\$ 16,841,084
Public Safety	41,601,246	39,417,337
Public and Environmental Services	42,959,675	33,278,998
Planning and Community Development	7,513,814	3,985,968
Cultural and Recreation	20,833,203	15,734,847
Interest on long-term debt	3,505,011	3,505,011
Total	<u>\$ 138,568,700</u>	<u>\$ 112,763,245</u>



### *Business-type Activities*

Charges for services of the City's business-type activities (see Table 2) decreased slightly over the past fiscal year (\$147 million in 2009 compared to \$149 million in 2008). This was mainly due to a combined decrease 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 increased rates and also experienced an offset from reduced consumption that resulted in increased operating revenues of \$0.5 million. The average increase in the combined water and sewer rates averaged 5.9 percent for the fiscal year.

The Electric Fund decrease of \$1.3 million was due in large part by a decrease in customer consumption as a result of milder weather temperatures during the fiscal year.

The operating revenues of the non-major business-type funds increased \$1.1 million, primarily due to increased operational assistance revenues in the transit fund.

## **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 \$55 million, a \$16 million decrease over the prior fiscal year. However, this is primarily due to the expenditure of bond proceeds issued at the end of the prior year which resulted in reserved fund balances for encumbrances and capital projects increasing by a nearly similar amount last

year. Of the total fund balances reported, \$22.8 million was unrestricted and available to finance future expenditures.

The General Fund is the primary operating fund of the City of High Point. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$15,329,093 while total fund balance reached \$21,019,748, representing a decrease of \$1,055,014 and a decrease of \$5,889,990, 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 15.9 percent of total General Fund expenditures, while total fund balance represents nearly 22 percent of General Fund expenditures.

The 2009-2010 Annual Budget appropriated a total of \$4,569,934 of the \$15,329,093 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 \$9,361,330.

*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

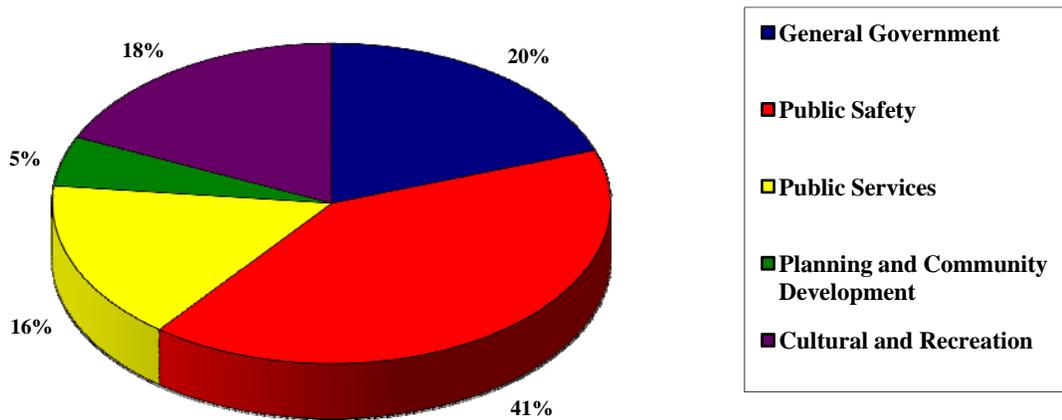
Revenue Sources	Amount	Percent of Total	Increase (Decrease) from 2008
Property taxes.....	\$ 53,024,525	55.4%	\$ (172,386)
Sales and use taxes.....	16,145,569	16.9%	(1,722,727)
Intergovernmental revenues.....	12,166,282	12.7%	(2,391,209)
Licenses and Permits.....	3,958,060	4.1%	(740,720)
Charges for services.....	3,747,617	3.9%	10,122
Interest on investments.....	768,256	0.8%	(304,782)
Miscellaneous revenues.....	5,980,003	6.2%	20,264
	<u>\$ 95,790,312</u>	<u>100.0%</u>	<u>\$ (5,301,438)</u>

The most significant component in General Fund revenues remains to be property taxes which remained largely unchanged as there was no tax increase and taxable growth in valuation slowed in response to the economy.

Sales taxes decreased \$1.7 million due particularly in response to the economic downturn, yet this is still only an 8% reduction from prior year totals. In addition, state-shared revenues decreased as the State reduced funds distributions in response to their own budget dilemma.

General Fund Expenditures on the Governmental Fund Basis

Functions	Amount	Percent of Total	Increase (Decrease) from 2008
General Government.....	\$ 18,958,167	19.6%	\$ 736,118
Public Safety.....	39,497,369	41.0%	1,368,158
Public Services.....	15,620,824	16.2%	1,250,890
Planning and Community Dev.....	4,847,736	5.0%	885,393
Cultural and Recreation.....	17,611,712	18.2%	(423,281)
	<u>\$ 96,535,808</u>	<u>100.0%</u>	<u>\$ 3,817,278</u>



*Other Governmental Funds*

The Governmental Capital Projects Fund continues to be shown as a major fund in the current fiscal year. This is primarily due to the increased expenditure in the current fiscal year from the two general obligation bond issues completed in October 2007 and June 2008 in the prior fiscal year. These changes are 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 2009, the City had \$1.2 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 \$44 million, or 4 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	
	2009	2008	2009	2008	2009	2008
	Land and land improvements	\$ 21,095	\$ 20,825	\$ 12,213	\$ 21,635	\$ 33,308
Construction in progress	27,876	26,439	45,565	68,743	73,441	95,182
Buildings and related improvements	46,012	43,049	95,411	86,117	141,423	129,166
Equipment	56,769	73,647	175,419	187,865	232,188	261,512
Infrastructure	477,260	453,628	240,681	172,208	717,941	625,836
Total capital assets	<u>\$ 629,012</u>	<u>\$ 617,588</u>	<u>\$ 569,289</u>	<u>\$ 536,568</u>	<u>\$ 1,198,301</u>	<u>\$ 1,154,156</u>

The City's fiscal year 2009-2010 capital budget calls for it to spend another \$19 million for capital projects, principally for the electrical system improvements and water and sewer improvements and expansion of the next phase at the landfill. These capital projects are budgeted as follows:

General Fund.....	\$ 1,692,130
Water and Sewer Fund.....	5,881,200
Electric.....	4,873,000
Miscellaneous.....	6,912,873
Total.....	<u>\$ 19,359,203</u>

*Debt*

At year-end, the City had approximately \$261 million in bonds and notes outstanding versus \$274 million last year—a decrease of 5 percent—as shown in Table 5. New debt resulted only from issuing \$900,000 in a new capital lease obligation.

Table 5  
Outstanding Debt  
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
	General obligation bonds	\$ 64,111	\$ 67,850	\$ 59,971	\$ 64,648	\$ 124,082
Revenue bonds	-	-	113,190	115,079	113,190	115,079
State and Federal revolving bond loans	-	-	13,147	14,421	13,147	14,421
Notes payable and capital leases	10,092	11,375	395	623	10,487	11,998
Total outstanding debt	<u>\$ 74,203</u>	<u>\$ 79,225</u>	<u>\$ 186,703</u>	<u>\$ 194,771</u>	<u>\$ 260,906</u>	<u>\$ 273,996</u>

The City's general obligation bond rating continues to carry high and stable ratings from the three national rating agencies at June 30, 2009. Standard & Poor's rates the City's credit at AAA, the highest available. Moody's has maintained the City's rating at Aa2 and Fitch rates the City at AA. 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 \$738 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 2009-2010 budget and tax rates that support the governmental activities and fees that will be charged for the business-type activities. A significant factor this year in particular was the impact of the economic downturn on our corporate and residential citizens. Unemployment in the City in June 2009 stood at 12.1 percent versus 6.5 percent in June 2008. This was slightly higher than the State's unemployment rate of 11.2 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%-4.2% for fiscal year 2010 compared with the national rate of 4 percent.

In adopting the Annual Budget for fiscal year 2009-2010, 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 as we seek to create, guide, and sustain High Point as the single most livable, safe and prosperous community in America.

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 \$104 million, which is a decrease of 2.3 percent over the adopted 2009 budget of \$106 million. The City employed strategic reductions in and holding back increases over other costs as well as appropriations from fund balance to finance the budget. There was no increase in property tax rates for the new fiscal year. 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 with a mind to the reality that it may be another year before the city's economy will begin to significantly improve.

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 2010:

- Water and sewer rates were increased an average of 4.9% based on rate study recommendations, pay-as-you-go infrastructure and debt funded projects.
- Electric rates were increased 4.0% to cover the wholesale power rate increase of 4%.
- 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, 2009

	PRIMARY GOVERNMENT			COMPONENT UNIT
	Governmental Activities	Business-type Activities	TOTAL	HIGH POINT ABC BOARD
<b>ASSETS</b>				
Cash and investments.....	\$ 40,486,814	\$ 98,345,273	\$ 138,832,087	\$ 1,247,526
Receivables:				
Taxes (net).....	2,190,085	-	2,190,085	-
Accounts receivable and accrued revenue (net).....	11,845,613	9,906,593	21,752,206	-
Assessments (net).....	17,497	92,788	110,285	-
Notes.....	3,671,875	-	3,671,875	-
Accrued interest.....	76,455	219,939	296,394	-
Internal balances.....	(1,280,018)	1,280,018	-	-
Interfund loan.....	(1,372,940)	1,372,940	-	-
Due from component unit.....	161,780	-	161,780	-
Inventory.....	109,687	4,820,220	4,929,907	1,039,794
Prepaid Items.....	9,279	116,374	125,653	62,402
Restricted Assets:				
Cash and investments.....	20,171,829	31,803,647	51,975,476	-
Deferred charges.....	-	1,856,629	1,856,629	-
Capital Assets:				
Land, non-depreciable improvements, and construction in progress....	48,971,429	57,777,242	106,748,671	788,015
Other capital assets, net of related depreciation.....	202,719,833	314,879,365	517,599,198	2,318,316
Total capital assets.....	<u>251,691,262</u>	<u>372,656,607</u>	<u>624,347,869</u>	<u>3,106,331</u>
<b>TOTAL ASSETS</b>	<u>327,779,218</u>	<u>522,471,028</u>	<u>850,250,246</u>	<u>5,456,053</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses.....	6,849,531	15,059,429	21,908,960	726,189
Accrued interest payable.....	934,062	1,534,181	2,468,243	-
Due to City of High Point.....	-	-	-	161,780
Due to other governments.....	-	-	-	26,568
Deposits and other liabilities.....	1,854	943,659	945,513	-
Unearned revenue.....	4,614,407	1,870,939	6,485,346	-
Long-term liabilities:				
Due in one year.....	8,921,603	8,692,851	17,614,454	155,000
Due in more than one year.....	71,436,544	192,026,854	263,463,398	487,940
<b>TOTAL LIABILITIES</b>	<u>92,758,001</u>	<u>220,127,913</u>	<u>312,885,914</u>	<u>1,557,477</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt.....	197,660,324	218,661,759	416,322,083	2,463,391
Restricted for:				
Debt service.....	18,012,097	-	18,012,097	-
High Point ABC Board.....	-	-	-	361,966
Unrestricted.....	19,348,796	83,681,356	103,030,152	1,073,219
<b>TOTAL NET ASSETS</b>	<u>\$ 235,021,217</u>	<u>\$ 302,343,115</u>	<u>\$ 537,364,332</u>	<u>\$ 3,898,576</u>

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, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental activities:				
General Government.....	\$ 22,155,751	\$ 4,634,362	\$ 680,305	\$ -
Public Safety.....	41,601,246	882,767	1,301,142	-
Public and Environmental Services.....	42,959,675	73,854	9,261,177	345,646
Planning and Community Development.....	7,513,814	829,904	2,697,942	-
Cultural and Recreation.....	20,833,203	3,522,348	896,008	680,000
Interest on long-term debt.....	3,505,011	-	-	-
Total governmental activities.....	<u>138,568,700</u>	<u>9,943,235</u>	<u>14,836,574</u>	<u>1,025,646</u>
Business-type activities:				
Water and Sewer .....	41,024,490	37,682,405	-	1,881,495
Electric.....	100,645,320	99,942,110	573,143	-
Mass Transit.....	3,457,983	550,490	2,952,666	-
Parking.....	824,324	339,487	-	-
Landfill.....	8,065,953	6,189,059	-	-
Stormwater.....	1,950,821	2,341,644	-	-
Total business-type activities.....	<u>155,968,891</u>	<u>147,045,195</u>	<u>3,525,809</u>	<u>1,881,495</u>
Total primary government.....	<u>\$ 294,537,591</u>	<u>\$ 156,988,430</u>	<u>\$ 18,362,383</u>	<u>\$ 2,907,141</u>
<b>Component unit:</b>				
High Point ABC Board.....	\$ 9,235,887	\$ 9,449,934	\$ -	\$ -
Total component unit.....	<u>\$ 9,235,887</u>	<u>\$ 9,449,934</u>	<u>\$ -</u>	<u>\$ -</u>
<b>General revenues:</b>				
Property Taxes.....				
Other Taxes.....				
Revenues and contributions not restricted to specific programs.....				
Gain (loss) on the disposal of capital assets.....				
Investment earnings.....				
<b>Transfers</b>				
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	
\$ (16,841,084)	\$ -	\$ (16,841,084)	\$ -
(39,417,337)	-	(39,417,337)	-
(33,278,998)	-	(33,278,998)	-
(3,985,968)	-	(3,985,968)	-
(15,734,847)	-	(15,734,847)	-
(3,505,011)	-	(3,505,011)	-
<u>(112,763,245)</u>	<u>-</u>	<u>(112,763,245)</u>	<u>-</u>
-	(1,460,590)	(1,460,590)	-
-	(130,067)	(130,067)	-
-	45,173	45,173	-
-	(484,837)	(484,837)	-
-	(1,876,894)	(1,876,894)	-
-	390,823	390,823	-
<u>-</u>	<u>(3,516,392)</u>	<u>(3,516,392)</u>	<u>-</u>
<u>\$ (112,763,245)</u>	<u>\$ (3,516,392)</u>	<u>\$ (116,279,637)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,047</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,047</u>
\$ 57,736,549	\$ -	\$ 57,736,549	\$ -
16,145,569	-	16,145,569	-
16,211,091	-	16,211,091	2,517
12,223,430	(2,574,677)	9,648,753	(19,966)
2,217,246	4,114,648	6,331,894	5,446
1,315,288	(1,315,288)	-	-
<u>105,849,173</u>	<u>224,683</u>	<u>106,073,856</u>	<u>(12,003)</u>
(6,914,072)	(3,291,709)	(10,205,781)	202,044
241,935,289	305,634,824	547,570,113	3,696,532
<u>\$ 235,021,217</u>	<u>\$ 302,343,115</u>	<u>\$ 537,364,332</u>	<u>\$ 3,898,576</u>

**CITY OF HIGH POINT, NORTH CAROLINA**

Balance Sheet  
Governmental Funds  
June 30, 2009

	<b>General Fund</b>	<b>Governmental Capital Project Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and Investments.....	\$ 19,322,570	\$ -	\$ 19,439,517	\$ 38,762,087
Receivables (net):				
Taxes.....	2,190,085	-	-	2,190,085
Accounts Receivable and Accrued Revenue.....	5,873,814	4,799,488	1,149,826	11,823,128
Assessments.....	17,497	-	-	17,497
Notes.....	-	-	3,671,875	3,671,875
Accrued Interest.....	38,214	-	38,241	76,455
Due from component unit.....	161,780	-	-	161,780
Prepaid Items.....	9,279	-	-	9,279
Restricted Assets:				
Cash and Investments.....	-	20,171,829	-	20,171,829
<b>TOTAL ASSETS</b>	<b>\$ 27,613,239</b>	<b>\$ 24,971,317</b>	<b>\$ 24,299,459</b>	<b>\$ 76,884,015</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts Payable and Accrued Expenses.....	\$ 3,368,959	\$ 2,425,351	\$ 301,191	\$ 6,095,501
Due to Other Funds.....	-	3,115,415	162,773	3,278,188
Other Liabilities.....	-	154,450	-	154,450
Deferred Revenue.....	3,224,532	4,777,396	4,337,275	12,339,203
<b>TOTAL LIABILITIES</b>	<b>6,593,491</b>	<b>10,472,612</b>	<b>4,801,239</b>	<b>21,867,342</b>
<b>FUND BALANCES</b>				
Fund Balances:				
Reserved for:				
Encumbrances.....	323,987	7,195,562	767,220	8,286,769
Prepaid Items.....	9,279	-	-	9,279
State Statute.....	5,357,389	22,092	522,666	5,902,147
Debt Service.....	-	-	18,012,097	18,012,097
Unreserved:				
Designated for Subsequent Years' Expenditures.....	4,569,934	7,281,051	481,473	12,332,458
Designated for Economic Development.....	1,172,916	-	-	1,172,916
Designated for Health Insurance.....	217,085	-	-	217,085
Designated for Market Authority.....	7,828	-	-	7,828
Undesignated, reported in General Fund.....	9,361,330	-	-	9,361,330
Undesignated, reported in Community Development Fund.....	-	-	(285,236)	(285,236)
<b>TOTAL FUND BALANCES</b>	<b>21,019,748</b>	<b>14,498,705</b>	<b>19,498,220</b>	<b>55,016,673</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 27,613,239</b>	<b>\$ 24,971,317</b>	<b>\$ 24,299,459</b>	<b>\$ 76,884,015</b>
Fund balances as reported above				\$ 55,016,673
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.				237,718,717
Internal service funds used to allocate costs among the funds are included in the statement of net assets.				14,005,151
Internal service funds profit/loss is allocated to the business-type funds in the statement of net assets.				625,230
Some liabilities are not payable in the current period and are therefore not reported in the funds.				(80,069,350)
Receivables that are not available to pay for current-period expenditures are reported as revenue deferred in the funds.				7,724,796
Net assets of governmental activities				<u>\$ 235,021,217</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, 2009

	<u>General</u>	<u>General Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Taxes.....	\$ 53,024,525	\$ -	\$ 4,458,372	\$ 57,482,897
Sales and Use Taxes.....	16,145,569	-	-	16,145,569
Intergovernmental Revenues.....	12,166,282	890,340	4,543,704	17,600,326
Licenses and Permits.....	3,958,060	-	-	3,958,060
Charges for Services.....	3,747,617	-	-	3,747,617
Interest on Investments.....	768,256	-	1,448,990	2,217,246
Administrative Reimbursements.....	5,767,671	180,000	-	5,947,671
Miscellaneous Revenues.....	212,332	266,259	290,889	769,480
Total revenues.....	<u>95,790,312</u>	<u>1,336,599</u>	<u>10,741,955</u>	<u>107,868,866</u>
<b>Expenditures</b>				
General Government.....	18,958,167	213,518	386,528	19,558,213
Public Safety.....	39,032,067	1,495,448	487,003	41,014,518
Public Services and Transportation.....	9,651,133	7,854,522	522,659	18,028,314
Public Services - Environmental services.....	5,969,691	-	-	5,969,691
Planning and Community Development.....	4,847,736	72,950	2,681,353	7,602,039
Cultural and Recreation.....	17,611,712	7,345,764	83,294	25,040,770
Debt Service:				
Principal Retirement.....	431,837	-	5,367,782	5,799,619
Interest and Fiscal Charges.....	33,465	52,940	3,343,353	3,429,758
Total Expenditures.....	<u>96,535,808</u>	<u>17,035,142</u>	<u>12,871,972</u>	<u>126,442,922</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(745,496)</u>	<u>(15,698,543)</u>	<u>(2,130,017)</u>	<u>(18,574,056)</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from issuance of capital leases.....	900,000	-	-	900,000
Transfers in.....	1,810,000	1,221,207	7,983,075	11,014,282
Transfers in related to payments in lieu of taxes.....	783,564	-	-	783,564
Transfers out.....	(8,638,058)	(988,512)	(828,382)	(10,454,952)
Total Other Financing Sources (Uses).....	<u>(5,144,494)</u>	<u>232,695</u>	<u>7,154,693</u>	<u>2,242,894</u>
Net change in fund balances.....	(5,889,990)	(15,465,848)	5,024,676	(16,331,162)
Fund balances, beginning.....	26,909,738	29,964,553	14,473,544	71,347,835
Fund balances, ending.....	<u>\$ 21,019,748</u>	<u>\$ 14,498,705</u>	<u>\$ 19,498,220</u>	<u>\$ 55,016,673</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, 2009**

Net change in fund balances - total governmental funds	\$ (16,331,162)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds	5,260,487
Principal payments are reported as decreases in liabilities in the Statement of Activities, but reported as expenditures in the funds	5,799,621
Capital outlays are reported as increases in assets in the Statement of Activities, but reported as an expenditure in the funds	16,869,414
Depreciation is recognized as an expense in the Statement of Activities, but is not reported in the funds	(30,223,319)
Infrastructure contributed by developers is considered capital contribution for the Statement of Activities, but is not reported in the funds	345,646
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	(533,909)
Proceeds from bond and capital lease issuances are reported as increases in liabilities in the Statement of Activities, but reported as revenues in the funds	(900,000)
Gain (loss) on the disposal of capital assets is recorded in the Statement of Activities (excludes internal service fund gain/loss)	13,565,943
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 in the Statement of Activities.	(1,255,556)
Internal service funds current year profit/loss is allocated to the business-type funds in the Statement of Activities	<u>488,763</u>
Change in net assets of governmental activities	<u>\$ (6,914,072)</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, 2009

	Budget		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes.....	\$ 54,296,461	\$ 54,296,461	\$ 53,024,525	\$ (1,271,936)
Sales and use taxes.....	18,179,380	18,179,380	16,145,569	(2,033,811)
Intergovernmental revenues.....	12,893,902	12,893,902	12,166,282	(727,620)
Licenses and permits.....	4,896,300	4,896,300	3,958,060	(938,240)
Charges for services.....	4,322,830	4,322,830	3,747,617	(575,213)
Interest on investments.....	1,000,000	1,000,000	768,256	(231,744)
Administrative reimbursements.....	5,767,671	5,767,671	5,767,671	-
Miscellaneous revenues.....	472,060	510,512	212,332	(298,180)
Total revenues.....	<u>101,828,604</u>	<u>101,867,056</u>	<u>95,790,312</u>	<u>(6,076,744)</u>
Expenditures				
General government.....	20,338,768	21,957,368	19,009,979	2,947,389
Public safety.....	40,391,324	40,491,978	39,274,965	1,217,013
Public Services and Transportation.....	10,569,376	10,217,563	9,651,133	566,430
Public Services - Environmental protection.....	6,338,104	6,255,947	5,969,691	286,256
Community and economic development.....	4,836,673	6,072,652	4,847,736	1,224,916
Cultural and recreation.....	19,395,838	19,307,633	17,632,304	1,675,329
Total expenditures.....	<u>101,870,083</u>	<u>104,303,141</u>	<u>96,385,808</u>	<u>7,917,333</u>
Revenues over (under) expenditures.....	<u>(41,479)</u>	<u>(2,436,085)</u>	<u>(595,496)</u>	<u>1,840,589</u>
Other financing sources (uses):				
Proceeds from capital leases.....	1,000,000	1,000,000	900,000	(100,000)
Transfers in.....	1,810,000	1,810,000	1,810,000	-
Transfers in related to payment in lieu of tax....	783,564	783,564	783,564	-
Transfers out.....	(8,597,940)	(9,141,058)	(8,788,058)	353,000
Appropriated fund balance.....	5,045,855	7,983,579	-	(7,983,579)
Total other financing sources (uses).....	<u>41,479</u>	<u>2,436,085</u>	<u>(5,294,494)</u>	<u>(7,730,579)</u>
Net change in fund balance.....	<u>\$ -</u>	<u>\$ -</u>	<u>(5,889,990)</u>	<u>\$ (5,889,990)</u>
Fund balances, beginning.....			<u>26,909,738</u>	
Fund balances, ending.....			<u>\$ 21,019,748</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 FUND	
\$ 35,815,144	\$ 98,345,273	\$ 1,724,727	
2,062,709	9,906,593	22,485	
-	92,788	-	
75,257	219,939	-	
-	2,115,345	-	
77,343	4,820,220	109,687	
116,374	116,374	-	
<u>38,146,827</u>	<u>115,616,532</u>	<u>1,856,899</u>	
7,544,325	31,803,647	-	
9,757	1,856,629	-	
1,372,940	1,372,940	-	
3,184,650	12,212,124	401,284	
26,068,987	336,093,066	13,126,027	
8,419,236	175,419,376	26,826,758	
2,890,170	45,565,118	-	
(23,860,623)	(196,633,077)	(26,381,524)	
<u>16,702,420</u>	<u>372,656,607</u>	<u>13,972,545</u>	
<u>25,629,442</u>	<u>407,689,823</u>	<u>13,972,545</u>	
<u>\$ 63,776,269</u>	<u>\$ 523,306,355</u>	<u>\$ 15,829,444</u>	
\$ 521,476	\$ 15,059,429	\$ 848,741	
399,669	7,876,869	128,773	
171,694	815,982	109,362	
160,563	1,534,181	-	
5,175	943,659	-	
210,097	210,097	-	
<u>1,468,674</u>	<u>26,440,217</u>	<u>1,086,876</u>	
12,041,864	12,041,864	-	
-	319,660	1,854	
-	11,874,323	-	
125,993	480,288	53,101	
10,744,152	55,600,713	-	
-	111,349,803	-	
-	-	661,866	
112,939	360,203	20,596	
1,870,939	1,870,939	-	
<u>24,895,887</u>	<u>193,897,793</u>	<u>737,417</u>	
<u>26,364,561</u>	<u>220,338,010</u>	<u>1,824,293</u>	
13,097,749	218,661,759	13,181,906	
-	-	-	
24,313,959	84,306,586	823,245	
<u>37,411,708</u>	<u>302,968,345</u>	<u>14,005,151</u>	
<u>\$ 63,776,269</u>	<u>\$ 523,306,355</u>	<u>\$ 15,829,444</u>	
	302,968,345		
	(625,230)		
	<u>\$ 302,343,115</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, 2009

	Business-type - Enterprise Funds	
	WATER AND SEWER	ELECTRIC
Operating revenues		
Charges for Services.....	\$ 37,645,663	\$ 99,814,625
Intergovernmental.....	-	-
Miscellaneous.....	36,742	700,628
Total Operating Revenues.....	37,682,405	100,515,253
Operating expenses		
Management and administration.....	1,397,153	705,900
Maintenance and distribution.....	8,179,714	8,969,403
Power purchases.....	-	77,254,381
Treatment plants.....	6,523,781	-
System improvements.....	5,942,762	4,299,650
Other services and charges.....	485,999	4,632,434
Depreciation and amortization.....	8,058,005	3,947,255
Total Operating Expenses.....	30,587,414	99,809,023
Operating income (loss).....	7,094,991	706,230
Nonoperating revenues (expenses)		
Interest Revenue.....	2,158,628	871,567
Interest Expense and Fiscal Charges.....	(5,873,243)	-
Amortization of Financing Costs.....	(7,167)	-
Reimbursements from other funds.....	-	1,796,720
Reimbursements to other funds.....	(4,415,231)	(2,517,514)
Proceeds from sale of property.....	-	-
Gain (loss) on Disposal of Assets.....	(114,249)	(2,123,030)
Total Non-operating Revenues (Expenses).....	(8,251,262)	(1,972,257)
Loss before capital contributions and transfers	(1,156,271)	(1,266,027)
Capital contributions.....	1,881,495	-
Transfers in.....	-	-
Transfers out.....	(169,464)	(2,653,926)
Change in net assets.....	555,760	(3,919,953)
Total Net Assets - Beginning.....	170,743,397	98,177,433
Total Net Assets - Ending.....	\$ 171,299,157	\$ 94,257,480

Reconciliation to the Statement of Activities:

Change in net assets of enterprise funds  
Adjustment to reflect the profit/loss distribution of internal service fund activities  
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 FUND	
\$ 9,420,680	\$ 146,880,968	\$ 10,948,206	
2,952,666	2,952,666	-	
-	737,370	220,782	
<u>12,373,346</u>	<u>150,571,004</u>	<u>11,168,988</u>	
11,693,493	13,796,546	8,281,360	
-	17,149,117	-	
-	77,254,381	-	
-	6,523,781	-	
-	10,242,412	-	
-	5,118,433	-	
<u>1,301,603</u>	<u>13,306,863</u>	<u>2,840,655</u>	
<u>12,995,096</u>	<u>143,391,533</u>	<u>11,122,015</u>	
<u>(621,750)</u>	<u>7,179,471</u>	<u>46,973</u>	
1,084,453	4,114,648	-	
(438,287)	(6,311,530)	(37,727)	
(1,626)	(8,793)	-	
-	1,796,720	-	
(632,247)	(7,564,992)	-	
-	-	105,317	
<u>(337,398)</u>	<u>(2,574,677)</u>	<u>(1,342,513)</u>	
<u>(325,105)</u>	<u>(10,548,624)</u>	<u>(1,274,923)</u>	
(946,855)	(3,369,153)	(1,227,950)	
-	1,881,495	-	
1,546,788	1,546,788	-	
<u>(38,686)</u>	<u>(2,862,076)</u>	<u>(27,606)</u>	
561,247	(2,802,946)	(1,255,556)	
<u>36,850,461</u>	<u>305,771,291</u>	<u>15,260,707</u>	
<u>\$ 37,411,708</u>	<u>\$ 302,968,345</u>	<u>\$ 14,005,151</u>	

\$ (2,802,946)  
(488,763)  
\$ (3,291,709)

**CITY OF HIGH POINT, NORTH CAROLINA**

Statement of Cash Flows  
Proprietary Funds  
For The Year Ended June 30, 2009

	Business-Type - Enterprise Funds	
	WATER AND SEWER	ELECTRIC
Cash Flows From Operating Activities		
Receipts from customers and users.....	\$ 37,385,761	\$ 99,917,089
Receipts from interfund services provided.....	-	-
Payments to employees and related fringe benefits.....	(7,710,535)	(7,530,418)
Payments to suppliers and operating costs.....	(11,156,175)	(87,765,937)
Net Cash provided by Operating Activities	<u>18,519,051</u>	<u>4,620,734</u>
Cash Flows From Non Capital Financing Activities		
Transfers in.....	-	-
Transfers out.....	(169,464)	(2,653,926)
Advances and reimbursements to other funds.....	(5,481,641)	(2,517,514)
Advances and reimbursements from other funds.....	-	1,796,720
Reimbursements to from other funds.....	-	-
Net Cash provided (used) by Non-Capital Financing activities	<u>(5,651,105)</u>	<u>(3,374,720)</u>
Cash Flows From Financing Activities		
Principal Payments on long-term debt.....	(7,662,027)	-
Interest payments and fiscal charges on bonds and capital leases.....	(5,946,585)	-
Proceeds Collected on the sale of capital assets.....	2,645	-
Acquisition and construction of capital assets.....	(43,081,275)	(1,507,867)
Net Cash used by Noncapital Financing Activities	<u>(56,687,242)</u>	<u>(1,507,867)</u>
Cash Flows From Investing Activities		
Interest Earned on investments.....	2,201,626	876,084
Net Cash provided by Investing Activities	<u>2,201,626</u>	<u>876,084</u>
Net increase (decrease) in cash and investments	(41,617,670)	614,231
Cash and investments at the beginning of the year	97,307,533	30,485,357
Cash and investments at the end of the year	<u>\$ 55,689,863</u>	<u>\$ 31,099,588</u>
Operating Income (loss).....	\$ 7,094,991	\$ 706,230
Adjustments to reconcile Operating Income (Loss) to		
Cash Provided by Operating Activities:		
Depreciation and amortization.....	8,058,005	3,947,255
Change in net assets		
(Increase) decrease in Accounts Receivable.....	(240,627)	190,298
(Increase) decrease in Inventories.....	-	319,944
(Increase) decrease in Prepaid Expenses.....	-	-
Increase (decrease) in Payables and Accrued Expenses.....	3,573,404	(406,472)
Increase (decrease) in Deposits.....	(56,017)	(215,318)
Increase (decrease) in OPEB Liability.....	92,480	78,532
Increase (decrease) in Vacation Leave Accrual.....	(3,185)	265
Increase (decrease) in Deferred Revenue.....	-	-
Total adjustments.....	<u>11,424,060</u>	<u>3,914,504</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	<u>\$ 18,519,051</u>	<u>\$ 4,620,734</u>
NONCASH FINANCING ACTIVITIES		
Capital assets contributed by developers.....	<u>\$ 1,881,495</u>	<u>\$ -</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 FUND
\$ 11,278,906	\$ 148,581,756	\$ 283,155
-	-	10,948,206
(4,435,514)	(19,676,467)	(2,341,016)
(4,229,357)	(103,151,469)	(5,221,927)
<u>2,614,035</u>	<u>25,753,820</u>	<u>3,668,418</u>
1,545,295	1,545,295	-
(38,686)	(2,862,076)	(27,606)
337,157	(7,661,998)	-
-	1,796,720	-
(632,247)	(632,247)	-
<u>1,211,519</u>	<u>(7,814,306)</u>	<u>(27,606)</u>
(415,908)	(8,077,935)	(123,381)
(425,590)	(6,372,175)	(37,726)
68,248	70,893	447,130
(1,491,148)	(46,080,290)	(3,950,419)
<u>(2,264,398)</u>	<u>(60,459,507)</u>	<u>(3,664,396)</u>
1,118,222	4,195,932	-
<u>1,118,222</u>	<u>4,195,932</u>	<u>-</u>
2,679,378	(38,324,061)	(23,584)
40,680,091	168,472,981	1,748,311
<u>\$ 43,359,469</u>	<u>\$ 130,148,920</u>	<u>\$ 1,724,727</u>
\$ (621,750)	\$ 7,179,471	\$ 46,973
1,301,603	13,306,863	2,840,655
(1,128,693)	(1,179,022)	62,373
8,986	328,930	95,083
(659)	(659)	-
2,933,679	6,100,611	594,139
(2,845)	(274,180)	-
60,854	231,866	25,319
24,133	21,213	3,876
38,727	38,727	-
<u>3,235,785</u>	<u>18,574,349</u>	<u>3,621,445</u>
<u>\$ 2,614,035</u>	<u>\$ 25,753,820</u>	<u>\$ 3,668,418</u>
\$ -	\$ 1,881,495	\$ -

**CITY OF HIGH POINT, NORTH CAROLINA**

Statement Of Fiduciary Net Assets  
Fiduciary Funds  
For the Year Ended June 30, 2009

ASSETS	GENERAL AGENCY FUND	LEO PENSION TRUST FUND
	<u>          </u>	<u>          </u>
Cash and cash equivalents.....	\$ 441,578	\$ 154,031
Accounts receivable.....	58	-
Accrued interest.....	<u>279</u>	<u>326</u>
 Total assets.....	 <u>441,915</u>	 <u>154,357</u>
 LIABILITIES		
Accounts payable.....	<u>441,915</u>	<u>-</u>
 Total liabilities.....	 <u>441,915</u>	 <u>-</u>
 NET ASSETS		
Held in trust for pension benefits.....	<u>\$ -</u>	<u>\$ 154,357</u>

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

**CITY OF HIGH POINT, NORTH CAROLINA**

Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Year Ended June 30, 2009

	<u>LEO PENSION TRUST FUND</u>
Additions:	
Employer Contributions.....	\$ 150,000
Investment Earnings (net)	<u>4,357</u>
Total Additions.....	<u>154,357</u>
Deductions:	
Total Deductions.....	<u>-</u>
Change in net assets.....	154,357
Net assets, beginning of year.....	<u>-</u>
Net assets, end of year.....	<u><u>\$ 154,357</u></u>

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



NORTH CAROLINA'S INTERNATIONAL CITY™

## CITY OF HIGH POINT, NORTH CAROLINA

Notes To Financial Statements  
June 30, 2009

### 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 (GAAP) as applicable to governments.

The City's financial statements are prepared in accordance with GAAP. 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 100,442. 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 GAAP, 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 27261.

#### 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 Fund. The Capital Projects Fund is 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 General Fund and the General Capital Projects Ordinance Fund 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 & Sewer Capital Projects Ordinance Fund, the Water Capital Reserve Fund, the Sewer Capital Projects Ordinance Fund, the Sewer Capital Reserve Fund, the Mass Transit Capital Reserve Fund, the Landfill/Recycling Facilities Capital Projects Ordinance Fund, the Landfill Closure and Post-closure Reserve Fund, and the Storm Water Facilities 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. The City reports the following additional 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 funds of the City are the General Agency Fund and the Law Enforcement Officers (LEO) Pension Trust Fund.

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

The LEO Pension Trust Fund is a fund used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit plans, defined contribution plans or other postemployment benefit plans. This fund accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, public employee retiree system.

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. GASB 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 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, Randolph and Davidson counties are responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the respective 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 2008 through February 2009 apply to the fiscal year ended June 30, 2009. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, 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.

#### 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.

As allowed by 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 ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and 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.....	\$ 98,345,273
Restricted.....	31,803,647
Total cash and investments (Statement of Net Assets)	<u>\$ 130,148,920</u>
Cash and investments (Statement of Cash Flows).....	<u>\$ 130,148,920</u>

3. Restricted Assets

The financial statements of the enterprise funds have been consolidated to include applicable reserve funds and capital project funds. The assets of these funds are classified as restricted because their use is restricted. 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, 2008. 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 arrangements with Guilford County and Davidson 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, 2009, 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 contributed capital 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 and fund financial statements, and are 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 General Debt Service, Capital Projects and Enterprise Funds as a liability of the fund. The annual increase or decrease in the obligation is recorded as an adjustment of the current year interest revenue.

#### 11. Compensated Absences

The vacation policy of the City provides for the accumulation of up to thirty-seven and one-half (37.5) 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 represent 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 remain 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 debt service – portion of fund balance of the Debt Service Fund available to service the debt service payments of general government debt.

#### Unreserved

Designated for subsequent year's expenditures - portion of the total fund balance available for appropriation that has been designated for the adopted 2009-2010 budget ordinance.

Designated for health insurance programs - represents that portion of fund balance in the General Fund that is designated for health insurance.

Designated for market authority - represents that portion of fund balance in the General Fund that is available for market authority purposes.

Designated for economic development purposes – portion of fund balance available for appropriation that has been reserved by City Council for economic development incentives and reimbursements.

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.

The City and the ABC Board comply with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2009, the City's deposits had a carrying amount of \$16,159,061 and a bank balance of \$15,648,997. The carrying amount of deposits for the ABC Board was \$1,235,325 and the bank balance was \$1,251,257. Of the bank balances, the City and the ABC Board had \$1,532,959 and \$500,000 respectively covered by federal depository insurance and the remainder of \$14,116,038 and \$751,257 respectively was covered by collateral held under the pooling method. At June 30, 2009 the City and the ABC Board held petty cash funds of \$23,561 and \$12,201 respectively.

2. Investments

At June 30, 2009, the City's investment balances were as follows:

	Fair Value	Maturity	Rating
U.S. Treasuries & Agencies	\$ 33,970,305	1 to 5 Years	AAA
North Carolina Capital Management Trust	141,250,245	N/A	AAAm
	<u>\$ 175,220,550</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, 2009.

Custodial credit risk. For an investment, the custodial credit 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 (4.8%) and Federal Home Loan Mortgage Corporation (8.4%) securities. The City's investments with the North Carolina Capital Management Trust total 80.6% of the total investment portfolio.

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	
<u>General Fund</u>	
Taxes receivable	\$ 1,241,399
Assessments receivable	7,940
<u>Enterprise Fund</u>	
Accounts receivable	3,215,283
Assessments receivable	116,124

#### 4. Capital Assets

A summary of changes in capital assets follows:

	Primary Government			
	Beginning Balance	Increases & Reclassifications	Decreases & Reclassifications	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated				
Land and land improvements.....	\$ 20,795,411	\$ 590,144	\$ 406,351	\$ 20,979,204
Intangibles.....	30,000	85,889	-	115,889
Construction in progress.....	26,439,216	16,346,886	14,909,766	27,876,336
Total capital assets not being depreciated	<u>47,264,627</u>	<u>17,022,919</u>	<u>15,316,117</u>	<u>48,971,429</u>
Capital assets being depreciated				
Buildings and improvements.....	43,047,984	4,179,435	1,215,251	46,012,168
Equipment.....	73,647,188	5,404,374	22,282,738	56,768,824
Infrastructure.....	453,627,800	23,637,375	4,887	477,260,288
Total capital assets being depreciated	<u>570,322,972</u>	<u>33,221,184</u>	<u>23,502,876</u>	<u>580,041,280</u>
Less accumulated depreciation for:				
Buildings and improvements.....	29,968,734	1,708,329	2,149,469	29,527,594
Equipment.....	50,194,247	4,349,092	19,681,003	34,862,336
Infrastructure.....	285,716,477	27,215,128	88	312,931,517
Total accumulated depreciation	<u>365,879,458</u>	<u>33,272,549</u>	<u>21,830,560</u>	<u>377,321,447</u>
Total capital assets being depreciated (net).....	<u>204,443,514</u>			<u>202,719,833</u>
Governmental activities capital assets, net.....	<u>\$ 251,708,141</u>			<u>\$ 251,691,262</u>
<b>Business-type activities:</b>				
<i>Water &amp; Sewer Fund</i>				
Capital assets not being depreciated				
Land and other nondepreciated capital assets..	\$ 8,383,352	\$ -	\$ 8,890	\$ 8,374,462
Construction in progress.....	62,849,240	27,656,208	49,215,371	41,290,077
Total capital assets not being depreciated.....	<u>71,232,592</u>	<u>27,656,208</u>	<u>49,224,261</u>	<u>49,664,539</u>
Capital assets being depreciated				
Buildings and improvements.....	72,296,803	60,700	124,357	72,233,146
Equipment.....	50,031,582	1,119,312	1,439,420	49,711,474
Infrastructure.....	172,175,889	66,449,627	967,100	237,658,416
Capital assets being depreciated.....	<u>294,504,274</u>	<u>67,629,639</u>	<u>2,530,877</u>	<u>359,603,036</u>
Less accumulated depreciation for:				
Buildings and improvements.....	29,955,728	1,728,421	117,163	31,566,986
Equipment.....	6,684,952	596,153	1,349,421	5,931,684
Infrastructure.....	72,901,348	6,447,185	562,335	78,786,198
Total accumulated depreciation.....	<u>109,542,028</u>	<u>8,771,759</u>	<u>2,028,920</u>	<u>116,284,868</u>
Total capital assets being depreciated (net).....	<u>184,962,246</u>			<u>243,318,168</u>
Water & Sewer fund capital assets, net.....	<u>\$ 256,194,838</u>			<u>\$ 292,982,707</u>

	Primary Government			
	Beginning Balance	Increases & Reclassifications	Decreases & Reclassifications	Ending Balance
<i>Electric Fund</i>				
Capital assets not being depreciated				
Land and other nondepreciated capital assets..	\$ 655,564	\$ -	\$ 2,552	\$ 653,012
Construction in progress.....	995,544	1,196,698	807,371	1,384,871
Total capital assets not being depreciated.....	1,651,108	1,196,698	809,923	2,037,883
Capital assets being depreciated				
Buildings and improvements.....	136,064	-	3,547	132,517
Equipment.....	127,744,896	1,118,540	11,574,770	117,288,666
Capital assets being depreciated.....	127,880,960	1,118,540	11,578,317	117,421,183
Less accumulated depreciation for:				
Buildings and improvements.....	185,577	2,539	63,940	124,176
Equipment.....	61,812,593	4,002,645	9,451,828	56,363,410
Total accumulated depreciation.....	61,998,170	4,005,184	9,515,768	56,487,586
Total capital assets being depreciated (net).....	65,882,790			60,933,597
Electric fund capital assets, net.....	\$ 67,533,898			\$ 62,971,480
<i>Mass Transit Fund</i>				
Capital assets not being depreciated				
Land and other nondepreciated capital assets..	\$ 626,056	\$ -	\$ 44,660	\$ 581,396
Construction in progress.....	328,585	561,053	-	889,638
Total capital assets not being depreciated.....	954,641	561,053	44,660	1,471,034
Capital assets being depreciated				
Buildings and improvements.....	797,715	-	108,968	688,747
Equipment.....	6,164,718	171,556	950,229	5,386,045
Infrastructure.....	32,027	-	-	32,027
Capital assets being depreciated.....	6,994,460	171,556	1,059,197	6,106,819
Less accumulated depreciation for:				
Buildings and improvements.....	622,454	44,340	172,390	494,404
Equipment.....	3,179,011	504,384	752,001	2,931,394
Infrastructure.....	2,349	1,281	-	3,630
Total accumulated depreciation.....	3,803,814	550,005	924,391	3,429,428
Total capital assets being depreciated (net).....	3,190,646			2,677,391
Mass Transit fund capital assets, net.....	\$ 4,145,287			\$ 4,148,425

Primary Government

	Beginning Balance	Increases & Reclassifications	Decreases & Reclassifications	Ending Balance
<i>Parking Facilities Fund</i>				
Capital assets not being depreciated				
Land and other nondepreciated capital assets....	\$ 898,720	\$ -	\$ -	\$ 898,720
Capital assets being depreciated				
Buildings and improvements.....	8,693,940	-	3,800	8,690,140
Equipment.....	581,808	-	150,779	431,029
Capital assets being depreciated.....	9,275,748	-	154,579	9,121,169
Less accumulated depreciation for:				
Buildings and improvements.....	5,497,099	242,874	3,800	5,736,173
Equipment.....	541,298	12,902	140,891	413,309
Total accumulated depreciation.....	6,038,397	255,776	144,691	6,149,482
Total capital assets being depreciated (net).....	3,237,351			2,971,687
Parking fund capital assets, net.....	\$ 4,136,071			\$ 3,870,407
<i>Landfill Facilities Fund</i>				
Capital assets not being depreciated				
Land and other nondepreciated capital assets....	\$ 1,538,201	\$ 138,400	\$ -	\$ 1,676,601
Construction in progress.....	430,859	61,434	152,434	339,859
Total capital assets not being depreciated.....	1,969,060	199,834	152,434	2,016,460
Capital assets being depreciated				
Buildings and improvements.....	13,548,732	175,771	57,112	13,667,391
Equipment.....	3,426,686	-	907,700	2,518,986
Capital assets being depreciated.....	16,975,418	175,771	964,812	16,186,377
Less accumulated depreciation for:				
Buildings and improvements.....	11,778,771	278,764	57,112	12,000,423
Equipment.....	2,733,159	169,444	760,676	2,141,927
Total accumulated depreciation.....	14,511,930	448,208	817,788	14,142,350
Total capital assets being depreciated (net).....	2,463,488			2,044,027
Landfill facilities fund capital assets, net.....	\$ 4,432,548			\$ 4,060,487

	Primary Government			
	Beginning Balance	Increases & Reclassifications	Decreases & Reclassifications	Ending Balance
<i>Storm Water Fund</i>				
Capital assets not being depreciated				
Land and other nondepreciated capital assets...	\$ 27,500	\$ 433	\$ -	\$ 27,933
Construction in progress.....	4,139,103	540,428	3,018,858	1,660,673
Total capital assets not being depreciated.....	4,166,603	540,861	3,018,858	1,688,606
Capital assets being depreciated				
Equipment.....	64,583	22,682	4,089	83,176
Infrastructure.....	-	2,990,682	-	2,990,682
Capital assets being depreciated.....	64,583	3,013,364	4,089	3,073,858
Less accumulated depreciation for:				
Equipment.....	26,237	7,445	2,931	30,751
Infrastructure.....	-	108,612	-	108,612
Total accumulated depreciation.....	26,237	116,057	2,931	139,363
Total capital assets being depreciated (net).....	38,346			2,934,495
Storm water fund capital assets, net.....	4,204,949			4,623,101
Business-type activities capital assets, net...	\$ 340,647,590			\$ 372,656,607

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

Governmental activities:

General Government .....	\$ 4,395,219
Public Safety.....	1,035,164
Public Services and Transportation.....	26,932,743
Planning and Community Development.....	37,281
Culture and Recreation.....	663,568
Total governmental activities depreciation expense	\$ 33,063,975

Business-type activities:

Water and Sewer.....	\$ 8,058,005
Electric.....	3,947,255
Mass Transit.....	481,562
Parking Facilities.....	255,776
Landfill Facilities.....	448,208
Storm Water Facilities.....	116,057
Total business-type activities depreciation expense	\$ 13,306,863

A summary of capital assets for the ABC Board at June 30, 2009 follows:

	Assets
Land and buildings	\$ 3,666,972
Equipment	835,503
Leasehold improvements	31,739
Accumulated depreciation	(1,427,883)
Total ABC Board	\$ 3,106,331

B. Liabilities

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

	<u>Accounts Payable</u>	<u>Accrued Payroll and expenses</u>	<u>Total</u>
<b>Governmental Activities</b>			
General .....	\$ 1,388,719	\$ 1,980,240	\$ 3,368,959
Governmental Capital Projects .....	2,425,351	-	2,425,351
Other governmental .....	1,064,280	85,652	1,149,932
Total governmental .....	<u>4,878,350</u>	<u>2,065,892</u>	<u>6,944,242</u>
<b>Business -Type Activities</b>			
Water and Sewer .....	5,391,981	259,353	5,651,334
Electric .....	8,585,393	301,226	8,886,619
Other nonmajor enterprise funds .....	399,800	121,676	521,476
Total enterprise funds .....	<u>14,377,174</u>	<u>682,255</u>	<u>15,059,429</u>
Total Primary Government .....	<u>\$ 19,255,524</u>	<u>\$ 2,748,147</u>	<u>\$ 22,003,671</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 4.97% 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, 2009, 2008 and 2007 were \$3,193,973, \$3,053,840, and \$2,312,107, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2009, 2008 and 2007 were \$41,704, \$39,665, and \$40,151, 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, 2008, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits.....	41
Active plan members.....	<u>224</u>
Total.....	<u>265</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.....	\$ 544,003
Interest on net pension obligation.....	26,962
Adjustment to annual required contribution.....	<u>(22,736)</u>
Annual pension cost.....	548,229
Contributions made.....	<u>707,979</u>
Decrease in net pension obligation.....	(159,750)
Net pension obligation, beginning of year.....	<u>371,886</u>
Net pension obligation, end of year.....	<u>\$ 212,136</u>

3-Year Trend Information

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net</u> <u>Pension Obligation</u>
6/30/2007	\$ 467,800	109.98%	\$ 476,056
6/30/2008	500,187	120.83%	371,886
6/30/2009	548,229	129.14%	212,136

5. Funded Status and Funding Status.

As of December 31, 2008, the most recent actuarial valuation date, the plan was partially funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$6,200,071. The covered payroll (annual payroll of active employees covered by the plan) was \$11,592,684 and the ratio of the UAAL to the covered payroll was 53 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, 2009 were \$1,806,655, which consisted of \$589,633 from the City and \$1,217,022 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

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, 2009, the alternative measurement valuation date consisted of the following:

	<u>City</u>	<u>ABC Board</u>
Active Employees	1,441	23
Retired Employees	102	4
Total	<u>1,543</u>	<u>27</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 \$818,594, or 1.23% of annual covered payroll. The City obtains healthcare coverage through private insurers. There were no contributions made by employees and

retirees contributed \$673,185 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, 2009, the ABC Board contributed \$31,056 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 \$818,594, which resulted in a net OPEB cost of \$888,376 for the year ended June 30, 2009. 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	\$33,914
Adjustment to ARC	-	-
Annual OPEB Cost (pay-as-you-go)	1,033,786	33,914
Contributions made	(145,410)	(31,056)
Increase in net OPEB obligation	888,376	2,858
Net OPEB obligation, beginning of year, as reported	948,180	45,098
Adjustment to Prior Year OPEB obligation	-	(44,824)
Net OPEB obligation, end of year	<u>\$1,836,556</u>	<u>\$3,132</u>

Trend information being accumulated for the City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation was 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
2009	1,033,786	79.18%	1,836,556

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, 2009, the date of the alternative measurement method which showed an accrued liability for benefits of \$3,132. The covered payroll for the Board's Plan was \$955,047, and the ratio of the unfunded alternative measurement method accrued liability to the covered payroll was 0.3%.

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, 2009 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 3.00 percent maximum per Board policy, and the expected returns for the discount rate were 3.00 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, 2009, 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 \$12,041,864 reported as landfill closure and postclosure care liability at June 30, 2009 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 75% 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 2009. 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. Design and engineering for Phase IV has been permitted as of June 30, 2009, with construction to begin during FY 2009-2010.

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, 2009, the City has accumulated \$12,041,864 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	Non-Major Enterprise Funds
Prepaid privilege licenses (unearned).....	\$ 622,111	\$ -	\$ -	\$ -
Miscellaneous receivables (net) (unavailable).....	84,392	-	-	-
Permit receivables (net) (unavailable).....	9,916	-	-	-
Taxes receivable (net) (unavailable).....	2,190,085	-	-	-
Assessments (net) (unavailable).....	17,497	-	-	-
Notes (unearned).....	-	-	3,671,875	-
Grants (unavailable).....	-	4,757,506	665,400	-
Contributions (unearned).....	300,531	19,890	-	-
Unexpended pond maintenance funds (unearned).....	-	-	-	1,870,939
<b>Total.....</b>	<b>\$ 3,224,532</b>	<b>\$ 4,777,396</b>	<b>\$ 4,337,275</b>	<b>\$ 1,870,939</b>

6. Commitments

Commitments for the purchase of goods and services and for the construction and acquisition of assets are as follows at June 30, 2009:

General Fund	\$ 323,987
Special Revenue	767,219
Governmental Capital Projects	7,195,562
Proprietary Funds	20,754,456
	<u>\$ 29,041,224</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, 2009, 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
Fire trucks .....		1,800,000
911 Equipment & Towers .....		7,958,989
City Hall Elevators .....		159,864
Transportation Terminal .....		4,200,000
Library Computer Server .....		75,196
Total .....	\$	<u>15,332,717</u>

Listing of assets under capital leases

Equipment.....	\$	15,332,717
Less: accumulated amortization.....		<u>(1,926,753)</u>
Net asset under capital leases.....	\$	<u>13,405,964</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, 2009 were as follows:

Year Ending <u>June 30,</u>	Governmental <u>Activities</u>
2010 .....	\$ 2,523,052
2011 .....	2,640,649
2012 .....	2,565,801
2013 .....	1,688,673
2014 .....	1,492,486
2015-2016 .....	<u>223,457</u>
Total minimum lease payments	11,134,118
Less: amounts representing interest	<u>(1,042,273)</u>
Present value of minimum lease payments	\$ <u>10,091,845</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, 2009 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%	\$ 400,000
\$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%	589,091
\$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%	1,992,977
\$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%	8,142,112
\$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%	15,454,708
\$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%	11,649,932
\$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%	3,930,000
\$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%	11,412,055
\$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%	<u>10,540,000</u>
Total serviced by governmental funds	<u>64,110,875</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%	\$ 760,909
\$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%	19,250,000
\$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%	8,820,000
\$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%	1,549,104
\$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>18,690,292</u>
Total serviced by Water & Sewer Fund	<u>49,070,305</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%	107,920
\$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%	4,172,888
\$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%	1,620,068
\$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%	2,707,948
\$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>11,143,824</u>

Deferred loss and discount on advance refunding	<u>(243,213)</u>
Total general obligation bonds, net of deferred loss on advance refunding	<u>\$ 124,081,791</u>

Annual Debt Service Requirements:

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

Year Ending June 30,	<u>Governmental Activities - Bonds</u>		<u>Business -Type Activities Bonds</u>			
	General Obligation		Water and Sewer		Storm Water	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 3,714,239	\$ 2,856,799	\$ 4,246,093	\$ 2,216,076	\$ 399,669	\$ 485,452
2011	3,503,961	2,701,082	4,222,620	2,046,863	323,419	469,894
2012	3,456,436	2,544,582	4,219,165	1,864,957	314,399	457,587
2013	3,421,881	2,385,747	4,209,980	1,681,311	308,139	444,123
2014	3,249,638	2,227,422	4,420,580	1,496,082	309,782	430,828
2015-2019	19,197,763	8,525,915	21,281,867	4,311,663	2,950,370	1,833,059
2020-2024	16,268,162	4,473,751	6,470,000	619,650	4,031,838	1,047,436
2025-2029	11,298,795	1,189,681	-	-	2,506,208	255,271
Total	<u>\$ 64,110,875</u>	<u>\$ 26,904,979</u>	<u>\$ 49,070,305</u>	<u>\$ 14,236,602</u>	<u>\$ 11,143,824</u>	<u>\$ 5,423,650</u>

Revenue Bonds

Serviced by Enterprise Funds:

**Water & Sewer Fund**

\$40,375,000 Series 2004 Enterprise System Revenue Bonds for water and sewer maturing serially on November 1 through 2024 and term bonds maturing on November 1 beginning 2025 through 2031. The bonds pay interest semiannually November 1 and May 1 at rates varying 2.00% to 5.00%

\$ 38,385,000

\$31,380,000 Series 2006 Enterprise System Revenue Bonds for water and sewer maturing serially on November 1 through 2026 and term bonds maturing on November 1 beginning 2027 through 2031. The bonds pay interest semiannually November 1 and May 1 at rates varying 3.75% to 4.50%

30,600,000

\$41,745,000 Series 2008 Enterprise System Revenue Bonds for water and sewer maturing serially on November 1 through 2028 and term bonds maturing on November 1 beginning 2029 through 2033. The bonds pay interest semiannually November 1 and May 1 at rates varying 3.50% to 5.00%

41,745,000

Total serviced by Water & Sewer Fund \$ 110,730,000

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. Annual principal and interest payments on the bonds are expected to require less than 16.6% of net revenues. 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	
	Principal	Interest
2010	\$ 1,840,000	\$ 4,972,569
2011	2,655,000	4,896,338
2012	2,740,000	4,803,781
2013	2,840,000	4,707,072
2014	2,935,000	4,602,650
2015-2019	17,070,000	21,107,395
2020-2024	23,460,000	16,717,636
2025-2029	29,645,000	10,477,919
2030-2034	27,545,000	2,810,025
Total	\$ 110,730,000	\$ 75,095,385

The City has been in compliance with the covenants as to rates, fees and charges in Section 7.04 of the Enterprise System Trust Agreement since its adoption in 2004 and the related Supplemental Trust Agreements and bond orders authorizing the Enterprise System Revenue Bonds, Series 2004, 2006 and 2008 since their respective adoption. The Trust Agreement requires that the City maintain parity debt service coverage ratio to be no less than 120% or total debt service coverage ratio to be no less than 100% under one of two pronged tests. The debt service coverage ratio calculation for the year ended June 30, 2009, is as follows:

Prior Year Unrestricted Net Assets	\$	36,591,363
Operating revenues		37,682,405
Operating expenses, excluding depreciation and bond interest		16,586,647
Income available for debt service		21,095,758
Parity debt service requirement		5,075,153
Total debt service requirement		13,476,755
Coverage on parity debt including 15% prior year unrestricted net assets		524%
Coverage on total debt excluding 15% prior year unrestricted net assets		157%

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, 2009, a total of \$2,599,678 had been drawn-down and principal payments of \$1,555,280 had been made leaving an outstanding balance of \$1,044,398. Interest expense was \$40,788 for the year ended June 30, 2009.

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, 2009, \$7,137,854 had been drawn-down and principal payments of \$4,484,822 had been made, leaving an outstanding balance of \$2,353,032. Interest expense was \$83,317 for the year ended June 30, 2009.

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, 2009, \$15,000,000 had been drawn-down and principal payments of \$5,250,000 have been made, leaving an outstanding balance of \$9,750,000. Interest expense was \$267,750 for the year ended June 30, 2009.

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, 2009 was \$393,562. Interest expense was \$29,106 for the year ended June 30, 2009.

Annual Debt Service Requirements:

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

Business Activities-Loans and Notes Payable						
Water and Sewer						
Year Ending June 30,	State Clean Water Bond Loan		Federal Revolving Loans		Watershed Note Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 130,935	\$ 36,219	\$ 1,142,172	\$ 320,040	\$ 118,001	\$ 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	90,831	4,907
2014	130,935	17,958	1,142,172	195,930	-	-
2015-2019	389,723	26,607	4,142,172	585,652	-	-
2020-2022	-	-	2,250,000	114,750	-	-
Total	<u>\$ 1,044,398</u>	<u>\$ 162,056</u>	<u>\$ 12,103,032</u>	<u>\$ 1,990,326</u>	<u>\$ 393,562</u>	<u>\$ 49,799</u>

As of June 30, 2009, 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, 2009
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 funds.

At June 30, 2009, the City of High Point had authorized bonds of \$41,660,000 and a legal debt margin of \$677,309,777. There are limitations and restrictions contained in the various bond indentures.

Changes in Long-term Liabilities

	<u>Beginning Balance</u>	<u>Additions &amp; Adjustments</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
<b>Governmental Activities:</b>					
Bonds and notes payable:					
General obligation bonds.....	\$ 67,850,458	\$ -	\$ 3,739,583	\$ 64,110,875	\$ 3,714,239
Capital leases.....	11,375,261	900,000	2,183,416	10,091,845	2,148,002
Total bonds and notes payable.....	<u>79,225,719</u>	<u>900,000</u>	<u>5,922,999</u>	<u>74,202,720</u>	<u>5,862,241</u>
Other liabilities:					
Compensated absences.....	4,309,044	3,000,654	2,971,835	4,337,863	3,059,362
Arbitrage liabilities.....	436,028	-	186,867	249,161	-
Other post employment benefits.....	699,758	656,509	-	1,356,267	-
Pension liabilities.....	371,886	-	159,750	212,136	-
Total other liabilities.....	<u>5,816,716</u>	<u>3,657,163</u>	<u>3,318,452</u>	<u>6,155,427</u>	<u>3,059,362</u>
Governmental activities long-term liabilities.....	<u>\$ 85,042,435</u>	<u>\$ 4,557,163</u>	<u>\$ 9,241,451</u>	<u>\$ 80,358,147</u>	<u>\$ 8,921,603</u>
<b>Business-type Activities:</b>					
Bonds and notes payable					
Water and Sewer General Obligation Bonds.....	\$ 53,339,814	\$ -	\$ 4,269,509	\$ 49,070,305	\$ 4,246,093
Water and Sewer Revenue Bonds.....	112,515,000	-	1,785,000	110,730,000	1,840,000
Premium on Water and Sewer Revenue Bonds.....	2,564,446	-	104,643	2,459,803	-
Total Water and Sewer Revenue Bonds.....	<u>115,079,446</u>	<u>-</u>	<u>1,889,643</u>	<u>113,189,803</u>	<u>1,840,000</u>
Storm Water General Obligation Bonds.....	11,559,729	-	415,908	11,143,821	399,699
Notes and loans payable.....	15,043,867	-	1,502,875	13,540,992	1,391,077
Less discount on refunding.....	(362,981)	14,519	-	(348,462)	-
Less deferred loss on refunding.....	111,440	6,191	-	105,249	-
Total bonds and notes payable.....	<u>194,771,315</u>	<u>20,710</u>	<u>8,077,935</u>	<u>186,701,708</u>	<u>7,876,869</u>
Other liabilities					
Arbitrage liabilities.....	508,150	-	188,490	319,660	-
Landfill closure and post-closure .....	9,161,226	2,880,638	-	12,041,864	-
Other post employment benefits.....	248,422	231,866	-	480,288	-
Compensated absences.....	1,154,972	21,213	-	1,176,185	815,982
Total other liabilities.....	<u>11,072,770</u>	<u>3,133,717</u>	<u>188,490</u>	<u>14,017,997</u>	<u>815,982</u>
Business-type activities long term liabilities.....	<u>\$ 205,844,085</u>	<u>\$ 3,154,427</u>	<u>\$ 8,266,425</u>	<u>\$ 200,719,705</u>	<u>\$ 8,692,851</u>

Note 3. Interfund Balances and Activity

A schedule of interfund transfers for the year ended June 30, 2009 is as follows:

Transfers from

<u>Transfers to</u>	<u>Governmental</u>							<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Water and Sewer</u>	<u>Electric</u>	<u>Nonmajor Enterprise</u>	<u>Internal Service</u>	
General Fund.....	\$ -	\$ -	\$ -	\$ 50,000	\$ 2,543,564	\$ -	\$ -	\$ 2,593,564
Governmental Capital Projects.	1,221,207	-	-	-	-	-	-	1,221,207
Nonmajor governmental .....	6,665,538	988,512	32,907	119,464	110,362	38,686	27,606	7,983,075
All non-major enterprise.....	751,313	-	795,475	-	-	-	-	1,546,788
Total.....	<u>\$ 8,638,058</u>	<u>\$ 988,512</u>	<u>\$ 828,382</u>	<u>\$ 169,464</u>	<u>\$ 2,653,926</u>	<u>\$ 38,686</u>	<u>\$ 27,606</u>	<u>\$ 13,344,634</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, 2009, consist of the following:

Due to the Water and Sewer Fund for short-term cash needs:	
Transit Fund	\$ 210,097
Community Development Block Grant Fund	162,773
General Capital Projects Fund	1,742,475
Total	<u>\$ 2,115,345</u>

During the fiscal year ended June 30, 2008, the landfill fund provided \$1,500,000 to the general capital projects fund 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 General Capital Projects Fund	<u>\$ 1,372,940</u>
--	---------------------

Note 4. 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, 2008 is presented below (in thousands of dollars):

	Total
Current and other assets.....	\$ 2,368,951
Capital assets.....	682,720
Total assets.....	<u>\$ 3,051,671</u>
Current and other liabilities.....	\$ 552,985
Long term debt.....	2,463,938
Fund equity.....	34,748
Total liabilities and fund equity.....	<u>\$ 3,051,671</u>
Total revenues.....	\$ 649,364
Total expenses.....	663,812
Net increase(decrease) in fund equity.....	<u>\$ (14,448)</u>

As of December 31, 2008, the Agency had outstanding \$2,469,865,000 of bonds.

The following is a summary of debt service requirements for bonds outstanding at December 31, 2008 (in thousands of dollars):

Year	Principal	Interest	Total
2009	\$ 122,070	\$ 138,643	\$ 260,713
2010	134,160	131,545	265,705
2011	141,140	124,262	265,402
2012	122,925	116,276	239,201
2013	145,155	109,773	254,928
2014-2018	758,775	427,190	1,185,965
2019-2023	889,380	198,659	1,088,039
2024-2025	156,260	13,978	170,238
	<u>\$ 2,469,865</u>	<u>\$ 1,260,326</u>	<u>\$ 3,730,191</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, 2009 totaled \$78,622,970. 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. 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 5. 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 \$25,582 to the Council during the fiscal year ended June 30, 2009.
- 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 \$1,251,194 to the Bureau during the fiscal year ended June 30, 2009. The City has no other financial obligation or investment in the operation of the Bureau.

Note 6. 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. Complete financial statements for the Housing Authority can be obtained from the Authority's offices at 500 East Russell Avenue, High Point, NC 27260.

Note 7. 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 for jobs creation and capital investment by December 31, 2015. As of June 30, 2009, the company had received \$700,000 under the incentive program. The maximum amount of reimbursements available to the company over the term of the program is \$2,575,000, leaving a remaining balance of \$1,875,000.

Note 8. 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 9. New GASB Pronouncements

*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. 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.

*Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions*, establishes a fund balance classification hierarchy based on constraints imposed upon the use of resources reported in the governmental funds. Statement No. 54 is effective for periods beginning after June 15, 2010.

## **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
12/31/2003	\$ -	\$ 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%
12/31/2008	126,640	6,326,711	6,200,071	2.00%	11,592,684	53.48%

**CITY OF HIGH POINT, NORTH CAROLINA**

Law Enforcement Officers' Special Separation Allowance  
For the Year Ended June 30, 2009  
Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
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%
2009	544,003	130.1%

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	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	22 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%
2009	1,033,786	79.2%

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, 2009

	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	PRIOR YEAR ACTUAL
Revenues:				
Taxes				
Ad valorem taxes-current year	\$ 53,629,261	\$ 51,941,859	\$ (1,687,402)	\$ 52,435,821
Ad valorem taxes-prior years	513,500	850,562	337,062	582,015
Penalty and interest	153,700	232,104	78,404	179,075
Total taxes	<u>54,296,461</u>	<u>53,024,525</u>	<u>(1,271,936)</u>	<u>53,196,911</u>
Sales and Use Taxes				
Sales tax	16,409,380	14,560,910	(1,848,470)	16,038,021
Room occupancy tax	1,770,000	1,584,659	(185,341)	1,830,275
Total sales taxes	<u>18,179,380</u>	<u>16,145,569</u>	<u>(2,033,811)</u>	<u>17,868,296</u>
Intergovernmental Revenues				
Utility franchise tax	4,900,000	4,553,074	(346,926)	4,480,612
Beer and wine tax	415,000	437,205	22,205	434,483
Powell Bill	3,215,000	2,938,099	(276,901)	3,215,067
Hold harmless tax reimbursement	490,000	325,088	(164,912)	491,710
Guilford County	905,400	907,023	1,623	939,908
Other intergovernmental revenues	2,968,502	3,005,793	37,291	4,295,261
Total Intergovernmental Revenues	<u>12,893,902</u>	<u>12,166,282</u>	<u>(727,620)</u>	<u>13,857,041</u>
Licenses and permits				
Privilege licenses	2,650,000	2,483,586	(166,414)	2,489,642
CATV franchise	145,000	157,824	12,824	148,279
Fines and forfeitures	109,500	98,525	(10,975)	101,221
Inspection fees and permits	1,650,900	869,251	(781,649)	1,605,898
Other licenses and fees	340,900	348,874	7,974	353,740
Total licenses and permits	<u>4,896,300</u>	<u>3,958,060</u>	<u>(938,240)</u>	<u>4,698,780</u>
Charges for services				
Self-sustaining recreation programs	2,851,200	2,408,729	(442,471)	2,544,394
Sales and rentals	1,386,630	1,274,170	(112,460)	1,099,154
Other charges and services	85,000	64,718	(20,282)	93,947
Total charges for services	<u>4,322,830</u>	<u>3,747,617</u>	<u>(575,213)</u>	<u>3,737,495</u>
Interest Income and Miscellaneous Revenues				
Interest income	1,000,000	768,256	(231,744)	1,073,038
Miscellaneous revenues	510,512	212,332	(298,180)	718,204
Administrative reimbursements	5,767,671	5,767,671	-	5,241,535
Total miscellaneous revenues	<u>7,278,183</u>	<u>6,748,259</u>	<u>(529,924)</u>	<u>7,032,777</u>
Total revenues	<u>101,867,056</u>	<u>95,790,312</u>	<u>(6,076,744)</u>	<u>100,391,300</u>

CITY OF HIGH POINT, NORTH CAROLINA

(Continued)

General Fund  
 Schedule of Revenue and Expenditures - Budget and Actual  
 For the Year Ended June 30, 2009

	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	PRIOR YEAR ACTUAL
Expenditures:				
General government				
Governing Body	415,242	412,704	2,538	310,764
Administration and general	3,624,129	3,450,215	173,914	3,877,109
Human Resources	1,401,731	1,899,141	(497,410)	1,411,366
Financial Services	5,103,325	4,856,495	246,830	4,788,720
Engineering Services	1,851,905	1,606,419	245,486	1,586,105
Communications	2,016,139	2,015,957	182	1,952,887
Business Development	468,418	455,129	13,289	454,384
ERP Project Management	314,915	295,319	19,596	249,737
Information Services	3,613,622	3,672,450	(58,828)	3,250,394
Public services administration	347,694	346,150	1,544	340,583
Contingency	2,800,248	-	2,800,248	-
Total general government	21,957,368	19,009,979	2,947,389	18,222,049
Public Safety				
Police	22,098,391	21,539,704	558,687	21,214,336
Fire	18,393,587	17,735,261	658,326	16,914,875
Total public safety	40,491,978	39,274,965	1,217,013	38,129,211
Transportation				
Administration	818,607	582,320	236,287	723,354
Signs and signals	3,528,230	3,475,410	52,820	3,238,777
Streets maintenance	5,870,726	5,593,403	277,323	4,334,885
Total transportation	10,217,563	9,651,133	566,430	8,297,016
Environmental Services				
Environmental services	6,025,044	5,751,239	273,805	5,872,765
Cemeteries	230,903	218,452	12,451	200,153
Total environmental service	6,255,947	5,969,691	286,256	6,072,918
Total Public Service	16,473,510	15,620,824	852,686	14,369,934
Community and economic development				
Planning	1,334,398	1,157,654	176,744	1,091,628
Housing	73,727	74,699	(972)	76,769
Building inspections	2,047,660	1,905,885	141,775	1,842,233
Core city development	196,000	142,831	53,169	-
Workforce development	50,000	50,000	-	50,000
Economic development	2,370,867	1,516,667	854,200	901,713
Total community and economic development	6,072,652	4,847,736	1,224,916	3,962,343
Cultural and recreation				
Parks and recreation	10,192,218	9,783,966	408,252	8,758,698
Library	4,751,127	4,575,703	175,424	4,465,455
Theatre	1,133,230	982,312	150,918	1,051,191
Special appropriations - agencies	3,231,058	2,290,323	940,735	3,759,649
Total cultural and recreation and spec approp.	19,307,633	17,632,304	1,675,329	18,034,993
Total expenditures	104,303,141	96,385,808	7,917,333	92,718,530
Excess (deficiency) of revenues over (under) expenditures	(2,436,085)	(595,496)	1,840,589	7,672,770

**CITY OF HIGH POINT, NORTH CAROLINA**

(Concluded)

General Fund  
Schedule of Revenue and Expenditures - Budget and Actual  
For the Year Ended June 30, 2009

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Other financing sources (uses)				
Lease Purchase Proceeds	1,000,000	900,000	(100,000)	900,000
Transfers from (to) other funds:				
General Debt Service Fund	(5,903,420)	(5,903,420)	-	(5,903,420)
Special Grants Fund	(642,118)	(642,118)	-	(365,604)
Community Development Grant Fund	(120,000)	(120,000)	-	(120,000)
Capital Projects Fund	(1,671,207)	(1,221,207)	450,000	(1,635,885)
Water/Sewer Fund	50,000	50,000	-	50,000
Electric Fund	1,760,000	1,760,000	-	1,960,000
Mass Transit Fund	(609,800)	(606,800)	3,000	(472,264)
Parking Facilities Fund	(144,513)	(144,513)	-	(149,942)
LEO Pension Trust Fund	(50,000)	(150,000)	(100,000)	-
Transfers in related to Payment in Lieu of Taxes	783,564	783,564	-	700,450
Fund balance appropriated	<u>7,983,579</u>	<u>-</u>	<u>(7,983,579)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,436,085</u>	<u>(5,294,494)</u>	<u>(7,730,579)</u>	<u>(5,036,665)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(5,889,990)</u>	<u>\$ (5,889,990)</u>	2,636,105
Fund balance, beginning		<u>26,909,738</u>		<u>24,273,633</u>
Fund balance, ending		<u>\$ 21,019,748</u>		<u>\$ 26,909,738</u>

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

### **Capital Projects Fund**

#### General Capital Projects Fund

To account and provide for inception to date budgeting and accounting for the acquisition and/or construction of major capital improvements acquired through annual transfers from governmental funds and through bond referenda and other public debt issuances.



NORTH CAROLINA'S INTERNATIONAL CITY™

**CITY OF HIGH POINT, NORTH CAROLINA**

General Capital Projects Fund  
 Schedule of Revenues and Expenditures  
 Compared With Project Authorizations (Non - GAAP)  
 From Project Inception and for the Year Ended June 30, 2009

	PROJECT AUTHORIZATION	PRIOR YEAR	ACTUAL CURRENT YEAR	TOTAL TO DATE
<b>Revenues:</b>				
Intergovernmental.....	\$ 5,621,340	\$ 440,000	\$ 890,340	\$ 1,330,340
Interest on investments.....	-	1,469,230	-	1,469,230
Miscellaneous.....	1,764,000	1,609,303	266,259	1,875,562
Administrative reimbursements.....	-	-	180,000	180,000
Total revenues.....	<u>7,385,340</u>	<u>3,518,533</u>	<u>1,336,599</u>	<u>4,855,132</u>
<b>Expenditures:</b>				
General government.....	600,000	361,277	213,518	574,795
Public safety.....	6,548,471	2,505,276	1,495,448	4,000,724
Public services-transportation.....	53,018,064	18,985,370	7,854,522	26,839,892
Planning and community development.....	123,714	-	72,950	72,950
Cultural and recreation.....	13,589,877	3,495,853	7,345,764	10,841,617
Interest expense.....	-	-	52,940	52,940
Total expenditures.....	<u>73,880,126</u>	<u>25,347,776</u>	<u>17,035,142</u>	<u>42,382,918</u>
<b>Other financing sources (uses):</b>				
General obligation bonds.....	59,447,150	46,291,950	-	46,291,950
Transfers from General Fund.....	7,047,636	5,501,846	1,221,207	6,723,053
Transfer to the Debt Service Fund.....	-	-	(988,512)	(988,512)
Total other financing sources (uses)	<u>66,494,786</u>	<u>51,793,796</u>	<u>232,695</u>	<u>52,026,491</u>
Excess (deficiency) of revenues and financing sources under expenditures.....	<u>\$ -</u>	<u>\$ 29,964,553</u>	<u>(15,465,848)</u>	<u>\$ 14,498,705</u>
Fund Balance, beginning of year.....			<u>29,964,553</u>	
Fund Balance, end of year.....			<u>\$ 14,498,705</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, 2009

	SPECIAL REVENUE	DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>ASSETS</b>			
Cash and Investments.....	\$ 1,332,709	\$ 18,106,808	\$ 19,439,517
Receivables:			
Accounts and Grants.....	1,149,826	-	1,149,826
Notes and Loans.....	3,671,875	-	3,671,875
Accrued Interest.....	-	38,241	38,241
<b>TOTAL ASSETS</b>	<b>\$ 6,154,410</b>	<b>\$ 18,145,049</b>	<b>\$ 24,299,459</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable and Accrued Expenses.....	\$ 206,480	\$ 94,711	\$ 301,191
Due to Other Funds.....	162,773	-	162,773
Deferred Revenue.....	4,337,275	-	4,337,275
<b>TOTAL LIABILITIES</b>	<b>4,706,528</b>	<b>94,711</b>	<b>4,801,239</b>
Fund Balances:			
Reserved For:			
Encumbrances.....	767,220	-	767,220
State Statute.....	484,425	38,241	522,666
Debt Service.....	-	18,012,097	18,012,097
Unreserved:			
Designated for subsequent year's expenditures.....	481,473	-	481,473
Undesignated.....	(285,236)	-	(285,236)
<b>TOTAL FUND BALANCES</b>	<b>1,447,882</b>	<b>18,050,338</b>	<b>19,498,220</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,154,410</b>	<b>\$ 18,145,049</b>	<b>\$ 24,299,459</b>

**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, 2009

	SPECIAL REVENUE	DEBT SERVICE	NONMAJOR GOVERNMENTAL FUNDS
Revenues			
Taxes.....	\$ -	\$ 4,458,372	\$ 4,458,372
Intergovernmental Revenues.....	4,440,353	-	4,440,353
Local Grants and Matches.....	103,351	-	103,351
Interest on Investments.....	33,563	1,415,427	1,448,990
Miscellaneous Revenues.....	290,889	-	290,889
Total revenues.....	<u>4,868,156</u>	<u>5,873,799</u>	<u>10,741,955</u>
Expenditures			
General Government.....	386,528	-	386,528
Public Safety.....	487,003	-	487,003
Public Services.....	522,659	-	522,659
Planning and Community Development.....	2,681,353	-	2,681,353
Cultural and Recreation.....	83,294	-	83,294
Debt Service:			
Principal Retirement.....	-	5,367,782	5,367,782
Interest and Fiscal Charges.....	-	3,343,353	3,343,353
Total Expenditures.....	<u>4,160,837</u>	<u>8,711,135</u>	<u>12,871,972</u>
Excess (deficiency) of revenues over (under) expenditures	<u>707,319</u>	<u>(2,837,336)</u>	<u>(2,130,017)</u>
Other Financing Sources (Uses)			
Transfers In .....	762,118	7,220,957	7,983,075
Transfers out.....	(32,907)	(795,475)	(828,382)
Total Other Financing Sources (uses).....	<u>729,211</u>	<u>6,425,482</u>	<u>7,154,693</u>
Net change in fund balances.....	1,436,530	3,588,146	5,024,676
Fund balances, beginning of the year.....	11,352	14,462,192	14,473,544
Fund balances, ending of the year.....	<u>\$ 1,447,882</u>	<u>\$ 18,050,338</u>	<u>\$ 19,498,220</u>

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

### **Special Revenue Funds**

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

#### Special Grants Fund

The Special Grants Fund accounts for the receipt and disbursement of all grants, including Federal, State and local grants or entitlements but excluding the Community Development Block Grant and other federal grants through US Department of Housing and Urban Development.

#### Community Development Fund

The Community Development Fund accounts for the revenues and expenditures associated with activities of various programs funded by the US Department of Housing and Urban Development, including Community Development Block Grant.



NORTH CAROLINA'S INTERNATIONAL CITY™

**CITY OF HIGH POINT, NORTH CAROLINA**

Combining Balance Sheet  
All Special Revenue Funds  
June 30, 2009

	<u>SPECIAL GRANTS</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>TOTAL</u>
Assets:			
Cash and Investments.....	\$ 1,332,709	\$ -	\$ 1,332,709
Receivables:.....			
Accounts and Grants.....	349,161	800,665	1,149,826
Notes and Loans .....	<u>-</u>	<u>3,671,875</u>	<u>3,671,875</u>
Total Assets	<u>\$ 1,681,870</u>	<u>\$ 4,472,540</u>	<u>\$ 6,154,410</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable and Accrued Expenses.....	\$ 87,520	\$ 118,960	\$ 206,480
Due to Other Funds.....	-	162,773	162,773
Deferred Revenue.....	<u>188,672</u>	<u>4,148,603</u>	<u>4,337,275</u>
Total Liabilities	<u>276,192</u>	<u>4,430,336</u>	<u>4,706,528</u>
Fund Balances:			
Reserved For:			
Encumbrances.....	763,717	3,503	767,220
State Statute.....	160,488	323,937	484,425
Unreserved:			
Designated for subsequent year's expenditures.....	481,473	-	481,473
Undesignated.....	<u>-</u>	<u>(285,236)</u>	<u>(285,236)</u>
Total Fund Balances	<u>1,405,678</u>	<u>42,204</u>	<u>1,447,882</u>
Total Liabilities and Fund Balances	<u>\$ 1,681,870</u>	<u>\$ 4,472,540</u>	<u>\$ 6,154,410</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, 2009

	<u>SPECIAL GRANTS</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>TOTAL</u>
<b>Revenues:</b>			
Intergovernmental Revenues.....	\$ 2,528,683	\$ 1,911,670	\$ 4,440,353
Local Grants.....	103,351	-	103,351
Interest on Investments.....	33,563	-	33,563
Miscellaneous Revenues.....	891	289,998	290,889
<b>Total Revenues.....</b>	<b>2,666,488</b>	<b>2,201,668</b>	<b>4,868,156</b>
<b>Expenditures</b>			
General Government.....	386,528	-	386,528
Public Safety.....	487,003	-	487,003
Public Services.....	522,659	-	522,659
Planning and Community Development.....	197,057	2,484,296	2,681,353
Cultural and Recreation.....	83,294	-	83,294
<b>Total expenditures.....</b>	<b>1,676,541</b>	<b>2,484,296</b>	<b>4,160,837</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>989,947</b>	<b>(282,628)</b>	<b>707,319</b>
<b>Other Financing Sources (Uses):</b>			
Transfers In	642,118	120,000	762,118
Transfers Out	(32,907)	-	(32,907)
<b>Total other financing sources.....</b>	<b>609,211</b>	<b>120,000</b>	<b>729,211</b>
<b>Net change in fund balance.....</b>	<b>1,599,158</b>	<b>(162,628)</b>	<b>1,436,530</b>
<b>Fund balance (deficit), beginning of year.....</b>	<b>(193,480)</b>	<b>204,832</b>	<b>11,352</b>
<b>Fund balance, end of year.....</b>	<b>\$ 1,405,678</b>	<b>\$ 42,204</b>	<b>\$ 1,447,882</b>

**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, 2009

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
<b>Revenues:</b>				
Federal Grants.....	\$ 3,843,866	\$ 1,629,300	\$ (2,214,566)	\$ 943,147
State Grants.....	1,500,940	899,383	(601,557)	161,189
Local Grants.....	185,226	103,351	(81,875)	151,118
Interest on Investments.....	33,562	33,563	1	7,763
Miscellaneous.....	-	891	891	60,156
<b>Total revenues.....</b>	<b><u>5,563,594</u></b>	<b><u>2,666,488</u></b>	<b><u>(2,897,106)</u></b>	<b><u>1,323,373</u></b>
<b>Expenditures:</b>				
General Government.....	3,626,712	386,528	3,240,184	464,687
Public Safety.....	1,260,383	487,003	773,380	880,926
Public Services.....	1,124,192	522,659	601,533	572,690
Planning and Community Development.....	372,682	197,057	175,625	111,040
Cultural and Recreation.....	141,839	83,294	58,545	108,266
<b>Total Expenditures.....</b>	<b><u>6,525,808</u></b>	<b><u>1,676,541</u></b>	<b><u>4,849,267</u></b>	<b><u>2,137,609</u></b>
Excess (deficiency) of revenues over (under) expenditures	<u>(962,214)</u>	<u>989,947</u>	<u>1,952,161</u>	<u>(814,236)</u>
<b>Other Financing Sources (Uses):</b>				
Transfer from General Fund.....	398,592	642,118	243,526	365,604
Transfer to General Debt Service Fund.....	(32,907)	(32,907)	-	(32,907)
Appropriated Fund Balance.....	596,529	-	(596,529)	-
<b>Total other financing sources (uses).....</b>	<b><u>962,214</u></b>	<b><u>609,211</u></b>	<b><u>(353,003)</u></b>	<b><u>332,697</u></b>
Net change in fund balance	<u>\$ -</u>	<u>1,599,158</u>	<u>\$ 1,599,158</u>	<u>(481,539)</u>
Fund Balance (Deficit), beginning of year.....		<u>(193,480)</u>		<u>288,059</u>
Fund Balance (Deficit), end of year.....		<u>\$ 1,405,678</u>		<u>\$ (193,480)</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, 2009

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Federal Grants.....	\$ 5,466,800	\$ 1,911,670	\$ (3,555,130)	\$ 1,502,033
Miscellaneous Income.....	-	289,998	289,998	281,011
Total revenues.....	<u>5,466,800</u>	<u>2,201,668</u>	<u>(3,265,132)</u>	<u>1,783,044</u>
Expenditures:				
Community Development Block Grant.....	1,194,839	1,180,050	14,789	1,270,362
Home Program.....	1,191,896	735,442	456,454	709,715
Lead Based Paint.....	3,405,000	520,322	2,884,678	-
Shelter Care.....	219,754	45,567	174,187	45,686
VITA.....	3,117	2,915	202	1,883
Total expenditures.....	<u>6,014,606</u>	<u>2,484,296</u>	<u>3,530,310</u>	<u>2,027,646</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(547,806)</u>	<u>(282,628)</u>	<u>265,178</u>	<u>(244,602)</u>
Other Financing Sources:				
Transfer from General Fund.....	250,000	120,000	(130,000)	120,000
Appropriated Fund Balance.....	297,806	-	(297,806)	-
Total other financing sources.....	<u>547,806</u>	<u>120,000</u>	<u>(427,806)</u>	<u>120,000</u>
Net change in fund balance.....	<u>\$ -</u>	<u>(162,628)</u>	<u>\$ (162,628)</u>	<u>(124,602)</u>
Fund Balance, beginning of the year.....		<u>204,832</u>		<u>329,434</u>
Fund Balance, ending of the year.....		<u>\$ 42,204</u>		<u>\$ 204,832</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, 2009

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
<b>Revenues:</b>				
Taxes.....	\$ 3,041,410	\$ 4,458,372	\$ 1,416,962	\$ 3,157,498
Interest on Investments.....	219,740	1,415,427	1,195,687	1,514,124
Total Revenues.....	<u>3,261,150</u>	<u>5,873,799</u>	<u>2,612,649</u>	<u>4,671,622</u>
<b>Expenditures:</b>				
<b>Debt service:</b>				
Principal.....	5,847,783	5,367,782	480,001	5,237,222
Interest.....	3,728,547	3,309,023	419,524	2,743,510
Fiscal Charges.....	110,000	34,330	75,670	148,912
Total Expenditures.....	<u>9,686,330</u>	<u>8,711,135</u>	<u>975,195</u>	<u>8,129,644</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,425,180)</u>	<u>(2,837,336)</u>	<u>3,587,844</u>	<u>(3,458,022)</u>
<b>Other Financing Sources (Uses):</b>				
Transfer from General Fund.....	5,903,420	5,903,420	-	5,903,420
Transfer from Special Grants Fund.....	32,907	32,907	-	32,907
Transfer from General Capital Projects Fund.....	988,512	988,512	-	1,025,640
Transfer from Central Services Fund.....	27,306	27,606	300	27,306
Transfer from Water and Sewer Fund.....	119,464	119,464	-	119,464
Transfer from Electric Fund.....	110,362	110,362	-	110,362
Transfer from Mass Transit Fund.....	1,138	1,138	-	1,138
Transfer from Parking Fund.....	9,102	9,103	1	9,102
Transfer from Landfill Facilities Fund.....	23,893	23,893	-	23,893
Transfer from Storm Water Facilities Fund.....	4,551	4,552	1	4,551
Transfer to Storm Water Facilities Fund.....	(795,475)	(795,475)	-	(690,343)
Total Transfers.....	<u>6,425,180</u>	<u>6,425,482</u>	<u>302</u>	<u>6,567,440</u>
Net change in fund balance.....	<u>\$ -</u>	<u>3,588,146</u>	<u>\$ 3,588,146</u>	<u>3,109,418</u>
Fund Balance, beginning of the year.....		<u>14,462,192</u>		<u>11,352,774</u>
Fund Balance, ending of the year.....		<u>\$ 18,050,338</u>		<u>\$ 14,462,192</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, 2009

ASSETS	MASS TRANSIT	PARKING FACILITIES	LANDFILL FACILITIES	STORM WATER	TOTAL
<b>Current assets:</b>					
Cash and investments.....	\$ 3,875	\$ 217,445	\$ 30,228,345	\$ 5,365,479	\$ 35,815,144
Receivables:					
Accounts and Grants (net).....	1,548,036	622	395,200	118,851	2,062,709
Accrued Interest.....	-	445	63,277	11,535	75,257
Inventory.....	77,343	-	-	-	77,343
Prepaid Expenses.....	116,374	-	-	-	116,374
<b>Total current assets.....</b>	<b>1,745,628</b>	<b>218,512</b>	<b>30,686,822</b>	<b>5,495,865</b>	<b>38,146,827</b>
<b>Noncurrent assets:</b>					
Restricted Assets:					
Cash and investments.....	-	5,175	-	7,539,150	7,544,325
Deferred charges.....	-	-	-	9,757	9,757
Interfund Loan receivable.....	-	-	1,372,940	-	1,372,940
Capital Assets:					
Land.....	581,396	898,720	1,676,601	27,933	3,184,650
Buildings and System Assets.....	720,774	8,690,140	13,667,391	2,990,682	26,068,987
Machinery and Equipment.....	5,386,045	431,029	2,518,986	83,176	8,419,236
Construction in progress.....	889,638	-	339,859	1,660,673	2,890,170
Accumulated Depreciation.....	(3,429,428)	(6,149,482)	(14,142,350)	(139,363)	(23,860,623)
<b>Total capital assets.....</b>	<b>4,148,425</b>	<b>3,870,407</b>	<b>4,060,487</b>	<b>4,623,101</b>	<b>16,702,420</b>
<b>TOTAL ASSETS.....</b>	<b>\$ 5,894,053</b>	<b>\$ 4,094,094</b>	<b>\$ 36,120,249</b>	<b>\$ 17,667,873</b>	<b>\$ 63,776,269</b>
<b>LIABILITIES AND NET ASSETS:</b>					
Liabilities :					
Current Liabilities:					
Accounts Payable and Accrued Expenses.....	\$ 199,885	\$ 21,458	\$ 170,773	\$ 129,360	\$ 521,476
Current Maturities of Long-Term Debt.....	-	-	-	399,669	399,669
Current Maturities of Compensated Absences.....	60,349	12,292	79,052	20,001	171,694
Accrued interest payable.....	-	-	-	160,563	160,563
Deposits.....	-	5,175	-	-	5,175
Due to Other Funds.....	210,097	-	-	-	210,097
<b>Total current liabilities.....</b>	<b>470,331</b>	<b>38,925</b>	<b>249,825</b>	<b>709,593</b>	<b>1,468,674</b>
Long-term Liabilities:					
Accrued Closure/Post closure Costs.....	-	-	12,041,864	-	12,041,864
Other Post Employment Benefits accrual.....	43,254	6,611	60,334	15,794	125,993
General Obligation Bonds Payable.....	-	-	-	10,744,152	10,744,152
Compensated Absences.....	16,979	2,304	57,484	36,172	112,939
Deferred Revenue.....	-	-	-	1,870,939	1,870,939
<b>Total Long-term liabilities.....</b>	<b>60,233</b>	<b>8,915</b>	<b>12,159,682</b>	<b>12,667,057</b>	<b>24,895,887</b>
<b>Total Liabilities.....</b>	<b>530,564</b>	<b>47,840</b>	<b>12,409,507</b>	<b>13,376,650</b>	<b>26,364,561</b>
Net Assets:					
Invested in capital assets, net of related debt.....	4,148,425	3,870,407	4,060,487	1,018,430	13,097,749
Restricted.....	-	-	-	-	-
Unrestricted.....	1,215,064	175,847	19,650,255	3,272,793	24,313,959
<b>Total Net Assets.....</b>	<b>5,363,489</b>	<b>4,046,254</b>	<b>23,710,742</b>	<b>4,291,223</b>	<b>37,411,708</b>
<b>TOTAL LIABILITIES AND NET ASSETS.....</b>	<b>\$ 5,894,053</b>	<b>\$ 4,094,094</b>	<b>\$ 36,120,249</b>	<b>\$ 17,667,873</b>	<b>\$ 63,776,269</b>

**CITY OF HIGH POINT, NORTH CAROLINA**

Combining Statement of Revenue, Expenses and Changes in Net Assets  
All Nonmajor Enterprise Funds  
For the Year Ended June 30, 2009

	MASS TRANSIT	PARKING FACILITIES	LANDFILL FACILITIES	STORM WATER	TOTAL NONMAJOR ENTERPRISE FUNDS
<b>OPERATING REVENUES:</b>					
Charges for services.....	\$ 550,490	\$ 339,487	\$ 6,189,059	\$ 2,341,644	\$ 9,420,680
Intergovernmental.....	2,952,666	-	-	-	2,952,666
Total operating revenues.....	<u>3,503,156</u>	<u>339,487</u>	<u>6,189,059</u>	<u>2,341,644</u>	<u>12,373,346</u>
<b>OPERATING EXPENSES:</b>					
Management and administration.....	2,975,717	567,602	6,778,005	1,372,169	11,693,493
Depreciation and amortization.....	481,562	255,776	448,208	116,057	1,301,603
Total Operating Expenses.....	<u>3,457,279</u>	<u>823,378</u>	<u>7,226,213</u>	<u>1,488,226</u>	<u>12,995,096</u>
Operating income (loss).....	<u>45,877</u>	<u>(483,891)</u>	<u>(1,037,154)</u>	<u>853,418</u>	<u>(621,750)</u>
<b>Nonoperating Revenues (Expenses):</b>					
Interest revenue.....	-	5,336	932,762	146,355	1,084,453
Interest expense and fiscal charges.....	-	-	-	(438,287)	(438,287)
Amortization of financing costs.....	-	-	-	(1,626)	(1,626)
Reimbursements to other funds.....	-	-	(632,247)	-	(632,247)
Loss on disposal of property.....	(229,337)	(9,888)	(97,014)	(1,159)	(337,398)
Total nonoperating revenues (expenses).....	<u>(229,337)</u>	<u>(4,552)</u>	<u>203,501</u>	<u>(294,717)</u>	<u>(325,105)</u>
Income (loss) before transfers.....	<u>(183,460)</u>	<u>(488,443)</u>	<u>(833,653)</u>	<u>558,701</u>	<u>(946,855)</u>
<b>Transfers:</b>					
Transfers in.....	606,800	144,513	-	795,475	1,546,788
Transfers out.....	(1,138)	(9,103)	(23,893)	(4,552)	(38,686)
Total transfers.....	<u>605,662</u>	<u>135,410</u>	<u>(23,893)</u>	<u>790,923</u>	<u>1,508,102</u>
Change in net assets.....	422,202	(353,033)	(857,546)	1,349,624	561,247
Net assets, beginning of the year.....	4,941,287	4,399,287	24,568,288	2,941,599	36,850,461
Net assets, ending of the year.....	<u>\$ 5,363,489</u>	<u>\$ 4,046,254</u>	<u>\$ 23,710,742</u>	<u>\$ 4,291,223</u>	<u>\$ 37,411,708</u>

City of High Point, North Carolina

Combining Statement of Cash Flows  
All Nonmajor Enterprise Funds  
For The Year Ended June 30, 2009

	Business-Type - Enterprise Funds				
	MASS TRANSIT	PARKING	LANDFILL	STORM WATER	TOTAL
		FACILITIES	FACILITIES		
<b>Cash Flows From Operating Activities</b>					
Receipts from customers and users.....	\$ 2,383,352	\$ 342,238	\$ 6,199,218	\$ 2,354,098	\$ 11,278,906
Payments to employees and related fringe benefits.....	(1,566,473)	(383,107)	(1,939,861)	(546,073)	(4,435,514)
Payments to suppliers and operating costs.....	(1,529,436)	(175,001)	(1,833,139)	(691,781)	(4,229,357)
Net cash provided by (used in) by operating activities	<u>(712,557)</u>	<u>(215,870)</u>	<u>2,426,218</u>	<u>1,116,244</u>	<u>2,614,035</u>
<b>Cash Flows From Non Capital Financing Activities</b>					
Transfers In.....	605,307	144,513	-	795,475	1,545,295
Transfers Out.....	(1,138)	(9,103)	(23,893)	(4,552)	(38,686)
Advances from other funds.....	210,097	-	127,060	-	337,157
Reimbursements to other funds.....	-	-	(632,247)	-	(632,247)
Net Cash provided by (used in) noncapital financing activities	<u>814,266</u>	<u>135,410</u>	<u>(529,080)</u>	<u>790,923</u>	<u>1,211,519</u>
<b>Cash Flows From Financing Activities</b>					
Principal Payments on Long-Term Debt.....	-	-	-	(415,908)	(415,908)
Interest payments on Long-Term Debt.....	-	-	-	(425,590)	(425,590)
Proceeds Collected on the sale of Fixed Assets.....	18,238	-	50,010	-	68,248
Acquisition and Construction of Capital Assets.....	(732,609)	-	(223,171)	(535,368)	(1,491,148)
Net cash provided by (used in) noncapital financing activities	<u>(714,371)</u>	<u>-</u>	<u>(173,161)</u>	<u>(1,376,866)</u>	<u>(2,264,398)</u>
<b>Cash Flows From Investing Activities</b>					
Interest Earned on Investments.....	1,828	6,578	955,727	154,089	1,118,222
Net cash provided by investing activities	<u>1,828</u>	<u>6,578</u>	<u>955,727</u>	<u>154,089</u>	<u>1,118,222</u>
Net increase (decrease) in cash and investments	(610,834)	(73,882)	2,679,704	684,390	2,679,378
Cash and investments, beginning of the year	614,709	296,502	27,548,641	12,220,239	40,680,091
Cash and investments end of the year	<u>\$ 3,875</u>	<u>\$ 222,620</u>	<u>\$ 30,228,345</u>	<u>\$ 12,904,629</u>	<u>\$ 43,359,469</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income (loss).....	\$ 45,877	\$ (483,891)	\$ (1,037,154)	\$ 853,418	\$ (621,750)
Adjustments to Reconcile Operating Income (Loss) to					
Cash Provided by (Used in) Operating Activities:					
Depreciation and amortization.....	481,562	255,776	448,208	116,057	1,301,603
Change in Assets and Liabilities:					
(Increase) Decrease in Receivables.....	(1,118,176)	5,596	10,160	(26,273)	(1,128,693)
(Increase) Decrease in Inventories.....	8,986	-	-	-	8,986
(Increase) Decrease in Prepaid Expenses and Deferred Charges.....	(2,580)	-	1,921	-	(659)
Increase (Decrease) in Payables and Accrued Expenses.....	(157,790)	7,157	2,988,989	95,323	2,933,679
Increase (Decrease) in Deposits.....	-	(2,845)	-	-	(2,845)
Increase (Decrease) in OPEB Liability.....	20,877	3,198	29,139	7,640	60,854
Increase (Decrease) in Vacation Leave Accrual.....	8,687	(861)	(15,045)	31,352	24,133
Increase (Decrease) in Deferred Revenue.....	-	-	-	38,727	38,727
Total adjustments.....	<u>(758,434)</u>	<u>268,021</u>	<u>3,463,372</u>	<u>262,826</u>	<u>3,235,785</u>
Net cash provided by (used in) operating activities.....	<u>\$ (712,557)</u>	<u>\$ (215,870)</u>	<u>\$ 2,426,218</u>	<u>\$ 1,116,244</u>	<u>\$ 2,614,035</u>

**CITY OF HIGH POINT, NORTH CAROLINA**

Water and Sewer Fund  
 Schedule of Revenues and Expenses  
 Budget to Actual (Non - GAAP)  
 For The Year Ended June 30, 2009

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
<b>Operating Revenues:</b>				
Charges for Services.....	\$ 38,666,623	\$ 37,645,663	\$ (1,020,960)	\$ 37,127,800
Miscellaneous revenues.....	50,000	36,742	(13,258)	51,210
Total operating revenues.....	<u>38,716,623</u>	<u>37,682,405</u>	<u>(1,034,218)</u>	<u>37,179,010</u>
<b>Operating Expenses:</b>				
Management and administration.....	1,466,472	1,397,153	69,319	1,403,051
Maintenance and distribution.....	8,715,005	8,090,421	624,584	8,439,556
Treatment plants.....	6,799,627	6,523,781	275,846	6,137,264
Other services and charges.....	943,843	485,999	457,844	372,844
Total operating expenses.....	<u>17,924,947</u>	<u>16,497,354</u>	<u>1,427,593</u>	<u>16,352,715</u>
Operating income	<u>20,791,676</u>	<u>21,185,051</u>	<u>393,375</u>	<u>20,826,295</u>
<b>Nonoperating revenues (expenses):</b>				
Interest on Investments.....	1,004,000	1,054,994	50,994	1,444,184
Interest expense and fiscal charges.....	(6,229,905)	(5,880,410)	349,495	(5,475,845)
Payment of debt principal.....	(7,555,849)	(7,557,383)	(1,534)	(6,745,701)
Proceeds from sale of property.....	-	2,645	2,645	-
Reimbursement to General Fund.....	(2,697,910)	(2,697,910)	-	(2,533,669)
Reimbursement to Electric Fund.....	(1,717,321)	(1,717,321)	-	(1,573,776)
Total non-operating revenues(expenses).....	<u>(17,196,985)</u>	<u>(16,795,385)</u>	<u>401,600</u>	<u>(14,884,807)</u>
Income before other financing sources (uses)	<u>3,594,691</u>	<u>4,389,666</u>	<u>794,975</u>	<u>5,941,488</u>
<b>Other Financing Sources (Uses):</b>				
Transfer to General Fund.....	(50,000)	(50,000)	-	(50,000)
Transfer to General Debt Service Fund.....	(119,464)	(119,464)	-	(119,464)
Transfer to Water & Sewer Capital Projects Fund.....	(4,140,000)	(4,140,000)	-	(4,190,828)
Appropriated net assets.....	714,773	-	(714,773)	-
Total other financing sources (uses).....	<u>(3,594,691)</u>	<u>(4,309,464)</u>	<u>(714,773)</u>	<u>(4,360,292)</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>80,202</u>	<u>\$ 80,202</u>	<u>1,581,196</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>				
<b>Reconciling Items:</b>				
Water & Sewer Capital Project Ordinance Fund.....		(41,952,826)		21,853,420
Water Capital Reserve Fund.....		66,922		91,388
Sewer Capital Reserve Fund.....		47,082		64,539
Capital Additions.....		41,139,696		24,310,725
Contributed Capital.....		1,881,495		3,254,882
Depreciation.....		(8,058,005)		(7,176,334)
Compensated absences expense.....		3,185		(53,612)
OPEB Expense.....		(92,480)		(99,085)
Gain (loss) on disposal of property.....		(116,894)		-
Bond Proceeds.....		-		(39,799,383)
Bond Principal Paid.....		7,557,383		6,745,701
Change in net assets - full accrual basis.....		<u>\$ 555,760</u>		<u>\$ 10,773,437</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, 2009

	<u>PROJECT AUTHORIZATION</u>	<u>PRIOR YEAR</u>	<u>ACTUAL CURRENT YEAR</u>	<u>TOTAL TO DATE</u>
Revenues:				
Intergovernmental revenues.....	\$ 1,798,500	\$ -	\$ -	\$ -
Interest on investments.....	-	3,542,606	989,630	4,532,236
 Total revenues.....	<u>1,798,500</u>	<u>3,542,606</u>	<u>989,630</u>	<u>4,532,236</u>
Expenditures:				
System improvements.....	125,077,340	55,957,053	47,082,456	103,039,509
Other financing sources:				
General obligation bonds.....	9,902,000	9,902,000	-	9,902,000
Proceeds from Revenue bonds.....	102,369,024	102,369,024	-	102,369,024
Transfer from Water and Sewer .....	11,007,816	6,867,816	4,140,000	11,007,816
Total other financing sources.....	<u>123,278,840</u>	<u>119,138,840</u>	<u>4,140,000</u>	<u>123,278,840</u>
 Change in net assets.....	<u>\$ -</u>	<u>\$ 66,724,393</u>	<u>\$ (41,952,826)</u>	<u>\$ 24,771,567</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, 2009

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Nonoperating Revenues:				
Interest on Investments.....	<u>\$ -</u>	<u>\$ 66,922</u>	<u>\$ 66,922</u>	<u>\$ 91,388</u>
Change in net assets.....	<u>\$ -</u>	<u>\$ 66,922</u>	<u>\$ 66,922</u>	<u>\$ 91,388</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, 2009

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Nonoperating Revenues:				
Interest on Investments.....	<u>\$ -</u>	<u>\$ 47,082</u>	<u>\$ 47,082</u>	<u>\$ 64,539</u>
Change in net assets.....	<u>\$ -</u>	<u>\$ 47,082</u>	<u>\$ 47,082</u>	<u>\$ 64,539</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, 2009

	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	PRIOR YEAR ACTUAL
Operating Revenues:				
Charges for Services.....	\$ 103,215,293	\$ 99,814,625	\$ (3,400,668)	\$ 101,142,084
Miscellaneous revenues.....	1,641,432	700,628	(940,804)	969,747
Total operating revenues.....	<u>104,856,725</u>	<u>100,515,253</u>	<u>(4,341,472)</u>	<u>102,111,831</u>
Operating Expenses:				
Management and administration.....	1,173,822	705,900	467,922	635,804
Maintenance and distribution.....	11,681,634	8,570,662	3,110,972	8,167,551
Power purchases.....	79,151,133	77,254,381	1,896,752	76,920,673
Capital projects.....	11,552,253	5,807,517	5,744,736	4,395,586
Other services and charges.....	5,146,586	4,632,434	514,152	4,140,741
Total operating expenses.....	<u>108,705,428</u>	<u>96,970,894</u>	<u>11,734,534</u>	<u>94,260,355</u>
Operating income (loss):	<u>(3,848,703)</u>	<u>3,544,359</u>	<u>7,393,062</u>	<u>7,851,476</u>
Nonoperating Revenues (Expenses):				
Interest on investments.....	950,000	871,567	(78,433)	701,744
Reimbursement from General Fund.....	79,399	79,399	-	74,239
Reimbursement from Water and Sewer Facilities Fund.....	1,717,321	1,717,321	-	1,573,776
Reimbursement to General Fund.....	(2,437,514)	(2,437,514)	-	(2,128,677)
Reimbursement to General Capital Projects Fund.....	(80,000)	(80,000)	-	-
Total nonoperating revenues.....	<u>229,206</u>	<u>150,773</u>	<u>(78,433)</u>	<u>221,082</u>
Income (loss) before other financing sources (uses)	<u>(3,619,497)</u>	<u>3,695,132</u>	<u>7,314,629</u>	<u>8,072,558</u>
Other Financing Sources (Uses):				
Transfer from Central Services Fund.....	-	-	-	-
Transfer from Water and Sewer Facilities Fund.....	-	-	-	-
Transfer to the General Fund.....	(1,760,000)	(1,760,000)	-	(1,960,000)
Transfer to the General Fund for Payments in Lieu of Taxes.....	(783,564)	(783,564)	-	(700,450)
Transfer to General Debt Service Fund.....	(110,362)	(110,362)	-	(110,362)
Appropriated net assets.....	6,273,423	-	(6,273,423)	-
Total other financing sources (uses).....	<u>3,619,497</u>	<u>(2,653,926)</u>	<u>(6,273,423)</u>	<u>(2,770,812)</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>1,041,206</u>	<u>\$ 1,041,206</u>	<u>5,301,746</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling Items:				
Capital additions.....		1,507,867		3,656,752
Depreciation expense.....		(3,947,255)		(3,735,148)
Compensated absences expense.....		(265)		(48,167)
Increase (decrease) in inventory valuation.....		(319,944)		(1,223,138)
OPEB expense.....		(78,532)		(84,198)
Gain (loss) on disposal of property.....		<u>(2,123,030)</u>		<u>-</u>
Change in net assets - full accrual basis.....		<u>\$ (3,919,953)</u>		<u>\$ 3,867,847</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, 2009

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues:				
Charges for services.....	\$ 528,740	\$ 550,490	\$ 21,750	\$ 628,504
Intergovernmental revenues.....	2,206,323	2,941,417	735,094	1,667,434
Total operating revenues.....	<u>2,735,063</u>	<u>3,491,907</u>	<u>756,844</u>	<u>2,295,938</u>
Operating Expenses:				
Management and administration.....	<u>3,974,832</u>	<u>3,677,469</u>	<u>297,363</u>	<u>3,083,173</u>
Operating income (loss)	<u>(1,239,769)</u>	<u>(185,562)</u>	<u>1,054,207</u>	<u>(787,235)</u>
Nonoperating revenues:				
Interest on investments.....	-	-	-	83
Proceeds from sale of property.....	-	8,521	8,521	-
Total non-operating revenues.....	<u>-</u>	<u>8,521</u>	<u>8,521</u>	<u>83</u>
Income (loss) before other financing sources (uses)	<u>(1,239,769)</u>	<u>(177,041)</u>	<u>1,062,728</u>	<u>(787,152)</u>
Other Financing Sources (uses):				
Transfer from General Fund.....	505,500	606,800	101,300	472,264
Transfer to General Debt Service Fund.....	(1,138)	(1,138)	-	(1,138)
Appropriated net assets.....	735,407	-	(735,407)	-
Total other financing sources (uses).....	<u>1,239,769</u>	<u>605,662</u>	<u>(634,107)</u>	<u>471,126</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	428,621	<u>\$ 428,621</u>	(316,026)
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Mass Transit Capital Reserve Fund.....		20,006		34,956
Capital additions.....		732,609		524,262
Compensated absences expense.....		(8,687)		(4,695)
Depreciation expense.....		(481,562)		(687,267)
OPEB expense.....		(20,877)		(22,377)
Gain (loss) on disposal of property.....		(247,908)		-
Change in net assets - full accrual basis.....		<u>\$ 422,202</u>		<u>\$ (471,147)</u>

**CITY OF HIGH POINT, NORTH CAROLINA**

Mass 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, 2009

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Nonoperating Revenues (Expenditures):				
Intergovernmental revenues.....	\$ -	\$ 11,249	\$ 11,249	\$ -
Proceeds from sale of assets.....	-	10,050	10,050	-
Interest on investments.....	-	-	-	34,956
Miscellaneous.....	-	(1,293)	(1,293)	-
Total nonoperating revenues (expenditures).....	<u>-</u>	<u>20,006</u>	<u>20,006</u>	<u>34,956</u>
 Change in net assets.....	 <u>\$ -</u>	 <u>\$ 20,006</u>	 <u>\$ 20,006</u>	 <u>\$ 34,956</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, 2009

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues:				
Charges for services.....	\$ 454,000	\$ 339,487	\$ (114,513)	\$ 455,650
Operating Expenses:				
Management and administration.....	622,197	565,265	56,932	611,454
Operating (loss)	<u>(168,197)</u>	<u>(225,778)</u>	<u>(57,581)</u>	<u>(155,804)</u>
Nonoperating Revenues (Expenses):				
Interest on investments.....	26,694	5,336	(21,358)	17,919
(Loss) before other financing sources (uses)	<u>(141,503)</u>	<u>(220,442)</u>	<u>(78,939)</u>	<u>(137,885)</u>
Other Financing Sources (Uses):				
Transfer from General Fund.....	144,513	144,513	-	149,942
Transfer to the General Debt Service Fund.....	(9,103)	(9,103)	-	(9,102)
Appropriated net assets.....	6,093	-	(6,093)	-
Total other financing sources (uses)	<u>141,503</u>	<u>135,410</u>	<u>(6,093)</u>	<u>140,840</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>(85,032)</u>	<u>\$ (85,032)</u>	2,955
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Depreciation expense.....		(255,776)		(268,029)
Compensated absences expense.....		861		1,111
OPEB Expense.....		(3,198)		(3,413)
Gain (loss) on disposal of property.....		<u>(9,888)</u>		<u>-</u>
Change in net assets - full accrual basis.....		<u>\$ (353,033)</u>		<u>\$ (267,376)</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, 2009

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues:				
Charges for services.....	\$ 6,512,500	\$ 6,189,059	\$ (323,441)	\$ 6,502,996
Operating Expenses:				
Management and administration.....	10,331,086	4,106,445	6,224,641	4,385,142
Operating income (loss)	<u>(3,818,586)</u>	<u>2,082,614</u>	<u>5,901,200</u>	<u>2,117,854</u>
Nonoperating Revenues (Expenditures):				
Interest on investments.....	320,000	336,170	16,170	349,115
Reimbursement to General Fund.....	(632,247)	(632,247)	-	(579,189)
Proceeds from sale of property.....	-	50,010	50,010	-
Interest expense and fiscal charges.....	-	-	-	-
Total nonoperating revenues (expenditures).....	<u>(312,247)</u>	<u>(246,067)</u>	<u>66,180</u>	<u>(230,074)</u>
Income (loss) before other financing sources (uses)	<u>(4,130,833)</u>	<u>1,836,547</u>	<u>5,967,380</u>	<u>1,887,780</u>
Other Financing Sources (Uses):				
Transfer to General Debt Service Fund.....	(23,893)	(23,893)	-	(23,893)
Transfer to Landfill Maintenance Reserve Fund.....	(1,342,500)	(1,609,443)	(266,943)	(1,515,000)
Transfer from Landfill Maintenance Reserve Fund.....	1,500,000	1,500,000	-	1,000,000
Appropriated net assets.....	3,997,226	-	(3,997,226)	-
Total other financing (uses).....	<u>4,130,833</u>	<u>(133,336)</u>	<u>(4,264,169)</u>	<u>(538,893)</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>\$ 1,703,211</u>	<u>\$ 1,703,211</u>	<u>\$ 1,348,887</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling Items:				
Landfill Closure and Postclosure Reserve Fund.....		(2,174,603)		908,674
Capital additions.....		223,171		683,925
Compensated absences expense.....		15,046		(14,122)
Depreciation expense.....		(448,208)		(579,005)
OPEB expense.....		(29,139)		(31,195)
Gain (loss) on disposal of property.....		<u>(147,024)</u>		<u>-</u>
Change in net assets - full accrual basis.....		<u>\$ (857,546)</u>		<u>\$ 2,317,164</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, 2009

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Expenses:				
Landfill closure/post-closure costs.....	\$ -	\$ 2,880,638	\$ (2,880,638)	\$ 361,568
Nonoperating Revenues:				
Interest on Investments.....	-	596,592	596,592	755,242
Other financing sources (uses):				
Transfer from Landfill Facilities Fund.....	-	1,609,443	1,609,443	1,515,000
Transfer to Landfill Facilities Fund.....	-	(1,500,000)	(1,500,000)	(1,000,000)
Total other financing sources (uses).....	-	109,443	109,443	515,000
Change in net assets.....	<u>\$ -</u>	<u>\$ (2,174,603)</u>	<u>\$ (2,174,603)</u>	<u>\$ 908,674</u>

**CITY OF HIGH POINT, NORTH CAROLINA**

Storm Water Fund  
 Schedule of Revenues, Expenses and Changes In Net Assets  
 Budget and Actual (Non - GAAP)  
 For The Year Ended June 30, 2009

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues:				
Charges for Services.....	\$ 2,107,500	\$ 2,341,644	\$ 234,144	\$ 2,290,800
Operating Expenses:				
Management and administration.....	2,793,617	1,411,798	1,381,819	1,145,159
Operating income (loss)	<u>(686,117)</u>	<u>929,846</u>	<u>1,615,963</u>	<u>1,145,641</u>
Nonoperating Revenues (Expenditures):				
Interest on Investments.....	150,000	146,355	(3,645)	215,123
Interest and fiscal charges.....	(412,832)	(438,287)	(25,455)	(348,249)
Principal retirement.....	(415,908)	(415,908)	-	(424,948)
Total nonoperating revenues (expenditures).....	<u>(678,740)</u>	<u>(707,840)</u>	<u>(29,100)</u>	<u>(558,074)</u>
Income (loss) before other financing sources (uses)	<u>(1,364,857)</u>	<u>222,006</u>	<u>1,586,863</u>	<u>587,567</u>
Other Financing Sources (Uses):				
Transfer from General Debt Service Fund.....	795,475	795,475	-	690,343
Transfer to General Debt Service Fund.....	(4,552)	(4,552)	-	(4,551)
Transfer to Storm Water Capital Projects Fund.....	(646,304)	-	646,304	-
Appropriated net assets.....	1,220,238	-	(1,220,238)	-
Total other financing sources .....	<u>1,364,857</u>	<u>790,923</u>	<u>(573,934)</u>	<u>685,792</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>\$ 1,012,929</u>	<u>\$ 1,012,929</u>	<u>\$ 1,273,359</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling Items				
Storm Water Facilities Capital Projects Ordinance Fund .....		(456,747)		4,468,777
Capital additions.....		535,368		680,674
Depreciation expense.....		(116,057)		(8,217)
Compensated absences expense.....		(31,349)		(1,556)
OPEB expense.....		(7,640)		(8,154)
Bond proceeds.....		-		(5,335,000)
Bond principal payments.....		415,905		424,948
Gain (loss) on disposal of property.....		(1,159)		-
Amortization of financing costs.....		<u>(1,626)</u>		<u>(1,626)</u>
Change in net assets - full accrual basis.....		<u>\$ 1,349,624</u>		<u>\$ 1,493,205</u>

**CITY OF HIGH POINT, NORTH CAROLINA**

Storm Water Facilities 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, 2009

	<u>PROJECT AUTHORIZATION</u>	<u>PRIOR YEAR</u>	<u>ACTUAL CURRENT YEAR</u>	<u>TOTAL TO DATE</u>
Expenditures:				
Maintenance and distribution.....	\$ 15,400,000	\$ 4,139,103	\$ 456,747	\$ 4,595,850
Other financing sources :				
General obligation bonds.....	15,400,000	12,135,000	-	12,135,000
Change in fund balance.....	\$ -	\$ 7,995,897	\$ (456,747)	\$ 7,539,150

## **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, 2009

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
<b>Operating Revenues:</b>				
Interfund charges - radio repair.....	\$ 961,545	\$ 747,218	\$ (214,327)	\$ 710,017
Interfund charges - computer replacement.....	631,534	631,534	-	567,082
Interfund charges - facility services.....	1,964,697	1,964,697	-	1,911,030
Interfund charges - fleet services.....	8,537,521	7,604,757	(932,764)	7,651,567
Other operating.....	220,000	220,782	782	305,886
Total operating revenues.....	<u>12,315,297</u>	<u>11,168,988</u>	<u>(1,146,309)</u>	<u>11,145,582</u>
<b>Operating Expenditures:</b>				
Fleet services.....	9,634,997	9,128,463	506,534	8,119,226
Radio repair shop.....	999,691	781,241	218,450	917,153
Facility services.....	1,793,622	1,710,863	82,759	1,685,608
Computer replacement.....	661,339	486,934	174,405	584,945
Total operating expenditures.....	<u>13,089,649</u>	<u>12,107,501</u>	<u>982,148</u>	<u>11,306,932</u>
Operating (loss)	<u>(774,352)</u>	<u>(938,513)</u>	<u>(164,161)</u>	<u>(161,350)</u>
<b>Nonoperating Revenues (Expenditures):</b>				
Proceeds from sale of property.....	200,000	447,130	247,130	198,606
Interest and fiscal charges.....	(37,727)	(37,727)	-	(41,628)
Principal retirement.....	(123,381)	(123,381)	-	(110,339)
Total nonoperating revenues (expenditures).....	<u>38,892</u>	<u>286,022</u>	<u>247,130</u>	<u>46,639</u>
Income (loss) before other financing sources (uses)	<u>(735,460)</u>	<u>(652,491)</u>	<u>82,969</u>	<u>(114,711)</u>
<b>Other financing sources (uses):</b>				
Transfer to the General Debt Service Fund.....	(27,606)	(27,606)	-	(27,306)
Appropriated net assets.....	763,066	-	(763,066)	-
Total other financing sources (uses).....	<u>735,460</u>	<u>(27,606)</u>	<u>(763,066)</u>	<u>(27,306)</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>\$ (680,097)</u>	<u>\$ (680,097)</u>	<u>\$ (142,017)</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>				
<b>Reconciling items:</b>				
Capital additions.....		3,950,419		2,692,382
Capital lease principal payments.....		123,381		110,339
Depreciation expense.....		(2,840,655)		(3,168,248)
Compensated absences expense.....		(3,876)		4,306
Increase (decrease) in inventory valuation.....		(95,083)		64,914
OPEB expense.....		(25,319)		(27,782)
Gain (loss) on disposal of property.....		<u>(1,684,326)</u>		<u>(14,377)</u>
Change in net assets - full accrual basis.....		<u>\$ (1,255,556)</u>		<u>\$ (480,483)</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, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
<b>Assets:</b>				
Cash and investments	\$ 425,479	\$ 16,099	\$ -	\$ 441,578
Accounts receivable	66	-	8	58
Accrued interest	362	-	83	279
	<u>362</u>	<u>-</u>	<u>83</u>	<u>279</u>
<b>Total Assets</b>	<u>\$ 425,907</u>	<u>\$ 16,099</u>	<u>\$ 91</u>	<u>\$ 441,915</u>
<b>Liabilities:</b>				
Accounts Payable: Due to other organizations	<u>\$ 425,907</u>	<u>\$ 16,099</u>	<u>\$ 91</u>	<u>\$ 441,915</u>

# CITY OF HIGH POINT, NORTH CAROLINA

## SUPPORTING SCHEDULES

- (1) Schedule of Ad Valorem Taxes Receivable June 30, 2009
- (2) Analysis of Current Tax Levy June 30, 2009
- (3) Analysis of Current Tax Levy June 30, 2009 for Secondary Market Disclosure

**CITY OF HIGH POINT, NORTH CAROLINA**

General Fund and Debt Service Fund  
 Schedule of Ad Valorem Taxes Receivable  
 June 30, 2009

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2008</u>	<u>Current Net Levy</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2009</u>
2008-09	\$ -	\$ 58,805,839	\$ 57,501,339	\$ 1,304,500
2007-08	1,131,766		763,616	368,150
2006-07	299,539		87,924	211,615
2005-06	205,060		30,953	174,107
2004-05	146,709		8,306	138,403
2003-04	126,916		2,325	124,591
2002-03	94,871		1,576	93,295
2001-02	92,327		1,244	91,083
2000-01	73,127		1,047	72,080
Prior	854,862		1,202	853,660
	<u>\$ 3,025,177</u>	<u>\$ 58,805,839</u>	<u>\$ 58,399,532</u>	<u>\$ 3,431,484</u>

Less: allowance for uncollectible accounts:

    General Fund

1,241,399

Ad valorem taxes receivable - net

\$ 2,190,085

Reconciliation to revenues:

Ad valorem taxes - General Fund and Debt Service Fund

\$ 57,482,897

Vehicle user fees

348,476

Discounts and adjustments allowed

800,263

    Subtotal

58,631,636

Less interest collected

232,104

Total collections and credits

\$ 58,399,532

**CITY OF HIGH POINT, NORTH CAROLINA**

Analysis of Current Tax Levy  
City - Wide Levy  
For the fiscal year ended June 30, 2009

	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	\$ 8,770,200,158	0.633	\$ 55,515,367	\$ 53,748,958	\$ 1,766,409
Registered motor vehicles taxed at prior year's rate	471,267,977	0.633	2,983,126	-	2,983,126
Penalties	-		28,326	28,326	-
Total	<u>9,241,468,135</u>		<u>58,526,819</u>	<u>53,777,284</u>	<u>4,749,535</u>
Discoveries - Current year taxes	<u>44,100,316</u>	0.633	<u>279,155</u>	<u>279,155</u>	<u>-</u>
Net Vehicle Tax Annual System	<u>-</u>		<u>348,476</u>	<u>-</u>	<u>348,476</u>
Abatements	<u>(55,072,793)</u>	0.633	<u>(348,611)</u>	<u>(281,734)</u>	<u>(66,877)</u>
Total assessed valuation	<u>\$ 9,230,495,658</u>				
Net levy			58,805,839	53,774,705	5,031,134
Uncollected taxes at June 30			<u>(1,304,500)</u>	<u>(770,422)</u>	<u>(534,078)</u>
Current year's taxes collected			<u>\$ 57,501,339</u>	<u>\$ 53,004,283</u>	<u>\$ 4,497,056</u>
Current levy collection percentage			97.78%	98.57%	89.38%

**CITY OF HIGH POINT, NORTH CAROLINA**

Analysis of Current Tax Levy  
City - Wide Levy  
For the fiscal year ended June 30, 2009

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio (1)	100%
Real Property	\$7,645,813,914
Personal Property	1,452,697,393
Public Service Companies (2)	<u>131,984,351</u>
Total Assessed Valuation	9,230,495,658
City-wide Tax Rate	0.633
Levy (3)	\$ 58,805,839

(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 Seven Fiscal Years**  
 (accrual basis of accounting)

	<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 net assets	\$ <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>

**CITY OF HIGH POINT, NORTH CAROLINA**

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

	<u>2006</u>		<u>2007</u>		<u>2008</u>		<u>2009</u>
\$	213,536,521	\$	239,573,737	\$	172,482,422	\$	197,660,324
	13,946,595		8,485,692		46,003,788		18,012,097
	<u>23,178,515</u>		<u>16,077,362</u>		<u>23,449,079</u>		<u>19,348,796</u>
\$	<u>250,661,631</u>	\$	<u>264,136,791</u>	\$	<u>241,935,289</u>	\$	<u>235,021,217</u>
\$	192,054,588	\$	205,189,262	\$	154,916,137	\$	218,661,759
	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>83,681,356</u>
\$	<u>263,624,310</u>	\$	<u>288,054,138</u>	\$	<u>305,634,824</u>	\$	<u>302,343,115</u>
\$	405,591,109	\$	444,762,999	\$	327,398,559	\$	416,322,083
	17,849,508		10,266,240		106,288,665		18,012,097
	<u>90,845,324</u>		<u>97,161,690</u>		<u>113,882,889</u>		<u>103,030,152</u>
\$	<u>514,285,941</u>	\$	<u>552,190,929</u>	\$	<u>547,570,113</u>	\$	<u>537,364,332</u>

CITY OF HIGH POINT, NORTH CAROLINA

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Expenses</b>							
Governmental activities:							
General government	\$ 13,197,876	\$ 14,097,596	\$ 27,914,659	\$ 26,079,638	\$ 28,543,278	\$ 25,941,473	\$ 22,155,751
Public safety	31,375,441	34,253,880	34,758,588	38,192,667	37,562,840	37,591,692	41,601,246
Public Services	28,144,946	38,605,309	41,404,266	50,073,130	43,851,774	46,244,845	42,959,675
Planning and Community Development	4,789,475	2,551,518	6,452,158	2,839,298	5,356,419	5,636,936	7,513,814
Cultural and recreation	12,932,978	14,084,464	14,992,492	15,951,176	15,892,000	19,383,650	20,833,203
Interest on long term debt	<u>2,224,392</u>	<u>2,072,867</u>	<u>1,968,433</u>	<u>2,109,696</u>	<u>2,964,267</u>	<u>3,005,580</u>	<u>3,505,011</u>
Total governmental activities expenses	<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>	<u>138,568,700</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	41,024,490
Electric	81,766,031	82,479,807	84,256,727	92,536,413	94,772,144	96,905,034	100,645,320
Mass Transit	1,644,646	2,061,753	3,351,162	3,033,584	3,169,756	3,276,113	3,457,983
Parking	889,704	764,673	812,021	928,624	901,670	883,139	824,324
Landfill	7,314,005	4,751,994	5,206,416	4,921,503	5,019,471	5,313,245	8,065,953
Storm Water	<u>870,672</u>	<u>774,371</u>	<u>877,850</u>	<u>1,349,600</u>	<u>2,484,244</u>	<u>1,704,600</u>	<u>1,950,821</u>
Total business-type activities expenses	<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>	<u>155,968,891</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>	\$ <u>294,537,591</u>
<b>Program Revenues</b>							
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	\$ 4,634,362
Public safety	128,961	-	1,597,293	1,597,293	919,369	101,221	882,767
Public Services	-	1,981,781	330,518	5,559,290	6,477,450	3,633,808	73,854
Planning and Community Development	-	81,135	4,706,832	4,706,832	2,075,285	1,605,898	829,904
Cultural and recreation	3,417,628	3,431,981	3,672,008	3,672,008	2,832,825	3,581,369	3,522,348
Operating grants and contributions:							
General government	-	-	-	-	703,685	240,067	680,305
Public safety	3,775,725	1,270,835	2,575,436	3,422,182	2,791,283	455,108	1,301,142
Public Services	2,741,968	5,473,920	4,134,784	4,239,241	4,239,241	3,510,931	9,261,177
Planning and Community Development	1,108,181	1,713,976	2,402,594	1,659,336	1,729,780	1,559,398	2,697,942
Cultural and recreation	-	87,644	-	-	93,141	55,932	896,008
Capital grants and contributions:							
Public Services	11,101,309	5,940,144	10,349,900	13,473,495	30,339,941	4,574,823	345,646
Planning and Community Development	119,894	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	400,407	680,000
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>	<u>25,805,455</u>
Business-type activities:							
Charges for Services							
Water and Sewer	28,858,889	30,481,421	31,155,498	33,827,133	35,389,889	37,127,800	37,682,405
Electric	85,029,325	82,791,841	86,256,922	89,650,166	97,956,590	101,142,084	99,942,110
Mass Transit	1,003,609	1,086,079	1,413,476	772,364	1,491,025	1,952,804	550,490
Parking	537,222	500,307	497,556	489,665	429,998	455,650	339,487
Landfill	6,897,804	7,230,486	6,107,444	5,614,564	6,512,504	6,502,996	6,189,059
Storm Water	739,599	846,109	1,137,594	1,817,554	1,098,650	2,290,800	2,341,644
Operating and Capital Grants							
Water and Sewer	-	115,000	-	-	-	-	1,881,495
Electric	523,854	-	-	-	-	-	573,143
Mass Transit	498,250	513,154	-	-	791,439	312,517	2,952,666
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>	<u>152,452,499</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>	\$ <u>178,257,954</u>

(continued)

CITY OF HIGH POINT, NORTH CAROLINA

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

	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Net (Expense)/Revenue</b>							
Governmental activities	\$ (65,146,156)	\$ (83,379,038)	\$ (86,510,800)	\$ (88,720,880)	\$ (77,826,012)	\$ (115,241,832)	\$ (112,763,245)
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>	<u>(3,516,392)</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>	<u>\$ (116,279,637)</u>
<b>General Revenues and Other Changes in Net Assets</b>							
Governmental activities:							
Property taxes	\$ 39,879,436	\$ 40,586,808	\$ 44,555,015	\$ 49,118,481	\$ 52,944,945	\$ 56,228,819	\$ 57,736,549
Other taxes	13,025,288	13,986,485	16,505,888	15,601,714	17,643,440	17,868,296	16,145,569
Unrestricted revenues and contributions	14,731,916	14,233,776	14,415,754	19,414,179	22,038,601	15,075,725	16,211,091
Gain (loss) on disposal of capital assets	(32,381)	(84,893)	(296,840)	-	-	153,943	12,223,430
Investment earnings	857,839	717,492	1,279,438	1,954,778	3,318,216	2,747,586	2,217,246
Transfers	(639,365)	(297,104)	(293,109)	(107,139)	(4,644,030)	965,961	1,315,288
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>	<u>105,849,173</u>
Business-type activities:							
Gain (loss) on disposal of capital assets	(68,698)	-	1,762,533	(893)	-	-	(2,574,677)
Investment earnings	1,761,550	1,525,924	2,034,710	4,067,574	5,854,162	4,884,104	4,114,648
Grants, Contributions and revenues not restricted	-	314,461	13,500	-	-	749,858	-
Transfers	639,365	297,104	293,109	107,139	4,644,030	(965,961)	(1,315,288)
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>	<u>224,683</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>	<u>\$ 106,073,856</u>
<b>Change in Net Assets</b>							
Governmental activities	\$ 2,676,577	\$ (14,236,474)	\$ (10,344,654)	\$ (2,738,867)	\$ 13,475,160	\$ (22,201,502)	\$ (6,914,072)
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>	<u>(3,291,709)</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>	<u>\$ (10,205,781)</u>

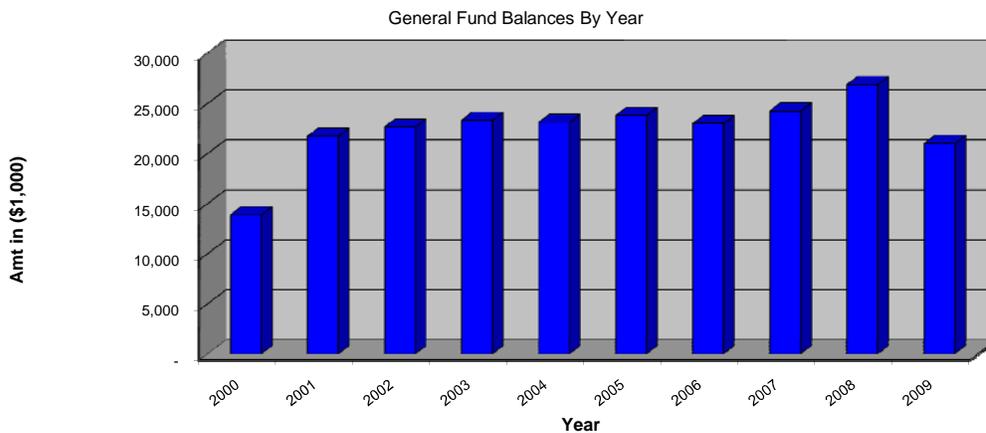
(concluded)

CITY OF HIGH POINT, NORTH CAROLINA

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>General Fund</b>					
Reserved for:					
State statute	\$ 1,672,688	\$ 3,878,514	\$ 2,822,583	\$ 2,819,357	\$ 2,338,164
Prepaid items	27,439	47,664	11,196	76,966	102,613
Encumbrances	<u>570,157</u>	<u>1,049,559</u>	<u>2,390,000</u>	<u>2,685,021</u>	<u>2,390,579</u>
Total reserved, General Fund	2,270,284	4,975,737	5,223,779	5,581,344	4,831,356
Unreserved					
Designated for subsequent year's expenditures	2,400,000	2,896,007	3,785,811	3,784,838	4,670,022
Designated for economic development	626,204	789,513	842,988	598,131	420,043
Designated for health insurance	-	-	-	-	-
Designated for Market Authority	-	-	-	-	-
Designated for specific programs	-	-	-	73,035	415,974
Undesignated	<u>8,593,665</u>	<u>13,081,030</u>	<u>12,811,758</u>	<u>13,307,688</u>	<u>12,788,563</u>
Total unreserved, General Fund	11,619,869	16,766,550	17,440,557	17,763,692	18,294,602
<b>Total General Fund</b>	<u>\$ 13,890,153</u>	<u>\$ 21,742,287</u>	<u>\$ 22,664,336</u>	<u>\$ 23,345,036</u>	<u>\$ 23,125,958</u>
<b>All Other Governmental Funds</b>					
Reserved for:					
State statute	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid items	-	-	-	-	-
Encumbrances	-	-	-	-	-
Debt service	-	-	1,823,791	2,356,477	3,033,268
Total reserved , other governmental funds	-	-	1,823,791	2,356,477	3,033,268
Unreserved					
Designated for subsequent year's expenditures	-	-	-	-	-
Designated for specific programs	1,257,680	785,357	294,694	769,027	856,511
Designated for capital projects	-	-	7,645,834	8,040,303	12,330,589
Undesignated	<u>13,906,542</u>	<u>12,068,497</u>	-	-	-
Total unreserved, other governmental funds	15,164,222	12,853,854	9,764,319	11,165,807	16,220,368
<b>Total Other Governmental Funds</b>	<u>\$ 15,164,222</u>	<u>\$ 12,853,854</u>	<u>\$ 11,588,110</u>	<u>\$ 13,522,284</u>	<u>\$ 19,253,636</u>

(Continued)



CITY OF HIGH POINT, NORTH CAROLINA

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$	4,450,833	\$ 2,977,521	\$ 3,015,032	\$ 6,247,987	\$ 5,357,389
	131,928	235,539	147,011	180,546	9,279
	<u>2,098,653</u>	<u>1,584,105</u>	<u>635,689</u>	<u>2,046,045</u>	<u>323,987</u>
	6,681,414	4,797,165	3,797,732	8,474,578	5,690,655
	4,999,246	4,128,876	4,495,500	5,045,855	4,569,934
	420,043	580,568	903,937	1,220,766	1,172,916
	-	-	-	-	217,085
	-	-	-	-	7,828
	751,173	-	941,320	830,287	-
	<u>10,962,358</u>	<u>13,506,660</u>	<u>14,135,144</u>	<u>11,338,252</u>	<u>9,361,330</u>
	17,132,820	18,216,104	20,475,901	18,435,160	15,329,093
\$	<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>	<u><u>21,019,748</u></u>
\$	-	\$ -	\$ -	\$ 95,486	\$ 544,758
	-	-	-	1,373	-
	-	-	-	12,474,300	7,962,782
	<u>3,373,898</u>	<u>20,339,011</u>	<u>11,352,774</u>	<u>14,424,138</u>	<u>18,012,097</u>
	3,373,898	20,339,011	11,352,774	26,995,297	26,519,637
	-	-	-	-	7,762,524
	1,038,310	780,344	617,493	9,924	-
	4,899,332	7,769,551	16,718,372	17,432,876	-
	-	-	-	-	(285,236)
	<u>5,937,642</u>	<u>8,549,895</u>	<u>17,335,865</u>	<u>17,442,800</u>	<u>7,477,288</u>
\$	<u><u>9,311,540</u></u>	<u><u>28,888,906</u></u>	<u><u>28,688,639</u></u>	<u><u>44,438,097</u></u>	<u><u>33,996,925</u></u>

(Concluded)

**CITY OF HIGH POINT, NORTH CAROLINA**

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Revenues</b>					
Taxes:					
Property	\$ 32,205,438	\$ 35,603,060	\$ 37,880,381	\$ 39,414,150	\$ 40,494,558
Sales and Use	10,262,747	11,074,790	10,941,081	11,468,207	12,378,265
Other	1,188,881	1,227,652	1,476,168	1,557,081	1,608,217
Total taxes	<u>43,657,066</u>	<u>47,905,502</u>	<u>50,297,630</u>	<u>52,439,438</u>	<u>54,481,040</u>
Intergovernmental	13,130,490	14,572,405	11,981,846	14,834,834	14,947,451
Licenses and Permits	3,737,133	3,807,220	4,745,290	4,461,779	4,380,607
Charges for Services	3,233,336	3,495,370	3,357,823	3,456,266	3,579,060
Interest	1,202,364	2,585,207	2,300,860	784,767	685,268
Administrative reimbursements	2,756,833	2,758,208	3,752,099	4,231,632	4,400,603
Miscellaneous	1,630,705	1,546,027	1,885,936	2,523,063	3,092,429
Total Revenues	<u>69,347,927</u>	<u>76,669,939</u>	<u>78,321,484</u>	<u>82,731,779</u>	<u>85,566,458</u>
<b>Expenditures</b>					
General Government	11,857,337	10,389,406	11,937,580	12,616,839	13,522,897
Public Safety	22,702,665	26,061,017	29,620,614	32,595,299	35,091,686
Public Services	12,543,839	13,763,673	14,097,504	12,902,823	17,173,905
Planning and Community Development	4,529,568	5,424,101	5,554,982	4,789,223	5,148,808
Culture and Recreation	11,576,844	12,129,049	13,183,410	12,558,012	13,870,764
Debt Service:					
Principal	2,809,968	3,439,475	3,467,341	3,347,625	3,327,103
Interest	1,666,360	2,321,939	2,162,086	2,000,405	1,742,936
Total Expenditures	<u>67,686,581</u>	<u>73,528,660</u>	<u>80,023,517</u>	<u>80,810,226</u>	<u>89,878,099</u>
Excess of revenues over (under) expenditures	<u>1,661,346</u>	<u>3,141,279</u>	<u>(1,702,033)</u>	<u>1,921,553</u>	<u>(4,311,641)</u>
<b>Other Financing Sources (Uses)</b>					
Lease purchase proceeds	-	-	-	800,000	1,485,236
Transfers in	8,421,641	7,688,489	7,273,478	228,600	543,062
Transfers out	(8,476,192)	(7,988,184)	(7,738,931)	(8,556,796)	(7,642,916)
General obligation bonds	15,200,000	-	-	-	-
Refunding bonds issued	-	-	-	-	-
Total other financing sources (uses)	<u>15,145,449</u>	<u>(299,695)</u>	<u>(465,453)</u>	<u>(7,528,196)</u>	<u>(5,614,618)</u>
Net change in fund balances	\$ <u>16,806,795</u>	\$ <u>2,841,584</u>	\$ <u>(2,167,486)</u>	\$ <u>(5,606,643)</u>	\$ <u>(9,926,259)</u>
Debt service as a percentage of expenditures	6.61%	7.84%	7.03%	6.62%	5.64%

(continued)

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

CITY OF HIGH POINT, NORTH CAROLINA

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$	44,189,414	\$ 49,118,481	\$ 52,224,666	\$ 56,354,409	\$ 57,482,897
	14,818,161	15,601,714	17,643,440	17,868,296	16,145,569
	1,687,727	-	-	-	-
	<u>60,695,302</u>	<u>64,720,195</u>	<u>69,868,106</u>	<u>74,222,705</u>	<u>73,628,466</u>
	16,481,501	21,403,252	20,463,981	17,564,267	17,600,326
	4,629,749	5,228,772	5,273,785	4,698,780	3,958,060
	4,238,495	3,948,282	5,419,120	3,737,495	3,747,617
	1,279,438	1,952,292	3,311,890	2,747,586	2,217,246
	4,994,829	-	4,675,886	5,241,535	5,947,671
	2,267,217	7,141,083	1,426,585	1,924,809	769,480
	<u>94,586,531</u>	<u>104,393,876</u>	<u>110,439,353</u>	<u>110,137,177</u>	<u>107,868,866</u>
	14,939,812	16,579,056	17,825,166	19,152,376	19,558,213
	39,715,207	35,973,681	37,055,281	40,613,195	41,014,518
	19,375,819	28,173,499	27,431,443	22,590,322	23,998,005
	6,501,035	6,571,347	6,277,388	6,168,025	7,602,039
	14,355,284	15,050,819	18,034,136	22,854,852	25,040,770
	3,709,888	4,088,867	4,832,681	5,699,341	5,799,619
	1,935,965	1,914,228	2,450,127	2,906,770	3,429,758
	<u>100,533,010</u>	<u>108,351,497</u>	<u>113,906,222</u>	<u>119,984,881</u>	<u>126,442,922</u>
	<u>(5,946,479)</u>	<u>(3,957,621)</u>	<u>(3,466,869)</u>	<u>(9,847,704)</u>	<u>(18,574,056)</u>
	-	194,724	4,275,196	900,000	900,000
	7,510,242	7,785,838	8,680,484	11,389,272	11,797,846
	(7,784,315)	(7,873,941)	(8,428,714)	(10,396,005)	(10,454,952)
	-	40,119,472	-	26,340,000	-
	-	(17,474,472)	-	-	-
	<u>(274,073)</u>	<u>22,751,621</u>	<u>4,526,966</u>	<u>28,233,267</u>	<u>2,242,894</u>
\$	<u>(6,220,552)</u>	<u>\$ 18,794,000</u>	<u>\$ 1,060,097</u>	<u>\$ 18,385,563</u>	<u>\$ (16,331,162)</u>
	5.62%	5.54%	6.39%	7.95%	8.42%

(concluded)

**CITY OF HIGH POINT, NORTH CAROLINA**

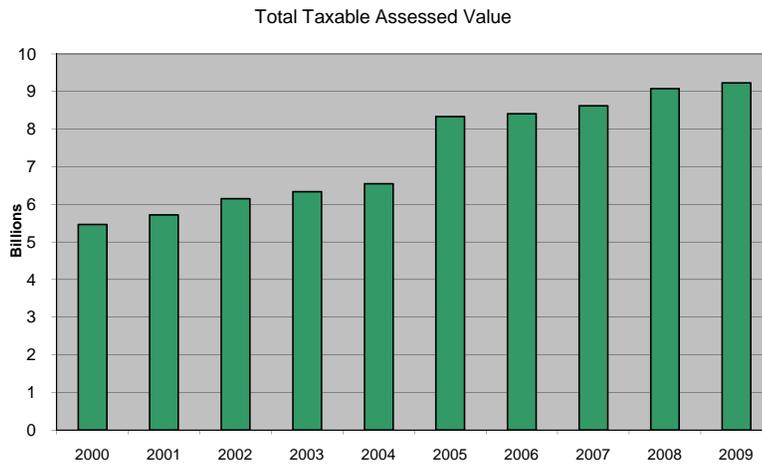
**Table V  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years**

Fiscal Year	Real Property			Personal Property	Public Service Companies	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
	Residential Property	Commercial Property	Industrial Property					
2000	2,252,382,695	1,231,243,865	665,478,950	1,210,117,353	103,590,068	5,462,812,931	0.595	6,113,948,440
2001	2,389,151,265	1,299,296,127	703,601,810	1,228,471,472	100,414,882	5,720,935,556	0.622	6,464,333,962
2002	2,440,753,169	1,544,792,438	732,867,434	1,323,717,669	108,526,990	6,150,657,700	0.622	7,255,700,956
2003	2,532,885,972	1,626,292,512	748,963,523	1,323,404,973	106,052,487	6,337,599,467	0.622	7,618,222,703
2004	2,631,511,652	1,731,532,283	778,580,623	1,309,933,022	96,395,635	6,547,953,215	0.622	8,124,011,433
2005	3,437,991,396	2,467,140,893	961,955,850	1,353,571,796	111,464,661	8,332,124,596	0.540	8,386,637,741
2006	3,481,796,314	2,491,980,410	942,275,410	1,372,316,382	117,923,262	8,406,291,778	0.593	8,517,875,953
2007	3,615,085,429	2,530,768,578	942,311,760	1,409,442,958	122,178,728	8,619,787,453	0.608	8,967,735,594
2008	3,778,859,150	2,729,035,922	994,596,450	1,441,055,968	131,332,066	9,074,879,556	0.633	9,907,073,751
2009	4,231,853,123	2,408,171,911	1,005,788,880	1,452,697,393	131,984,351	9,230,495,658	0.633	10,137,831,585

Source: Annual County Report of Valuation and Property Tax Levies  
NC Department of Revenue

Notes:

- (1) Public service companies valuations are provided to the County by the NC Dept. of Revenue. These amounts include both real and personal property.
- (2) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the NC Dept. of Revenue. The ratio is based on actual property sales which took place during the fiscal year.
- (3) Property in Guilford County is reassessed every eight years. The last reassessment was on January 1, 2004.



**CITY OF HIGH POINT, NORTH CAROLINA**

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

	Year Taxes Are Payable									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Guilford County	\$ 0.5700	\$ 0.5700	\$ 0.6000	\$ 0.5800	\$ 0.5600	\$ 0.5600	\$ 0.6100	\$ 0.6615	\$ 0.6914	\$ 0.7374
High Point City	0.5950	0.6220	0.6220	0.6220	0.6220	0.5400	0.5930	0.6080	0.6330	0.6330

Note: Real property was revalued on January 1, 2004

Source: Guilford County Tax Department

Note: Overlapping rates are those of local and county governments that apply to property owners within the City of High Point.



**CITY OF HIGH POINT, NORTH CAROLINA**

**Table VII  
Principal Property Tax Payers  
Fiscal Years Ended June 30, 2009 and June 30, 2000**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Fiscal Year 2009</u>		
		<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
International Home Furnishings Center	Showroom Rental	\$ 184,907,653	1	2.00%
Liberty Property	Real Estate	116,083,274	2	1.26%
Market Square LLC	Real Estate	97,882,700	3	1.06%
HP Showplace Investors	Real Estate	71,151,483	4	0.77%
Tyco Electronics (formerly RFMicro, formerly AMP Inc.)	Electrical Parts	65,911,053	5	0.71%
North State Telephone Co.	Communications	62,005,004	6	0.67%
Polo Ralph Lauren Corp.	Clothing	56,927,699	7	0.62%
Thomas Built Buses Inc.	Bus Bodies	56,432,118	8	0.61%
High Point Development	Real Estate	49,238,400	9	0.53%
Mannington Wood Floors	Manufacturing	41,420,151	10	0.45%
Banner Pharmacaps	Pharmaceuticals	-	-	-
High Point Chemical Corp.	Chemicals	-	-	-
Bank of America	Banking	-	-	-
Totals		\$ <u>801,959,535</u>		<u>8.69%</u>

Source: Guilford County Tax Department

**CITY OF HIGH POINT, NORTH CAROLINA**

**Table VII  
Principal Property Tax Payers  
Fiscal Years Ended June 30, 2009 and June 30, 2000**

<b>Fiscal Year 2000</b>		
<b>Assessed Valuation</b>	<b>Rank</b>	<b>Percentage of Total Assessed Valuation</b>
\$ 129,339,000	1	2.37%
64,902,500	2	1.19%
46,436,300	5	0.85%
-	-	-
40,899,784	6	0.75%
48,125,521	3	0.88%
-	-	-
32,175,320	8	0.59%
47,217,530	4	0.86%
-	-	-
33,141,050	7	0.61%
31,797,244	9	0.58%
28,068,200	10	0.51%
\$ 502,102,449		9.19%

**CITY OF HIGH POINT, NORTH CAROLINA**

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

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2000	\$ 32,282,791	\$ 31,929,803	98.91%	\$ 296,313	\$ 32,226,116	99.82%
2001	35,597,594	35,211,863	98.92%	313,651	35,525,514	99.80%
2002	38,184,857	37,749,349	98.86%	344,425	38,093,774	99.76%
2003	39,834,340	39,325,183	98.72%	415,862	39,741,045	99.77%
2004	40,596,747	40,050,117	98.65%	422,039	40,472,156	99.69%
2005	45,007,822	44,189,414	98.18%	680,005	44,869,419	99.69%
2006	49,728,477	48,961,461	98.46%	592,909	49,554,370	99.65%
2007	52,426,916	51,598,122	98.42%	617,179	52,215,301	99.60%
2008	57,726,974	56,595,208	98.04%	763,616	57,358,824	99.36%
2009	58,805,839	57,501,339	97.78%	-	57,501,339	97.78%

Source: Guilford, Randolph, and Davidson County Tax Departments

**CITY OF HIGH POINT, NORTH CAROLINA**

**Table IX  
Principal Water and Sewer Customers  
Fiscal Year Ended June 30, 2009 and June 30, 2000**

<b>Customer</b>	<b>Fiscal Year 2009</b>			<b>Fiscal Year 2000</b>		
	<b>Water and Sewer Charges</b>	<b>Rank</b>	<b>Percentage of Water and Sewer Charges</b>	<b>Water and Sewer Charges</b>	<b>Rank</b>	<b>Percentage of Water and Sewer Charges</b>
Town of Jamestown	\$ 957,774	1	2.54%	\$ 624,031	1	3.09%
KAO Specialties	431,360	2	1.15%	268,166	4	1.33%
High Point University	407,363	3	1.08%			
City of Archdale	450,545	4	1.20%	547,550	2	2.71%
High Point Regional Hospital	354,181	5	0.94%	192,318	7	0.95%
Slane Hosiery Mills	336,845	6	0.89%			
Dairy Fresh, LLC	305,573	7	0.81%			
Banner Pharmacaps Inc	283,345	8	0.75%	155,113	9	0.77%
Hunter Jersey Farms	263,431	9	0.70%	131,892	10	0.65%
Crowne Apartments at James Landing	203,157	10	0.54%			
High Point Housing Authority				427,387	3	2.11%
Superbrand Dairy				221,231	5	1.09%
Thomas Built Buses				202,724	6	1.00%
International Home Furnishings (IHFC)				170,863	8	0.85%
<b>Totals</b>	<b>\$ 3,993,574</b>		<b>10.61%</b>	<b>\$ 2,941,275</b>		<b>14.55%</b>

Source: City of High Point Water and Sewer Department

**CITY OF HIGH POINT, NORTH CAROLINA**

**Table X  
Principal Electric Customers  
Fiscal Year Ended June 30, 2009 and June 30, 2000**

<b>Taxpayer</b>	<b>Fiscal Year 2009</b>			<b>Fiscal Year 2000</b>		
	<b>Electric Charges</b>	<b>Rank</b>	<b>Percentage of Total Electric Charges</b>	<b>Electric Charges</b>	<b>Rank</b>	<b>Percentage of Total Electric Charges</b>
International Home Furnishings Center	\$ 2,083,868	1	2.09%	\$ 1,837,172	1	2.37%
High Point Regional Health System	1,690,186	2	1.69%	962,032	3	1.24%
High Point University	1,476,362	3	1.48%			
KAO Specialties of America, LLC	1,297,757	4	1.30%	1,004,791	2	1.30%
HPC Mab WS Disposal	1,106,722	5	1.11%	650,198	7	0.84%
Banner Pharmacaps, Inc	1,102,459	6	1.10%	667,431	6	0.86%
Thomas Built Buses, Inc.	953,267	7	0.96%			
Liberty Property LTD Partnership	797,916	8	0.80%			
High Point Development Ltd. Partnership	576,159	9	0.58%	552,291	8	0.71%
Southern Film Extruders	479,640	10	0.48%			
Merchandise Mart Properties, Inc.				889,426	4	1.15%
High Point Housing Authority				869,148	5	1.12%
Food Lion Inc - Store #925				536,195	9	0.69%
Superbrand Dairy				504,261	10	0.65%
<b>Totals</b>	<b>\$ 11,564,336</b>		<b>11.59%</b>	<b>\$ 8,472,945</b>		<b>10.94%</b>

Source: City of High Point Customer Service Department



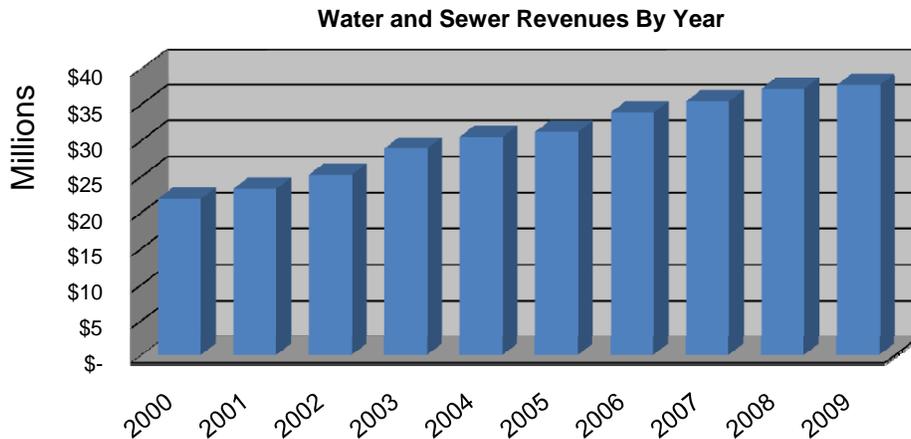
NORTH CAROLINA'S INTERNATIONAL CITY™

**CITY OF HIGH POINT, NORTH CAROLINA**

**TABLE XI  
Schedule of Water and Sewer, and Electric Operating Revenues  
Last Ten Fiscal Years**

<b>Water and Sewer</b>	<u><b>2000</b></u>	<u><b>2001</b></u>	<u><b>2002</b></u>	<u><b>2003</b></u>	<u><b>2004</b></u>
Sales - Sewer	\$ 10,049,749	\$ 11,707,547	\$ 12,995,740	\$ 15,525,952	\$ 17,096,893
Sales - Water	7,889,534	8,878,876	9,565,617	10,096,931	10,097,991
City Sales - Water	293,320	300,001	345,835	71,047	81,271
City Sales - Sewer	45,566	51,722	66,184	322,470	330,792
Wastewater - Archdale	357,051	354,305	326,971	505,028	389,927
Wastewater - Jamestown	444,725	435,987	411,724	497,054	441,280
Wastewater - Greensboro	312,878	289,347	521,587	668,750	758,462
Wastewater - Sedgfield	50,442	34,882	35,240	64,493	67,104
Other	2,412,641	1,194,217	942,533	1,107,164	1,216,701
<b>Total</b>	<u>\$ 21,855,906</u>	<u>\$ 23,246,884</u>	<u>\$ 25,211,431</u>	<u>\$ 28,858,889</u>	<u>\$ 30,480,421</u>

<b>Electric</b>	<u><b>2000</b></u>	<u><b>2001</b></u>	<u><b>2002</b></u>	<u><b>2003</b></u>	<u><b>2004</b></u>
Residential	\$ 30,016,865	\$ 31,385,964	\$ 28,641,020	\$ 32,941,788	\$ 31,117,279
Industrial	7,977,430	8,114,084	7,620,309	7,930,464	7,696,746
Commercial	33,149,634	34,645,974	34,764,658	36,778,049	36,839,225
City	2,800,460	3,054,712	2,938,192	3,128,955	3,147,343
Street Lighting	1,148,087	1,177,481	1,214,672	1,259,836	1,279,640
Private Lighting	884,134	926,546	984,194	1,007,347	1,063,312
Other	2,442,517	1,460,774	1,518,771	1,982,886	1,648,296
<b>Total</b>	<u>\$ 78,419,127</u>	<u>\$ 80,765,535</u>	<u>\$ 77,681,816</u>	<u>\$ 85,029,325</u>	<u>\$ 82,791,841</u>

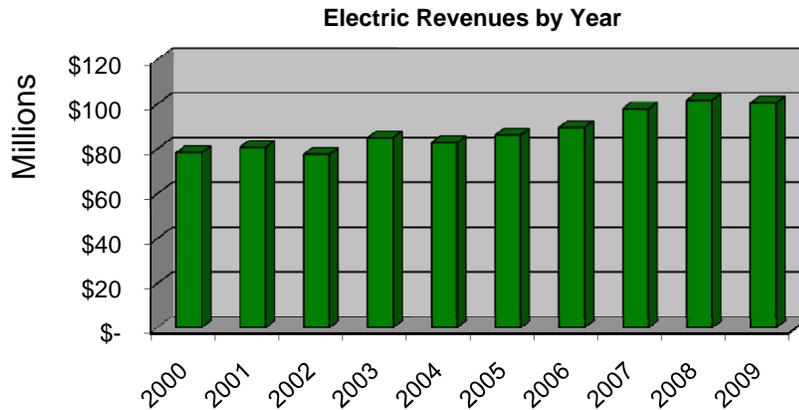


**CITY OF HIGH POINT, NORTH CAROLINA**

**TABLE XI  
Schedule of Water and Sewer, and Electric Operating Revenues  
Last Ten Fiscal Years**

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 17,894,044	\$ 19,088,863	\$ 19,883,533	\$ 21,350,473	\$ 21,775,255
10,599,458	11,781,595	12,136,279	13,369,707	13,680,617
94,144	87,567	105,875	465,626	492,514
358,524	340,956	411,721	122,919	196,451
373,287	342,985	396,530	295,071	375,932
423,764	463,209	532,514	521,978	422,065
782,571	322,207	210,892	368,844	309,401
65,033	40,749	48,791	103,065	55,376
564,673	1,359,002	1,663,754	581,327	374,794
<u>\$ 31,155,498</u>	<u>\$ 33,827,133</u>	<u>\$ 35,389,889</u>	<u>\$ 37,179,010</u>	<u>\$ 37,682,405</u>

\$ 32,058,229	\$ 33,779,198	\$ 35,358,605	\$ 39,080,218	\$ 39,100,769
8,410,064	9,044,046	9,455,323	11,294,014	10,595,656
37,640,817	39,187,841	40,930,200	43,574,982	42,584,819
3,189,477	3,289,930	3,330,363	3,517,806	3,624,070
1,390,427	1,456,755	1,528,075	1,586,740	1,614,486
1,135,956	1,170,112	1,266,127	1,469,432	1,599,987
2,431,952	1,722,284	6,087,897	1,282,923	1,395,466
<u>\$ 86,256,922</u>	<u>\$ 89,650,166</u>	<u>\$ 97,956,590</u>	<u>\$ 101,806,115</u>	<u>\$ 100,515,253</u>



CITY OF HIGH POINT, NORTH CAROLINA

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

Fiscal Year	Governmental Activities		Business-type Activities			Total Primary Government	Per Capita	Percentage of Personal Income	
	General Obligation Bonds	Capital Leases	General Obligation Bonds	Revenue Bonds	Notes and Loans				Capital Leases
2000	46,540,412	-	41,170,603	2,795,000	8,460,176	-	98,966,191	1,161	4.52%
2001	43,101,391	149,620	38,351,247	1,470,064	14,929,030	316,636	98,001,352	1,099	4.14%
2002	39,634,050	45,021	63,649,194	-	24,216,161	162,325	127,544,426	1,428	5.31%
2003	36,650,340	725,388	73,910,135	-	22,772,225	-	134,058,088	1,481	5.62%
2004	33,323,237	11,069,055	70,660,789	-	21,216,559	-	136,269,640	1,473	5.49%
2005	30,028,059	10,134,549	66,535,967	42,031,741	19,651,413	-	168,381,729	1,804	6.29%
2006	48,985,977	9,472,769	68,676,830	71,755,000	18,083,705	-	216,974,281	2,296	7.00%
2007	45,146,756	12,644,706	64,253,244	71,755,000	16,531,087	-	210,330,793	2,171	6.78%
2008	67,850,458	11,375,261	64,899,543	112,515,000	15,043,867	-	271,684,129	2,758	8.16%
2009	64,110,875	10,091,895	60,214,129	110,730,000	13,540,992	-	258,687,891	2,575	7.62%

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.  
See Table 13 for personal income and population data.  
These ratios are calculated using personal income and population for the prior calendar year.

**CITY OF HIGH POINT, NORTH CAROLINA**

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

<b>Fiscal Year</b>	<b>General Bonded Debt Outstanding</b>			<b>Percentage of Personal Income</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
	<b>General Obligation Bonds</b>	<b>Less: Amounts Restricted to Repaying Principal</b>	<b>Total</b>			
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
2009	124,325,004	18,106,808	106,218,196	3.13%	1.15%	1,058

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

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

See Table 5 for property value data.

**City of High Point, North Carolina**

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

	Fiscal Year				
	2000	2001	2002	2003	2004
Assessed Value of Property	\$ 5,462,813	\$ 5,720,936	\$ 6,150,658	\$ 6,337,599	\$ 6,547,953
Debt Limit, 8% of Assessed Value (Statutory Limitation)	437,025	457,675	492,053	507,008	523,836
Amount of Debt Applicable to Limit					
Gross debt	98,966	98,001	127,544	134,058	136,270
Less: Amount available for repayment of general obligation bonds	1,103	1,485	1,824	2,356	3,033
Debt outstanding for water and sewer purposes	49,631	53,280	87,865	96,682	91,877
Revenue bonds	2,795	1,470	-	-	-
Total net debt applicable to limit	<u>45,437</u>	<u>41,766</u>	<u>37,855</u>	<u>35,020</u>	<u>41,360</u>
Legal Debt Margin Available	\$ <u>391,588</u>	\$ <u>415,909</u>	\$ <u>454,198</u>	\$ <u>471,988</u>	\$ <u>482,476</u>
Total net debt applicable to the limit as a percentage of debt limit	10.40%	9.13%	7.69%	6.91%	7.90%

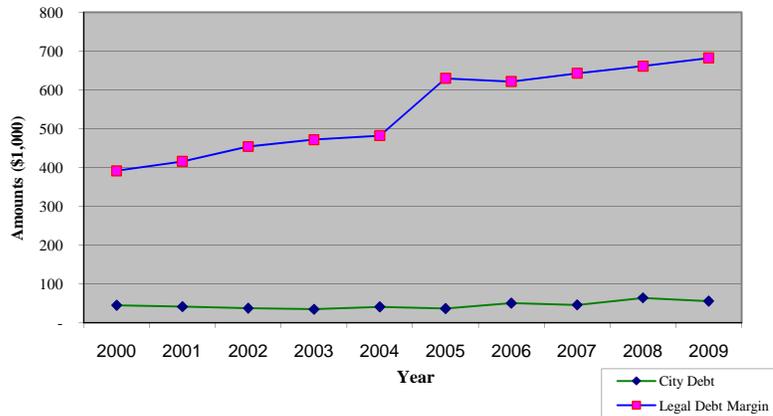
Note: NC Statute GS159-55 limits the county's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit: Money held for payment of principal; debt incurred for water, sewer, gas, or electric 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.

City of High Point, North Carolina

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

Fiscal Year				
2005	2006	2007	2008	2009
\$ 8,332,125	\$ 8,406,292	\$ 8,619,787	\$ 9,074,880	\$ 9,230,496
666,570	672,503	689,583	725,990	738,440
168,382	216,974	210,331	271,684	258,688
3,374	7,770	11,353	14,732	18,107
86,187	86,761	80,784	79,943	73,755
42,032	71,755	71,755	112,515	110,730
<u>36,789</u>	<u>50,688</u>	<u>46,439</u>	<u>64,494</u>	<u>56,096</u>
\$ <u>629,781</u>	\$ <u>621,815</u>	\$ <u>643,144</u>	\$ <u>661,496</u>	\$ <u>682,344</u>
5.52%	7.54%	6.73%	8.88%	7.60%

**City Debt and Legal Debt Margin**



**CITY OF HIGH POINT, NORTH CAROLINA**

**Table XV  
Direct and Overlapping Debt  
As of June 30, 2009**

Name of Governmental Unit	Net Debt Outstanding	Percentage Applicable To This Governmental Unit	City of High Point's Share of Debt
City of High Point	\$ 137,865,996	100.0%	\$ 137,865,996
Guilford County	699,138,962	20.6%	144,022,626
Total direct and overlapping debt			<u>\$ 281,888,622</u>

Sources: Guilford County debt outstanding data provided by Guilford County. Assessed value data used to estimate applicable percentage provided by Guilford County Tax Department

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents of the City of High Point. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

**CITY OF HIGH POINT, NORTH CAROLINA**

**Table XVI  
Water and Sewer Revenue Bond Coverage  
Last Five Fiscal Years**

Fiscal Year	Prior Year		Operating Expenses <sup>3</sup>	Income Available for Debt Service	Parity Debt Service Requirement	Total Debt Service Requirement	Coverage on	Coverage on
	Unrestricted Net Assets <sup>1</sup>	Operating Revenues <sup>2</sup>					Including 15% Unrestricted Net Assets <sup>4</sup>	Total Debt Excluding 15% Unrestricted Net Assets <sup>5</sup>
2005	\$ 28,133,279	\$ 31,155,498	\$ 14,304,298	\$ 16,851,200	\$ 189,988	\$ 10,356,238	110.91	1.63
2006	28,228,707	33,827,123	18,012,032	15,815,091	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
2009	36,591,363	37,682,405	16,586,647	21,095,758	5,075,153	13,476,755	5.24	1.57

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

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

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

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

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

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

**CITY OF HIGH POINT, NORTH CAROLINA**

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

<b>Year</b>	<b>Population</b>	<b>Personal Income (thousands of dollars)</b>	<b>Per Capita Personal Income</b>	<b>Public School Enrollment</b>	<b>Unemployment Rate</b>	<b>Number of Building Inspections Performed</b>
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
2009	100,442	3,393,232	33,783	13,492	9.46%	8,548

Source:

- (1) Population provided by the NC State Data Center. Estimates are as of beginning of fiscal year.
- (2) Personal income and per capita income provided by Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year.
- (3) Public school enrollment provided by NC Department of Public Instruction, First Month Average Daily Membership.
- (4) Unemployment rate provided by the NC Employment Security Commission, annual average for prior calendar year.
- (5) Building inspections data provided by the City of High Point Inspections Department.

CITY OF HIGH POINT, NORTH CAROLINA

Table XVIII  
Principal Employers  
Current Year and Nine Years Ago

Employer	2009			2000		
	Employees	Rank	Percentage of Total County Employment <sup>1</sup>	Employees	Rank	Percentage of Total County Employment <sup>1</sup>
Bank of America	2000	1	0.89%	1800	3	0.82%
High Point Regional Health Center	1863	2	0.83%	1975	1	0.90%
Guilford County Schools <i>(employees assigned to High Point Schools and offices)</i>	1821	3	0.81%	1615	2	0.74%
Thomas Built Buses <i>(a division of Daimler Chrysler/Freightliners)</i>	1368	4	0.61%	1600	4	0.73%
City of High Point	1356	5	0.60%	1400	6	0.64%
Polo Ralph Lauren	1165	6	0.52%			
Cornerstone Healthcare	1137	7	0.51%			
Tyco Electronics	880	8	0.39%			
NCO Group Inc	871	9	0.39%			
Aetna	850	10	0.38%	1200	7	0.55%
Old Dominion Freight Lines				1500	5	0.68%
Polo Ralph Lauren				750	8	0.34%
AMP Inc				700	9	0.32%
Marsh Furniture				650	10	0.30%

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

<sup>1</sup> Total employment figures available only for Guilford County only.

**CITY OF HIGH POINT, NORTH CAROLINA**

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

<b>Function/Program</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
General Government	115	115	121	119	120	120	121	125	118	125
Public Safety	445	464	476	477	483	489	507	525	478	490
Public Services	152	157	157	157	161	161	161	161	160	159
Planning and Community Development	29	36	27	27	38	38	52	51	54	54
Cultural and Recreation	150	154	161	161	161	159	159	159	159	173
Water and Sewer	141	133	132	132	140	141	143	145	127	146
Electric	115	119	122	122	121	122	121	121	123	124
Mass Transit	33	33	33	33	33	33	33	33	34	33
Parking	5	5	5	5	5	5	5	5	5	5
Landfill	47	47	46	46	46	46	46	46	40	46
Storm Water	7	7	8	8	8	9	10	10	11	12
Central Services	50	49	42	42	42	42	42	42	40	40
<b>Total</b>	<b>1,289</b>	<b>1,319</b>	<b>1,330</b>	<b>1,329</b>	<b>1,358</b>	<b>1,365</b>	<b>1,400</b>	<b>1,423</b>	<b>1,349</b>	<b>1,407</b>

Source: 2000-2008 City of High Point Finance Department; 2009 and forward - City of High Point Budget and Evaluation Department

Note: For 2000-2008, 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.

Note: Beginning in 2009, the number reported is budgeted full time positions.



NORTH CAROLINA'S INTERNATIONAL CITY™

**CITY OF HIGH POINT, NORTH CAROLINA**

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

<b><u>Function/Program</u></b>	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>
<b>Police</b>					
Calls dispatched	140,000	151,000	129,338	133,528	125,920
<b>Fire</b>					
Emergency responses	8,498	9,299	10,307	10,715	11,114
Inspections	872	1,570	1,668	3,565	3,335
<b>Streets</b>					
Streets paved	-	15	1	10	13
<b>Water and Sewer</b>					
Water pumped (mg per day)	12	12	12	12	12
Sewer Treated (mg per day)	18	18	18	18	18
<b>Electric</b>					
Customers	33,442	33,682	35,690	36,748	37,037
KWH Purchased	966,017,000	981,281,000	1,062,077,000	1,060,289,000	1,080,987,000

CITY OF HIGH POINT, NORTH CAROLINA

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

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
140,161	148,899	148,899	125,137	133,252
11,332	-	-	11,038	10,897
4,613	1,464	1,571	6,715	6,027
-	6	4	3	-
12	12	13	13	11
18	18	17	15	18
38,364	40,564	39,140	40,359	39,369
1,116,574,300	1,200,578,120	1,158,205,000	1,138,448,000	1,160,153,000

**CITY OF HIGH POINT, NORTH CAROLINA**

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

<b><u>Function/Program</u></b>	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>
<b>Police</b>						
Stations	1	1	1	1	1	1
Patrol Units	205	207	211	212	220	220
<b>Fire stations</b>	11	11	11	11	13	14
<b>Streets</b>						
Paved Streets (miles)	439	454	455	465	478	478
Unpaved Streets (miles)	4	4	3	2	2	4
Alleys (miles)	2	2	2	2	2	2
<b>Parks and Recreation</b>						
Acreage	3,799	3,799	3,799	3,799	3,799	3,799
Developed Parks	36	36	36	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
<b>Library</b>						
Books and Volumes	292,010	292,010	297,973	302,945	284,711	320,322
<b>Theatre</b>						
Seats	967	967	967	967	967	967
<b>Water and Sewer</b>						
Water and Sewer mains (miles)	1,018	1,041	1,063	974	984	991
Water storage capacity (mg/day)	24	24	24	24	24	24
Water and Sewer Treatment capacity(mg/day)	22	22	22	22	22	32
<b>Electric</b>						
Overhead lines	580	587	597	591	597	416
Underground lines						184
Electric substations	13	13	13	13	14	14
<b>Mass Transit</b>						
Buses	16	16	16	16	18	18
<b>Parking</b>						
Off Street Parking spaces	1,237	1,237	1,237	1,237	1,237	1,237
<b>Storm Water</b>						
Storm sewers (miles)	530	541	542	545	545	549

CITY OF HIGH POINT, NORTH CAROLINA

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

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
1	1	1	1
251	255	225	225
14	14	14	14
484	489	492	492
4	4	4	4
2	2	2	2
3,804	3,804	3,804	3,200
36	36	36	35
2	2	2	2
2	2	2	2
4	4	4	5
343,444	320,431	295,542	262,066
967	963	963	963
1,311	1,324	1,420	1,347
24	24	18	18
26	26	56	56
416	420	416	416
286	300	311	324
13	13	13	13
18	18	18	18
1,237	1,237	1,237	1,234
570	600	294	315



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, 2009, which collectively comprise the City of High Point's basic financial statements, and have issued our report thereon dated November 30, 2009. 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 a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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 deficiency described in the accompanying *Schedule of Findings and Questioned Costs* as finding 2009-1 to be a significant deficiency 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 do not believe the significant deficiency described above and in the accompanying *Schedule of Findings and Questioned Costs* 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*.

The City of High Point's response to the findings identified in our audit are described in the accompanying *Schedule of Findings and Questioned Costs*. We did not audit City of High Point'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 the 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  
November 30, 2009

# 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 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 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, 2009. 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, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying *Schedule of Findings and Questioned Costs* as items 2009-2 and 2009-3.

### ***Internal Control Over Compliance***

The management of the City of High Point is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of High Point's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph 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.

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

This report is intended solely for the information and use of the Mayor, members of the 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  
November 30, 2009

# 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, 2009. 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, 2009.

***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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

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. We consider the deficiency in internal control over compliance described in the accompanying *Schedule of Findings and Questioned Costs* as items 2009-4 to be significant a 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 State program will not be prevented or detected by the City's internal control. However, we do not believe the significant deficiency described above and in the accompanying *Schedule of Findings and Questioned Costs* is a material weakness.

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 the 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  
November 30, 2009

City of High Point, North Carolina

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2009

---

**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 2009-1

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 2009-2; 2009-3

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grant
14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing
20.205	Highway Planning and Construction
20.507	Federal Transit – Formula Grants

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

Auditee qualified as low-risk auditee?  yes  no

(Continued)

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2009

---

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? reported  yes \_\_\_ none  
2009-4

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

N. C. Department of Environmental and Natural Resources:  
Division of Parks and Recreation:  
Parks and Recreation Trust Fund

(Continued)

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2009

---

**Section II. Financial Statement Findings and Questioned Costs**

Significant Deficiency in Internal Control

**Finding 2009-1**

Condition: The Schedule of Federal and State Awards presented to us for the purposes of determining major programs did not report expenditures for the DENR-23 Parks and Recreation Trust Fund ("PARTF"). Similarly, the City did not report grant receivables and related deferred revenue in the General Capital Projects Fund fund-level financial statements and the revenue in the governmental activities for the government-wide financial statements when eligibility requirements were met as outlined in the grant agreement. See related finding 2009-4 in Section IV.

Recommendation: The City needs to review the grant monitoring process with the purpose of improving communication channels between department heads, grant administrators, management, and finance personnel. This monitoring of compliance is essential to maintain a complete and reliable system of controls to ensure that grant assets and revenues are properly recorded.

Management's Response: The Financial Services Director and the Assistant City Manager have reviewed the City's Grant Application and Management Policy and have identified an opportunity to enhance the communication during the annual budget preparation cycle to review current as well as projected grants for the succeeding fiscal year. We believe this will prevent a future recurrence of any similar situations in the future.

(Continued)

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2009

---

Section III. Federal Award Findings and Questioned Costs

**Finding 2009-2**

**Department of Transportation**

**Federal Transit Administration**

**CFDA: 20.507 Federal Transit – Formula Grant (Urbanized Area Formula Program)**

**Category: Reporting**

Criteria: Recipients are required to participate in the Disadvantaged Business Enterprises (“DBE”) system. Title 49 Section 26.11 of the Federal Regulations and Appendix B to Section 26 explains that the City must continue to provide data about its DBE system to the Federal Transit Administration (“FTA”). It also requires recipients to create and maintain a bidders list.

Condition: The City did not report DBE progress by filing the Form *DOT Form 4630* to the FTA.

Cause and Context: The City’s computer system currently does not have the diversity codes linked in the vendor master file. In order to meet the DBE filing requirements, Transit Division personnel would have to perform the time-consuming process of manually identifying the certification status for all vendors paid with grant funds.

Effect: The purpose of the DBE system is to provide the City access to the most accurate data possible about the universe of DBE and non-DBE contractors and subcontractors who seek to work on federally-assisted contracts for use in helping the City, as well as other municipalities receiving Federal Transit funds, set its overall goals. Not filing the semiannual reports limits the FTA’s ability to achieve its intended objectives for the DBE program.

Questioned Costs: No questioned costs can be determined with this finding. The condition affected the reporting of information required under the grant but not the nature of expenditures associated with the grant.

Recommendation: We recommend that the City either allocate additional resources or time to the Transit Division staff or modify the enterprise system to facilitate identification and reporting of vendors as DBE and non-DBE certified as outlined in the grant requirements.

Management’s Response: The Purchasing Department and Information Technology Services Department have been working on a way to allow vendors to update their vendor profiles via a secure web portal for nearly a year, and testing of the portal is nearly complete. We believe the successful completion of this project will assist the Transit Division and other agencies who require diversity procurement reporting to achieve their reporting objectives.

(Continued)

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2009

---

Section III. Federal Award Findings and Questioned Costs (Continued)

Finding 2009-3

Department of Housing and Urban Development  
CFDA: 14.218 Community Development Block Grant

Category: Reporting

Criteria: Recipients are required to report summary Community Development Block Grant (“CDBG”) expenditure earmarking information to the Department of Housing and Urban Development (“HUD”) using form *HUD-4949.3*.

Condition: The City has not been filing the Form *HUD-4949.3* to HUD.

Cause and Context: The City’s Community Development and Housing Department prepares an activity summary report as part of its Comprehensive Annual Performance Evaluation Report (“CAPER”). The reporting is compiled and submitted within HUD’s *Integrated Disbursement and Information System* (“IDIS”). Unfortunately, IDIS does not allow for electronic submission of the *HUD-4949.3*. At the time of conversion to the IDIS system and election report submission during the late 1990s, the Community Development and Housing Department ceased the required manual report submission.

Effect: While the annual activity summary report explains, tangibly, how the City meets its action plan, *HUD-4949.3* shows that the grant program operated with the earmarking requirements. Without the financial information HUD cannot fully evaluate the City’s compliance with the grant requirements.

Questioned Costs: No questioned costs can be determined with this finding. The condition affected the reporting of the earmarking requirement but not the nature of expenditures associated with the grant.

Recommendation: We recommend that the City either allocate additional resources or time to the community development department staff to accumulate information and prepare the proper report submission to HUD as outlined in the grant requirements.

Management’s Response: In Fall 2008, the Community Department and Housing Director communicated the necessity of the inclusion of the previously thought obsolete form based on correspondence received from HUD and requested assistance from the Financial Services Department. Grant personnel worked throughout the past 12 months in reconciling the IDIS and the required HUD Form 4949.3 was included in the submission of the 2009 CAPER within the statutory requirement of October 28, 2009.

(Continued)

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2009**

---

**Section IV. State Award Findings and Questioned Costs**

Finding 2009-4

North Carolina Department of Environmental and Natural Resources

Division of Parks and Recreation

State Supplement Number: DENR-23 Parks and Recreation Trust Fund (PARTF)

Project ID: 2006-482

**Category: Reporting**

Criteria: The schedule of expenditures of federal and state awards (SEFSA), prepared by the auditee, is required to identify all Federal and State awards expended during a fiscal year.

Condition: The SEFSA presented to us for the purposes of determining major programs did not report expenditures for the PARTF that were expended during fiscal year June 30, 2008.

Cause and Context: Key finance department positions turned over in the latter half of the prior year. Before and during the transition to new personnel, communication of grant expenditures between City department heads and grant administrators broke down and failed to notify the new accounting staff of PARTF activity during the end of the 2008 fiscal year.

Effect: The City failed to report the related expenditures for the PARTF in the SEFSA for the fiscal year June 30, 2008. The City relied upon the audit process to identify the existence of the PARTF program. A subsequent entry was necessary to correctly present the PARTF expenditures in the SEFSA for the fiscal year June 30, 2009. Additional audit procedures were also required to test the PARTF as a major program as required by the State Single Audit manual.

Questioned Costs: No questioned costs can be determined with this finding. The condition affected the reporting of the expenditures but not the nature of eligible expenditures as outlined in the grant requirements.

Recommendation: The City needs to review the grant monitoring process with the purpose of improving communication channels between department heads, grant administrators, management, and finance personnel. This monitoring of compliance is essential to maintain a complete and reliable system of controls. The process should be structured so that appropriate information is obtained, measured, and applied.

Management's Response: The Financial Services Director and the Assistant City Manager have reviewed the City's Grant Application and Management Policy and have identified an opportunity to enhance the communication during the annual budget preparation cycle to review current as well as projected grants for the succeeding fiscal year. We believe this will prevent a future recurrence of any similar situations in the future.

**City of High Point, North Carolina**

**Corrective Action Plan  
Year Ended June 30, 2009**

---

Financial Statement Findings:

Finding 2009-1

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

Views of Responsible Officials and Corrective Action Taken: The Financial Services Director and the Assistant City Manager have reviewed the City's Grant Application and Management Policy and have identified an opportunity to enhance the communication during the annual budget preparation cycle to review current as well as projected grants for the succeeding fiscal year. We believe this will prevent a future recurrence of any similar situations in the future.

Federal Award Findings:

Finding 2009-2

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

Views of Responsible Officials and Corrective Action Taken: The Purchasing Department and Information Technology Services Department have been working on a way to allow vendors to update their vendor profiles via a secure web portal for nearly a year, and testing of the portal is nearly complete. We believe the successful completion of this project will assist the Transit Division and other agencies who require diversity procurement reporting to achieve their reporting objectives.

Finding 2009-3

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

Views of Responsible Officials and Corrective Action Taken: In Fall 2008, the Community Department and Housing Director communicated the necessity of the inclusion of the previously thought obsolete form based on correspondence received from HUD and requested assistance from the Financial Services Department. Grant personnel worked throughout the past 12 months in reconciling the IDIS and the required HUD Form 4949.3 was included in the submission of the 2009 CAPER within the statutory requirement of October 28, 2009.

(Continued)

**City of High Point, North Carolina**

**Corrective Action Plan (Continued)  
Year Ended June 30, 2009**

---

State Award Finding:

Finding 2009-4

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

Views of Responsible Officials and Corrective Action Taken: The Financial Services Director and the Assistant City Manager have reviewed the City's Grant Application and Management Policy and have identified an opportunity to enhance the communication during the annual budget preparation cycle to review current as well as projected grants for the succeeding fiscal year. We believe this will prevent a future recurrence of any similar situations in the future.

**City of High Point, North Carolina**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2009**

---

Significant Deficiencies in Internal Control over Financial Reporting

Finding 2008-1

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

Views of Responsible Officials and 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

Views of Responsible Officials and 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

Views of Responsible Officials and 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 Director of Financial Services.

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

Views of Responsible Officials and 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.



NORTH CAROLINA'S INTERNATIONAL CITY™

**CITY OF HIGH POINT, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For The Year Ended June 30, 2009**

<u>Grantor/Passed Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures (Direct and Passed Through)</u>	<u>State Expenditures (Direct and Passed Through)</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Community Development Block Grant	14.218	\$ 984,851	\$ -
HOME PJ	14.239	355,281	-
HOME Consortium	14.239	149,692	-
Shelter Care Plus	14.238	39,921	-
Lead Hazard Control	14.900	119,761	-
Passed Through N.C. Department of Environment & Natural Resources			
Lead Abatement	14.900	400,561	-
<u>U.S. Department of Justice</u>			
Direct Programs:			
Forfeiture Funds	16.000	117,149	-
COPS Technology - Range	16.710	11,822	-
Weed and Seed	16.595	204,610	-
Justice Assistance Grant	16.738	84,434	-
Violence Against Women	16.527	18,704	-
Bulletproof Vest Partnership	16.607	30,268	-
Passed Through N.C. Department of Crime Control & Public Safety			
Reentry Grant	16.579	28,905	-
<u>U.S. Department of Transportation</u>			
Direct Programs:			
Section 104(f) Highway Planning Grant	20.205	231,114	-
Deep River Greenway Trail	20.205	543,827	-
2007 Congestion Mitigation & Air Quality	20.205	35,247	-
2008 Congestion Mitigation & Air Quality	20.205	83,416	-
Public Transportation Capital Grant - FY 2005-2006	20.507	14,456	-
Public Transportation Capital Grant - FY 2006-2007	20.507	104,552	-
Public Transportation Capital & Planning Grant - FY 2007-2008	20.507	58,943	-
Public Transportation Capital Grant - FY 2008-2009	20.507	146,534	-
Public Transportation Capital Grant - FY 2007-2008	20.507	388,310	48,539
Public Transportation Planning Grant - FY 2008-2009	20.507	32,241	4,030
Public Transportation Capital Grant - FY 2008-2009	20.507	110,134	13,767
Section 9 Operating Grant	20.507	871,318	426,799
Furniture Market Transportation Terminal	20.507	44,005	5,501
<u>U.S. Department of the Treasury</u>			
Passed Through MDC (appropriated by the N.C. General Assembly)			
Volunteer Income Tax Assistance	21.009	5,760	-
<u>U.S. Department of Health &amp; Human Services</u>			
Passed Through Piedmont Triad Council of Governments			
Title III D Disease Prevention	93.043	3,778	222
Passed Through N.C. Department of Crime Control & Public Safety			
CAC Expansion & Training	93.643	43,359	-

N.C. Department of Transportation

Direct Programs:

Advanced Technology Grant - FY 2005-06	-	5,520
Advanced Technology Grant - FY 2006-07	-	67,291
Computerized Signal System	-	4,357
Wendover/Penny - WBS 41366	-	1,631
Eastchester/Premier - WBS 41365	-	3,495
Courtesy/Prospect	-	1,819
Hoskins Street RR	-	20,704
N-S Airport Connector	-	11,704
State Streets Maintenance	-	165,000
Powell Bill	-	2,938,099

N.C. Department of Environment & Natural Resources

Direct Programs:

Pet Waste Disposal Systems	-	1,545
Aquatic Rehabilitation	-	11,779
Parks and Recreation Trust Fund	-	500,000

N.C. Department of Health and Human Services

Passed Through Piedmont Triad Council of Governments

Senior Center General Purpose	-	13,090
-------------------------------	---	--------

N.C. Department of Cultural Resources

Direct Programs:

State Aid to Libraries	-	99,901
------------------------	---	--------

Total Federal and State Assistance

\$ 5,262,953      \$ 4,344,793

Note 1. General

The 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



NORTH CAROLINA'S INTERNATIONAL CITY™

