

CITY OF HIGH POINT, NORTH CAROLINA

HIGH POINT



Celebrating successes

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Tackling challenges

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Investing in our future



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

CITY COUNCIL

REBECCA R. SMOTHERS.....MAYOR
M. CHRISTOPHER WHITLEYMAYOR PRO-TEMPORE
LATIMER B. ALEXANDER IV.....AT- LARGE
MARY LOU BLAKENEYAT- LARGE
BERNITA SIMSWARD 1
FOSTER DOUGLAS.....WARD 2
MICHAEL PUGH.....WARD 3
WILLIAM S. BENCINI.....WARD 4
JOHN FAIRCLOTHWARD 6

CITY MANAGER

STRIB BOYNTON

ASSISTANT CITY MANAGERS

WILLIAM P. PATE
RANDY E. MCCASLIN

FINANCIAL SERVICES DIRECTOR
JEFFREY A. MOORE, CPA

PREPARED BY THE FINANCIAL SERVICES DEPARTMENT

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Financial Services

Jeffrey A. Moore, CPA
DIRECTOR



November 5, 2010

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, 2010. 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, 2009. This marked the 23rd time the City has received the Certificate of Achievement since 1980, and the 15th 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 102,000.

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

Form of Government

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

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.

A globally connected city, High Point earns its nicknames as *North Carolina's International City*[™] and *Home Furnishings Capital of the World*[™] :

- More than 75 internationally-headquartered companies have year-round facilities in High Point – giving the city an impressive 35% of all such foreign-based companies in its 12-county region.
- The High Point Market – the world's largest home furnishings trade show – brings to town approximately 14,000 foreign guests each year. Those visitors represent more than 110 countries.
- Scores of international companies show their products twice each year at the High Point Market.
- City government encourages foreign investment and works closely with both its internationally-owned companies and foreign clients considering opening operations in High Point.

High Point and the Piedmont Triad region boast a superb location for manufacturing/distribution/logistics. 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 (I-40, I-85, I-73 and I-74), high-speed rail corridors, 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, 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 completed the construction of a new 9,000-foot public runway and related airfield improvements which offers benefits to 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.

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

Celebrating SUCCESSES

For many years, High Point has enjoyed year-after-year successes in economic development. Such success does not occur on its own – it happens due to a host of attributes and positive attitudes by business and government leaders.

Recent Economic Development Announcements

The City of High Point was pleased to announce several economic development projects in the 2009-2010 Fiscal Year and in the first quarter of FY 2010-2011. Among them in reverse chronological order were:

- **GBF, Inc.**, more than doubled its space when it moved its new manufacturing, sales, marketing, and product development operations in north High Point in October 2010. The company offers its clients medical packaging, drug testing kits, diagnostic packaging, and full-service printing.
- **Keller Crescent**, a pharmaceutical label manufacturer, plans to invest \$2.3 million in a new high-efficiency press that will allow it to keep up with steady growth. The company, which added 25 jobs recently, is also expanding into two buildings adjacent to its current manufacturing facility.
- **Baltek** will move its US divisional headquarters and light manufacturing operations from New Jersey to southwest High Point. The company will bring 68 jobs and increase High Point's tax base by at least \$3.5 million. Baltek is involved in the manufacturing and distribution of composite products – using balsa and foam for wind energy, military, marine, mass transit, and other industrial applications.
- **Cosmos**, an importer and wholesale supplier of granite stone for commercial and residential building projects, opened a facility in southwest High Point in August 2010. The company's showroom and warehouse is in a 21,000-square foot building.
- Canadian-based **NLnovalink** will build a 53,000-square foot US headquarters, manufacturing plant, and client service center in High Point. The company – which manufactures technology-focused work stations under the trade name of "I.T. focused DESKING" – will create 75 jobs.
- The **Sears Operations Center** reported hiring 61 additional employees recently in July 2010 and expects to add approximately 40 more jobs by early Fall 2010. The sales and customer service facility works with Sears customers from across the United States.

- **Poly Vinyl Creations** opened a manufacturing / distribution facility in southern High Point in July 2010. The company fabricates extruded vinyl, aluminum, and steel products for use outdoors – for fencing, decking, railing, arbors, trellises, and garden products.
- **IMMI**, a leading provider of school bus seats with lap-shoulder belts, announced in June 2010 it will open a manufacturing plant in southern High Point. The facility will offer just-in-time deliveries to the nearby school-bus manufacturing facility of Thomas Built Buses.
- **Inmark, Inc.**, announced opening a 24,000-square foot distribution center in north High Point in March 2010. The company supplies both specialized and general packaging products.
- **Uniters North America** announced in March 2010 opening a distribution facility in northeast High Point. The company analyzes and develops new products for the care and cleaning of all types of materials – including leather, fabric, wood, glass, plastic, marble, and steel.
- **The Best of Everything Fine Upholstery**, a new upholstered furniture manufacturer, opened its factory in January 2010 in southwest High Point. The company makes custom furniture for hotel and residential designers.
- In 2009, **Harland Clarke Corp.** and its check manufacturing / fulfillment facility made a big impact on High Point. The company opened in May 2009 in north High Point – moving 200 employees in phases from its previous facility nearby in the Piedmont Triad region. In November 2009, Harland Clarke further increased employment to 350 jobs at its High Point location.
- **Andes International**, a furniture manufacturer known for its unique hand finishing processes, has opened a distribution center in southeast High Point. The company makes furniture for bedrooms, home offices, dining rooms, and living rooms at its factory in Chile.

Accolades

The High Point/Greensboro metro region has been named in the Top 10best areas three years in a row. Each year Site Selection magazine ranks metro areas by their success in attracting new and expanded business. These rankings were for all regions in the United States with a population between 200,000 and one million. In each year, High Point led the way within its winning region.

- In 2007 and 2008, the Greensboro / High Point metro area was ranked #1 in the nation.
- 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.
- In 2009, High Point’s region continued to do well and was ranked #7 in the nation.

High Point was selected as one of five national recipients of Expansion Solutions Magazine’s 2010 Awards of Excellence in the warehouse /distribution category.

- The award recognizes areas that have “made exceptional progress in economic development by successfully recruiting, retaining, and growing businesses” in that industry sector.
- High Point won the same award in 2008 and 2009.

The City of High Point was recognized for the third consecutive year in a row by ElectriCities with its 2010 “Public Power Award of Excellence” for economic development successes. The award recognized initiative by the city in economic development efforts, including industry recruitment leading to job creation. High Point is a member of ElectriCities which represents the 51 municipalities and universities that own and operate their electric distribution systems in North Carolina.

Attributes

Most cities say they are business-friendly. High Point prides itself on not just saying that catch phrase but on being a business-friendly city government, working in close partnership with its business community. The mayor, city council, and city manager set that tone and ensure it is carried out.

- High Point has a proven record of ensuring companies meet fast track construction schedules.

- The High Point Economic Development Corp. is both a department of city government reporting to the city manager and also a public/private partnership. Two business groups – the High Point Chamber of Commerce and the High Point Partners – work closely with the city on economic development matters and have membership on the High Point EDC board.

High Point's economy has impressively diversified, with new industry sectors joining the city's traditional industries.

- Today's industry sectors include: distribution / logistics; furniture and home furnishings; advanced manufacturing; customer service / financial; life sciences / pharmaceutical / biotech; healthcare; and commercial photography.
- Successful diversification was just what High Point's business and government leaders had planned more than 23 years ago when the City worked closely with a private developer who created the 1,100-acre Piedmont Centre office / industrial park.

The High Point Market

High Point *IS* the Home Furnishings Capital of the World™. Known for years as the International Home Furnishings Market, The High Point Market (www.highpointmarket.org) is the largest wholesale home furnishings industry trade show 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 High Point 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, which celebrated its 100th anniversary in 2009, is where major national and international manufacturers introduce new merchandise twice annually. The Market utilizes over 10 million square feet of permanent and temporary exhibit space. More than 160 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.

High Point's Furniture Cluster

The High Point 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 landmark High Point University study of High Point's impressive furniture industry cluster was published in May 2007 as "The Economic Impact of the Home Furnishings Industry in the Triad Region of North Carolina" (www.highpointedc.com/HPUstudy.cfm) and shows 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. More than 69,000 jobs

exist locally due to the home furnishings cluster – which includes manufacturers, corporate offices, distribution centers, design centers, sales offices, fabric and material suppliers, showrooms, and more.

Impressive Business Parks

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 Baltek.

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, a division of Polo-Ralph Lauren.

Tackling CHALLENGES

Employment

High Point has not been immune to the effects of the national economic downturn. The 2008 average annual unemployment rate for High Point was 6.5% and rose to a high of 12.3% in June 2009, a direct correlation to the current national economic crisis and matching the national unemployment trend. The good news is that even in the face of local, regional and national economic stress, High Point companies created or announced more than 1,405 new jobs in 2009 and almost 600 so far in calendar year 2010. The unemployment rate for High Point had decreased to 11.2% at June 2010 and the latest information at this writing showed unemployment continued to decrease to 9.9% as of September 2010.

Retail Market

High Point's retail market opportunities remain strong with 40 shopping centers and greater than 3.5 million square feet of leasable space. Not unexpected with the economic downturn, occupancy rates have decreased from nearly 95% three years ago but remains dependable at an estimated 70%.

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 remains 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 completing a multi-year \$250 million capital construction program which has included replacing or modernizing a number of dormitories, athletic facilities, and numerous other campus buildings. In September 2010, High Point University announced an impressive \$2 billion growth plan that will include a new school of pharmacy, a new health sciences building that will house graduate programs for physician assistants, physical therapists and occupational therapists, a new school of education, and new basketball arena. 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 celebrated 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 and diverse population of more than 102,000. 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 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 functional 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, 2010 are treated as commitments, rather than expenditures, and such encumbered funds are appropriated for expenditure in fiscal year 2010-2011.

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 4.07%. The City's cash management program during FY2010 produced investment earnings across all funds of \$1,519,542, or a decrease of \$2,115,907 for the year ended June 30, 2010, predominantly as interest rates remained at historical lows during the fiscal year. At June 30, 2010, the investment portfolio is strategically invested with an emphasis in the North Carolina Capital Management Trust and short-term securities in order to maintain a high percentage of readily convertible money market funds to take advantage of a steepening of investment yields anticipated to begin during third and fourth quarters of the fiscal year 2011.

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 102,000 residents having a wide variety of neighborhood, business, and civic priorities and expectations. The citizens of High Point have come to expect and appreciate the high level of municipal services they enjoy. The City is facing 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 that have been 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 has been 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 have begun 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 the contributions this report could not have been prepared and completed.

We wish to especially thank the Mayor and City Council for their support and interest in conducting the financial operations of the City in a responsible and progressive manner. We also thank them for their continued trust, patience, support and commitment they have placed in the city administration as we serve our citizens, businesses, and visitors with exceptional quality services.

Respectfully submitted,



Strib Boynton
City Manager



Jeffrey A. Moore, CPA
Financial Services Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of High Point
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

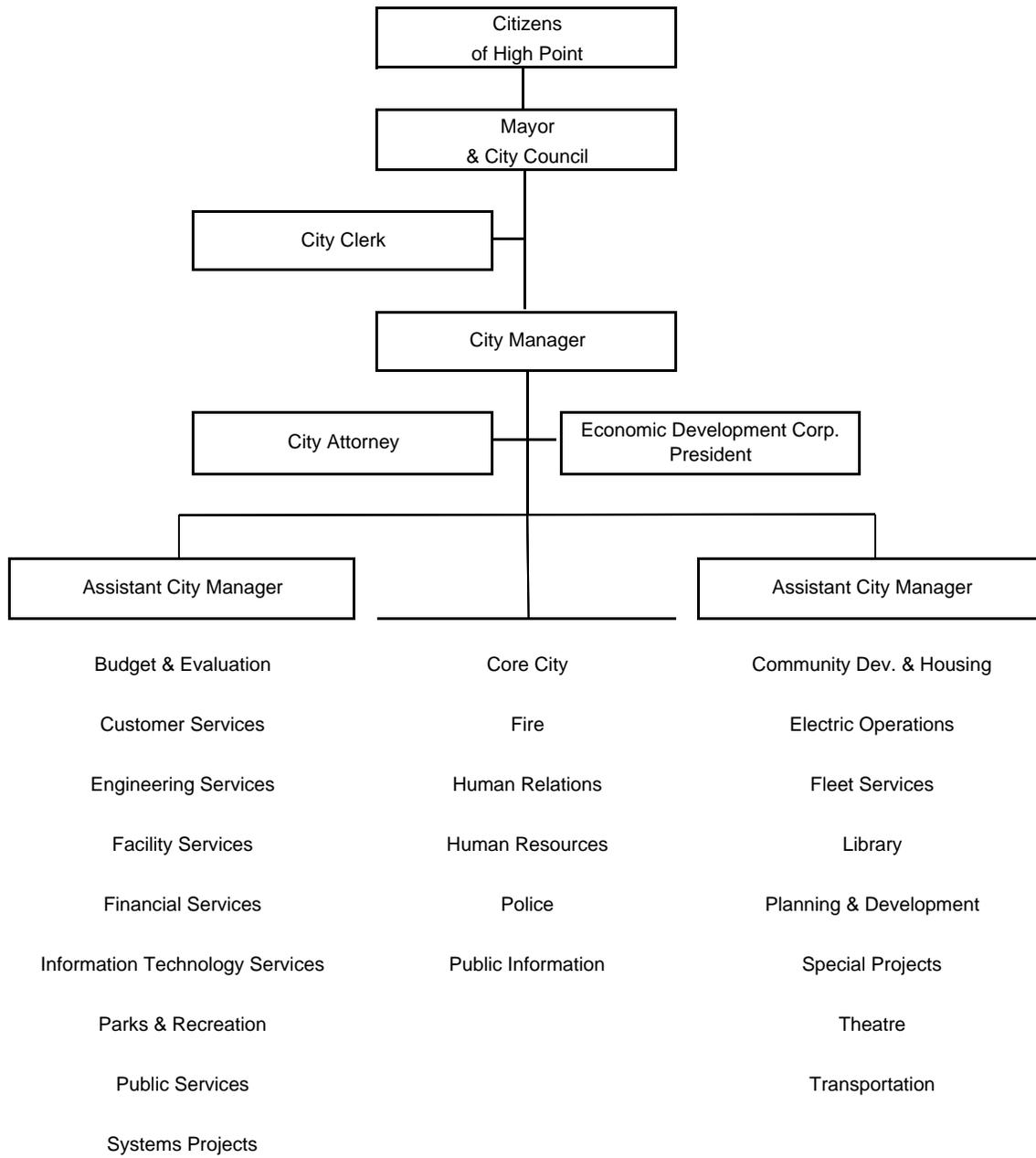
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

Organization Chart
CITY OF HIGH POINT
as of June 30, 2010



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, 2010, 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 discretely presented 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of High Point, North Carolina, as of June 30, 2010, and the respective changes in financial position and the 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 5, 2010 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 accounting principles generally accepted in the United States of America. 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, budgetary comparison schedules, 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 combining supplementary information, budgetary comparison schedules, and the accompanying schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical 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 5, 2010

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, 2010. 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 remains 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 \$519 million. Governmental net assets totaled \$211 million, while business-type net assets totaled \$308 million.
- As of the close of the current fiscal year, the City of High Point's governmental funds reported combined ending fund balances of \$73,301,534, an increase of \$18,284,861 in comparison with the prior year. Approximately 21 percent of this total amount, or \$15,192,769, is available for spending at the government's discretion in the General Fund. This amount represents 16 percent of total general fund expenditures for the fiscal year completed.
- The City's general obligation bond rating was affirmed during the Spring 2010 bond sales for its rating of AAA from Standard & Poor's and was upgraded to carry the second highest possible ratings of Aa1 from Moody's as well as of AA+ from Fitch as of June 30, 2010.

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

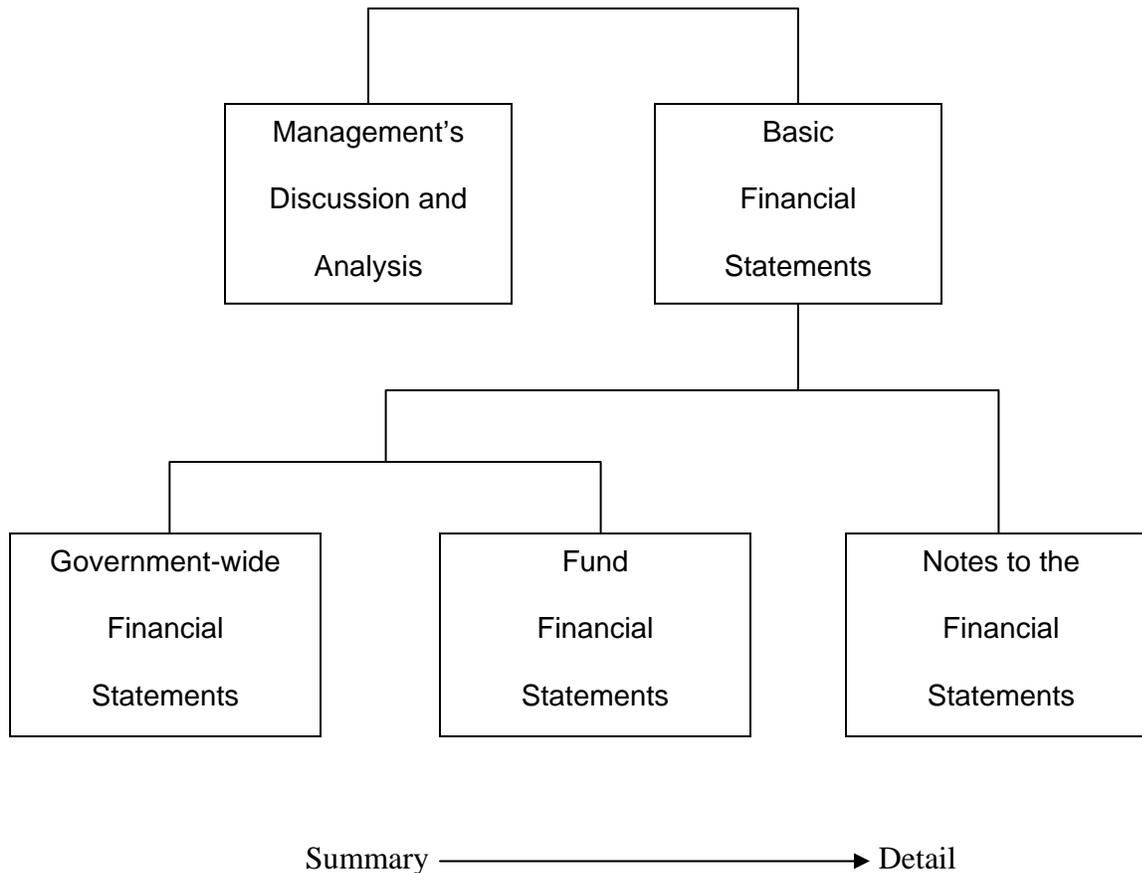
City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE CITY AS A WHOLE AND GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements for the fiscal year ended June 30, 2010 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 3.3% this year to \$519 million from \$537 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, primarily seen in the decrease in amounts invested in capital assets net of related debt. This is primarily caused by the recognition of depreciation expense on governmental infrastructure assets outpacing new investments therein. The City continues to invest heavily in capital spending with its continuing emphasis on infrastructure using long-

term debt proceeds issued during the current fiscal year. All other components of net assets show increases in the current year when compared to last fiscal year.

Table 1
Net Assets for the Fiscal Year Ended June 30, 2010
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Assets						
Current and other assets	\$ 89,336	\$ 76,088	\$161,958	\$149,814	\$251,294	\$225,902
Capital Assets (net)	<u>232,483</u>	<u>251,691</u>	<u>385,839</u>	<u>372,657</u>	<u>618,322</u>	<u>624,348</u>
Total assets	<u>321,819</u>	<u>327,779</u>	<u>547,797</u>	<u>522,471</u>	<u>869,616</u>	<u>850,250</u>
Liabilities						
Liabilities and payables	11,121	12,399	19,831	19,409	30,952	31,808
Long-term liabilities	<u>99,596</u>	<u>80,359</u>	<u>219,796</u>	<u>200,719</u>	<u>319,392</u>	<u>281,078</u>
Total liabilities	<u>110,717</u>	<u>92,758</u>	<u>239,627</u>	<u>220,128</u>	<u>350,344</u>	<u>312,886</u>
Net Assets						
Invested in capital assets, net of debt	170,654	197,660	217,332	218,662	387,986	416,322
Restricted	19,380	18,012	367	-	19,747	18,012
Unrestricted	<u>21,068</u>	<u>19,349</u>	<u>90,471</u>	<u>83,681</u>	<u>111,539</u>	<u>103,030</u>
Total net assets	<u>\$211,102</u>	<u>\$235,021</u>	<u>\$308,170</u>	<u>\$302,343</u>	<u>\$519,272</u>	<u>\$537,364</u>

The net assets of our business-type activities also increased slightly (\$308 million compared to \$302 million) in 2010 as increased revenues and decreased operating expenses allowed steady funding 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. 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—increased to \$21,068,067 as compared to \$19,348,796. This is great news in the face of the daunting fiscal challenges the City experienced over the past 2 fiscal years. 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.

Revenues and Expenses

The City's total revenues (excluding transfers and special items) decreased approximately 4 percent (\$11 million) over the previous fiscal year. The primary reason for the decrease was due to the recognition of one-time gains from the disposal of capital assets during the previous fiscal year. Decreases in operating grants were mostly offset by increases in capital grants during fiscal year 2010. The remaining factor is the decrease in sales and occupancy taxes when compared to last fiscal year and this is covered in more detail later within this analysis.

Table 2
Changes in Net Assets for the Fiscal Year Ended June 30, 2010
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
City Revenues						
Program revenue:						
Charges for services	\$ 8,318	\$ 9,943	\$152,800	\$147,045	\$161,118	\$156,988
Operating grants and contributions	13,434	14,837	2,396	3,526	15,830	18,363
Capital grants and contributions	288	1,026	4,411	1,881	4,699	2,907
General revenue:						
Property taxes	57,834	57,737	-	-	57,834	57,737
Sales & occupancy taxes	14,651	16,146	-	-	14,651	16,146
Grants, contributions not restricted to specific programs	16,442	16,211	-	-	16,442	16,211
Other	1,088	14,440	1,655	1,540	2,743	15,980
Total City revenues	112,055	130,340	161,262	153,992	273,317	284,332
City Expenses						
General Government	19,801	22,156	-	-	19,801	22,156
Public safety	42,088	41,601	-	-	42,088	41,601
Public and Environmental Services	40,523	42,960	-	-	40,523	42,960
Planning and Community Development	10,673	7,514	-	-	10,673	7,514
Cultural and Recreation	20,368	20,833	-	-	20,368	20,833
Interest expense and related debt service	3,529	3,505	-	-	3,529	3,505
Water and Sewer	-	-	41,351	41,025	41,351	41,025
Electric	-	-	101,578	100,645	101,578	100,645
Mass Transit	-	-	3,581	3,458	3,581	3,458
Parking	-	-	714	824	714	824
Landfill	-	-	4,936	8,066	4,936	8,066
Storm Water	-	-	2,267	1,951	2,267	1,951
Total City expenses	136,982	138,569	154,427	155,969	291,409	294,538
Increase (decrease) in net assets before transfers	(24,927)	(8,229)	6,835	(1,977)	(18,092)	(10,206)
Transfers in (out)	1,008	1,315	(1,008)	(1,315)	-	-
Increase (decrease) in net assets	(23,919)	(6,914)	5,827	(3,292)	(18,092)	(10,206)
Net assets, beginning	235,021	241,935	302,343	305,635	537,364	547,570
Net assets, ending	\$211,102	\$235,021	\$308,170	\$302,343	\$519,272	\$537,364

The total cost of all programs and services decreased 1.1 percent (\$3.2 million) as the City intentionally trimmed back operating expenditures. Results of operations show decreases led by general government, public and environmental services, and landfill operations were offset by increases in planning and community development from the expenditure of the neighborhood stabilization and lead abatement grants ramped up during the fiscal year. 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 increased this year by \$5.8 million due to the City increasing rates for water and sewer as well as electric services, which have been utilized to continue efforts to improve and replace the water and sewer, and electric system infrastructure and distribution system while holding operating expenses fairly constant. 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

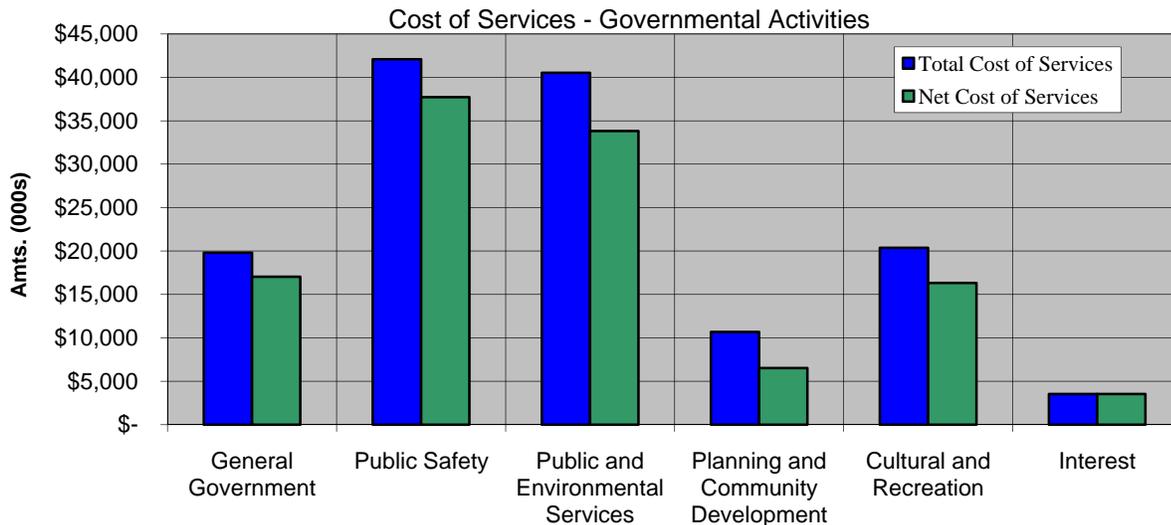
Property tax revenues remained essentially level, increasing only slightly by \$0.1 million compared to the prior year as taxable growth slowed last year. The City did not have a property tax increase in the current fiscal year. The City did feel the impact of the local economic downturn as sales and occupancy taxes decreased approximately \$1.5 million (9%) from the prior year.

The total cost of all governmental activities this year decreased over \$1 million to \$137 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 \$115 million because some of the cost was paid by those who directly benefited from the programs (\$8 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$14 million). The City paid for the remaining “public benefit” portion of governmental activities with almost \$15 million in sales taxes, \$16 million in intergovernmental revenues, grants, and contributions, and \$1 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	\$ 19,801,263	\$ 17,040,400
Public Safety	42,088,245	37,722,007
Public and Environmental Services	40,523,136	33,821,965
Planning and Community Development	10,673,496	6,513,076
Cultural and Recreation	20,367,904	16,316,516
Interest on long-term debt	3,528,704	3,528,704
Total	\$ 136,982,748	\$ 114,942,668



Business-type Activities

Charges for services of the City's business-type activities (see Table 2) increased slightly over the past fiscal year (\$153 million in 2010 compared to \$147 million in 2009). This was mainly due to a combined increase in operating revenues received by the Water and Sewer and Electric Funds, while all other fund operating revenues remained virtually unchanged over the prior year.

The City water and sewer utility increased rates that resulted in increased operating revenues of \$1.1 million. The average increase in the combined water and sewer rates averaged 4.9 percent for the fiscal year.

The Electric Fund increase of \$3.5 million was due in large part to an increase in electric rates of 4.0 percent.

The operating revenues of the non-major business-type funds increased slightly, primarily due to increased charges for services in the landfill 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 \$73 million, an \$18 million increase over the prior fiscal year. However, this is primarily due to the receipt of bond proceeds issued at the end of the fiscal year which resulted in designated fund balances for subsequent expenditures in the general capital projects fund increasing by a nearly similar amount. Of the total fund balances reported, \$44.2 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 \$15,192,769 while total fund balance reached \$21,537,899, representing an overall increase of \$518,151, 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 16 percent of total General Fund expenditures, while total fund balance represents nearly 21 percent of General Fund expenditures.

The 2010-2011 Annual Budget appropriated a total of \$3,584,710 of the \$15,192,769 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 \$9,923,268.

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

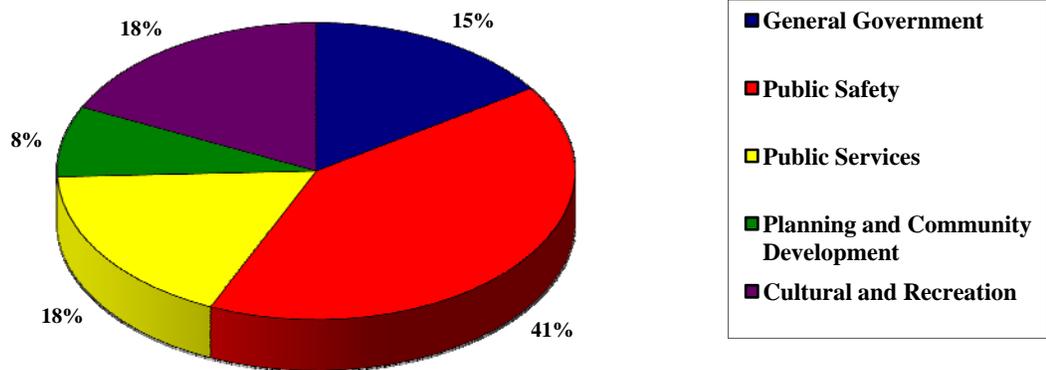
Revenue Sources	Amount	Percent of Total	Increase (Decrease) from 2009
Property taxes.....	\$ 54,709,726	56.7%	\$ 1,685,201
Sales and use taxes.....	14,651,486	15.2%	(1,494,083)
Intergovernmental revenues.....	12,774,688	13.2%	608,406
Licenses and Permits.....	3,546,529	3.7%	(411,531)
Charges for services.....	4,158,266	4.3%	410,649
Interest on investments.....	334,787	0.3%	(433,469)
Miscellaneous revenues.....	6,353,805	6.6%	373,802
	<u>\$ 96,529,287</u>	<u>100.0%</u>	<u>\$ 738,975</u>

The most significant component in General Fund revenues remains to be property taxes which increased \$1.7 million in increased collected revenues despite no tax increase and slowing taxable growth in valuation which has slowed in response to the economy.

Sales taxes decreased \$1.5 million due in large part to the continuing economic downturn, a 9% reduction from prior year totals. In addition, state-shared revenues increased slightly from continued State-shared and federal distributions. During the fiscal year, the City Manager prescribed several budget-reduction strategies early when management realized that sales taxes and other dynamic revenues were not recovering to projected budget levels expected. Consequently, every functional department reduced their budgets by 3%-5% and the Budget Office actually transferred those reductions from the operating budgets to a "budget contingency account" managed by the City Manager's Office. Consequently, these actions resulted in the large under budget variance of \$3.3 million in the general government function.

General Fund Expenditures on the Governmental Fund Basis

Functions	Amount	Percent of Total	Increase (Decrease) from 2009
General Government.....	\$ 14,735,815	15.6%	\$ (4,222,352)
Public Safety.....	38,794,273	41.1%	(703,096)
Public Services.....	16,714,333	17.7%	1,093,509
Planning and Community Dev.....	7,277,729	7.7%	2,429,993
Cultural and Recreation.....	16,937,099	17.9%	(674,613)
	<u>\$ 94,459,249</u>	<u>100.0%</u>	<u>\$ (2,076,559)</u>



Other Governmental Funds

The General Capital Projects Fund continues to be shown as a major fund in the current fiscal year. This is primarily due to the continued level of expenditures in the current fiscal year from the general obligation bond issues completed in June 2008 and the new general obligation bonds issued in June 2010. 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 2010, the City had \$1.24 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 \$41.6 million, or 3.5 percent, over last year. The majority of the additions during the fiscal year came from the expenditure of previously issued general obligation and revenue bonds. 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	
	2010	2009	2010	2009	2010	2009
	Land and land improvements	\$ 15,824	\$ 20,979	\$ 11,423	\$ 12,213	\$ 27,247	$ 33,192
Intangibles	116	116	2,573	2,573	2,689	2,689
Construction in progress	23,360	27,876	49,140	45,565	72,500	73,441
Buildings and related improvements	55,994	46,012	97,337	95,412	153,331	141,424
Equipment	58,406	56,769	137,010	172,846	195,416	229,615
Infrastructure	487,154	477,260	301,617	240,681	788,771	717,941
Total capital assets	<u>\$ 640,854</u>	<u>\$ 629,012</u>	<u>\$ 599,100</u>	<u>\$ 569,290</u>	<u>\$ 1,239,954</u>	<u>\$ 1,198,302</u>

The City's fiscal year 2010-2011 capital budget calls for it to spend another \$14 million for capital projects, principally for the electrical system improvements and water and sewer improvements.

These capital projects are budgeted as follows:

General Fund.....	\$ 297,331
Water and Sewer Fund.....	3,029,000
Electric.....	5,416,084
Miscellaneous.....	<u>4,929,704</u>
Total.....	<u>\$ 13,672,119</u>

Debt

At year-end, the City had approximately \$298 million in bonds and notes outstanding versus \$261 million last year—an increase of almost 14 percent—as shown in Table 5. New debt resulted from the issuance of capital leases for \$2.0 million for a facility to house our local workforce development programs and \$3.5 million for the City's automated refuse and recycling collection program discussed earlier. The City also issued the final installment of the 2004 authorized general obligation bonds in the amount of \$16.5 million as well as an additional \$5.6 million bonds allowed as two-thirds bonds for additional transportation, greenway and parks purposes. While the City was issuing these bonds, we also completed an advance refunding of a portion of the outstanding water and sewer bonds which will save the City's ratepayers about \$560,000 in interest payments over the next 12 years. Finally, the City also issued \$23.2 million in additional water and sewer revenue bonds.

Table 5
Outstanding Debt
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
	General obligation bonds	\$ 79,327	\$ 64,111	\$ 58,782	\$ 59,971	\$ 138,109	$ 124,082
Revenue bonds	-	-	134,678	113,190	134,678	113,190
Notes payable and capital leases	13,008	10,092	12,150	13,541	25,158	23,633
Total outstanding debt	<u>\$ 92,335</u>	<u>\$ 74,203</u>	<u>\$ 205,610</u>	<u>\$ 186,702</u>	<u>\$ 297,945</u>	<u>\$ 260,905</u>

The City's general obligation bond rating continues to carry high and stable ratings from the three national rating agencies at June 30, 2010. Standard & Poor's rates the City's credit at AAA, the highest available. Moody's recalibrated the City's rating and then affirmed that upgraded rating with our June 2010 bond sales to Aa1. Fitch also completed a recalibration on the City's bond credit rating in Spring 2010 and they also affirmed that upgrade to a AA+ with the City's June 2010 bond sales. 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 \$746 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 2010-2011 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 continuing impact of the economic downturn on our corporate and residential citizens. Unemployment in the City in June 2010 stood at 11.2 percent which was improved over the 12.3 percent high in June 2009 but still significantly higher than the 6.5 percent unemployment rate in June 2008.

Inflation in the City continues to be hedged slightly lower than the national Consumer Price Index (CPI) increase. The City's CPI increase was projected to be 3.8%-4.8% for fiscal year 2011 compared with the national rate of 4 percent.

In adopting the Annual Budget for fiscal year 2010-2011, 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 \$100 million, which is a decrease of 3 percent over the adopted 2010 budget of \$104 million. The City employed strategic reductions in and holding back increases over other costs as well as reducing the level of 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 2011:

- 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 4.8% to cover the wholesale power rate increase of 5%.
- 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, 2010

	PRIMARY GOVERNMENT			COMPONENT UNIT
	Governmental Activities	Business-type Activities	TOTAL	HIGH POINT ABC BOARD
ASSETS				
Cash and investments.....	\$ 45,425,488	\$ 105,161,366	\$ 150,586,854	\$ 1,432,690
Receivables:				
Taxes (net).....	2,050,966	-	2,050,966	-
Accounts receivable and accrued revenue (net).....	8,100,507	11,751,760	19,852,267	-
Assessments (net).....	17,497	92,588	110,085	-
Notes.....	4,137,674	-	4,137,674	-
Accrued interest.....	78,308	187,572	265,880	-
Internal balances.....	(77,320)	77,320	-	-
Interfund loan.....	(1,241,258)	1,241,258	-	-
Due from component unit.....	161,780	-	161,780	-
Inventory.....	142,088	5,245,771	5,387,859	874,491
Prepaid Items.....	34,430	108,675	143,105	56,639
Restricted Assets:				
Cash and investments.....	30,505,815	35,843,498	66,349,313	-
Deferred charges.....	-	2,248,884	2,248,884	-
Capital Assets:				
Land, non-depreciable improvements, and construction in progress....	39,300,172	63,135,959	102,436,131	-
Other capital assets, net of related depreciation.....	193,182,788	322,702,663	515,885,451	2,918,203
Total capital assets.....	232,482,960	385,838,622	618,321,582	2,918,203
TOTAL ASSETS	321,818,935	547,797,314	869,616,249	5,282,023
LIABILITIES				
Accounts payable and accrued expenses.....	4,853,423	14,424,559	19,277,982	575,840
Accrued interest payable.....	896,241	1,427,343	2,323,584	-
Due to City of High Point.....	-	-	-	161,780
Due to other governments.....	-	-	-	26,568
Deposits and other liabilities.....	-	2,108,440	2,108,440	-
Unearned revenue.....	5,371,294	1,870,939	7,242,233	-
Long-term liabilities:				
Due in one year.....	10,577,437	9,428,668	20,006,105	160,000
Due in more than one year.....	89,018,585	210,367,043	299,385,628	328,454
TOTAL LIABILITIES	110,716,980	239,626,992	350,343,972	1,252,642
NET ASSETS				
Invested in capital assets, net of related debt.....	170,653,597	217,332,086	387,985,683	2,429,749
Restricted for:				
Debt service.....	19,380,291	-	19,380,291	-
Specific Programs (Mass Transit).....	-	367,613	367,613	-
High Point ABC Board Working Capital.....	-	-	-	356,495
Unrestricted.....	21,068,067	90,470,623	111,538,690	1,243,137
TOTAL NET ASSETS	\$ 211,101,955	\$ 308,170,322	\$ 519,272,277	\$ 4,029,381

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, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General Government.....	\$ 19,801,263	\$ 2,210,293	\$ 550,570	\$ -
Public Safety.....	42,088,245	1,130,736	3,235,502	-
Public and Environmental Services.....	40,523,136	549,938	5,863,168	288,065
Planning and Community Development.....	10,673,496	950,498	3,209,922	-
Cultural and Recreation.....	20,367,904	3,476,910	574,478	-
Interest and Fiscal Charges.....	3,528,704	-	-	-
Total governmental activities.....	<u>136,982,748</u>	<u>8,318,375</u>	<u>13,433,640</u>	<u>288,065</u>
Business-type activities:				
Water and Sewer	41,350,423	39,121,632	-	4,411,222
Electric.....	101,578,236	103,677,042	11,500	-
Mass Transit.....	3,581,111	543,788	2,315,451	-
Parking.....	713,578	333,047	-	-
Landfill.....	4,936,142	6,774,821	68,588	-
Stormwater.....	2,267,179	2,350,132	-	-
Total business-type activities.....	<u>154,426,669</u>	<u>152,800,462</u>	<u>2,395,539</u>	<u>4,411,222</u>
Total primary government.....	<u>\$ 291,409,417</u>	<u>\$ 161,118,837</u>	<u>\$ 15,829,179</u>	<u>\$ 4,699,287</u>
Component unit:				
High Point ABC Board.....	\$ 9,189,319	\$ 9,311,579	\$ -	\$ -
Total component unit.....	<u>\$ 9,189,319</u>	<u>\$ 9,311,579</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Property taxes.....	.....
Sales and use taxes.....	.....
Occupancy and other local taxes.....	.....
Revenues and contributions not restricted to specific programs.....	.....
Gain on the disposal of capital assets.....	.....
Investment earnings.....	.....

Total general revenues not including transfers

Transfers

Total general revenues and transfers.....	.....
Change in net assets.....	.....
Net assets, beginning.....	.....
Net assets, ending.....	.....

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

Net Revenue (Expense) and Change in Net Assets			Component Unit ABC Board
Primary Government			
Governmental Activities	Business-type Activities	Total	
\$ (17,040,400)	\$ -	\$ (17,040,400)	\$ -
(37,722,007)	-	(37,722,007)	-
(33,821,965)	-	(33,821,965)	-
(6,513,076)	-	(6,513,076)	-
(16,316,516)	-	(16,316,516)	-
(3,528,704)	-	(3,528,704)	-
<u>(114,942,668)</u>	<u>-</u>	<u>(114,942,668)</u>	<u>-</u>
-	2,182,431	2,182,431	-
-	2,110,306	2,110,306	-
-	(721,872)	(721,872)	-
-	(380,531)	(380,531)	-
-	1,907,267	1,907,267	-
-	82,953	82,953	-
-	<u>5,180,554</u>	<u>5,180,554</u>	-
<u>\$ (114,942,668)</u>	<u>\$ 5,180,554</u>	<u>\$ (109,762,114)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 122,260
\$ -	\$ -	\$ -	\$ 122,260
\$ 57,834,033	\$ -	\$ 57,834,033	\$ -
13,099,712	-	13,099,712	-
1,551,774	-	1,551,774	-
16,442,105	-	16,442,105	1,527
447,961	-	447,961	(229)
639,747	1,654,727	2,294,474	7,247
90,015,332	1,654,727	91,670,059	8,545
1,008,074	(1,008,074)	-	-
91,023,406	646,653	91,670,059	8,545
(23,919,262)	5,827,207	(18,092,055)	130,805
235,021,217	302,343,115	537,364,332	3,898,576
<u>\$ 211,101,955</u>	<u>\$ 308,170,322</u>	<u>\$ 519,272,277</u>	<u>\$ 4,029,381</u>

CITY OF HIGH POINT, NORTH CAROLINA

Balance Sheet
Governmental Funds
June 30, 2010

	Major Funds			Total Governmental Funds
	General Fund	General Capital Projects Fund	Non-Major Governmental Funds	
ASSETS				
Cash and Investments.....	\$ 19,600,038	\$ 2,446,988	\$ 21,290,681	\$ 43,337,707
Receivables (net):				
Taxes.....	2,050,966	-	-	2,050,966
Accounts Receivable and Accrued Revenue.....	5,933,238	1,164,130	981,392	8,078,760
Assessments.....	17,497	-	-	17,497
Notes.....	-	-	4,137,674	4,137,674
Accrued Interest.....	47,026	-	31,282	78,308
Due from component unit.....	161,780	-	-	161,780
Prepaid Items.....	34,430	-	-	34,430
Restricted Assets:				
Cash and Investments.....	252,519	30,253,296	-	30,505,815
TOTAL ASSETS	\$ 28,097,494	\$ 33,864,414	\$ 26,441,029	\$ 88,402,937
LIABILITIES AND FUND BALANCES				
Accounts Payable and Accrued Expenses.....	\$ 3,211,831	\$ 814,649	\$ 486,575	\$ 4,513,055
Due to Other Funds.....	-	1,241,258	-	1,241,258
Deferred Revenue.....	3,347,764	1,234,210	4,765,116	9,347,090
TOTAL LIABILITIES	6,559,595	3,290,117	5,251,691	15,101,403
FUND BALANCES				
Fund Balances:				
Reserved for:				
Encumbrances.....	471,425	2,498,662	270,732	3,240,819
Prepaid Items.....	34,430	-	-	34,430
State Statute.....	5,839,275	811	622,429	6,462,515
Debt Service.....	-	-	19,380,291	19,380,291
Unreserved:				
Designated for Subsequent Years' Expenditures.....	3,584,710	28,074,824	1,099,939	32,759,473
Designated for Economic Development.....	1,676,963	-	-	1,676,963
Designated for Market Authority.....	7,828	-	-	7,828
Undesignated, reported in General Fund.....	9,923,268	-	-	9,923,268
Undesignated, reported in Special Revenue Fund.....	-	-	(184,053)	(184,053)
TOTAL FUND BALANCES	21,537,899	30,574,297	21,189,338	73,301,534
TOTAL LIABILITIES AND FUND BALANCES	\$ 28,097,494	\$ 33,864,414	\$ 26,441,029	\$ 88,402,937
Fund balances as reported above				\$ 73,301,534
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.				217,489,315
Internal service funds used to allocate costs among the funds are included in the statement of net assets.				16,058,431
Internal service funds profit/loss is allocated to the business-type funds in the statement of net assets.				(77,320)
Some liabilities are not payable in the current period and are therefore not reported in the funds.				(99,645,801)
Receivables that are not available to pay for current-period expenditures are reported as revenue deferred in the funds.				3,975,796
Net assets of governmental activities				<u>\$ 211,101,955</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, 2010

	Major Funds			Total Governmental Funds
	General Fund	General Capital Projects Fund	Non-Major Governmental Funds	
Revenues				
Property Taxes.....	\$ 54,709,726	\$ -	\$ 3,263,426	\$ 57,973,152
Sales and Use Taxes.....	13,099,712	-	-	13,099,712
Occupancy and Other Local Taxes.....	1,551,774	-	-	1,551,774
Intergovernmental Revenues.....	12,774,688	4,874,976	6,904,405	24,554,069
Licenses and Permits.....	3,546,529	-	-	3,546,529
Charges for Services.....	4,158,266	-	-	4,158,266
Interest on Investments.....	334,787	-	304,960	639,747
Administrative Reimbursements.....	5,829,954	180,000	-	6,009,954
Miscellaneous Revenues.....	523,851	494,685	556,873	1,575,409
Total revenues.....	<u>96,529,287</u>	<u>5,549,661</u>	<u>11,029,664</u>	<u>113,108,612</u>
Expenditures				
General Government.....	14,735,815	1,831,037	386,745	16,953,597
Public Safety.....	38,794,273	436,568	2,625,167	41,856,008
Public Services - Transportation.....	7,579,745	4,795,012	635,081	13,009,838
Public Services - Environmental services.....	9,134,588	-	-	9,134,588
Community and Economic Development.....	7,277,729	-	3,520,379	10,798,108
Cultural and Recreation.....	16,937,099	2,996,969	115,558	20,049,626
Debt Service:				
Principal Retirement.....	692,573	-	5,470,690	6,163,263
Interest and Fiscal Charges.....	91,848	48,318	3,394,023	3,534,189
Total Expenditures.....	<u>95,243,670</u>	<u>10,107,904</u>	<u>16,147,643</u>	<u>121,499,217</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,285,617</u>	<u>(4,558,243)</u>	<u>(5,117,979)</u>	<u>(8,390,605)</u>
Other Financing Sources (Uses)				
Bond issuance premium	-	-	209,786	209,786
Proceeds from issuance of general obligation bonds....	-	18,930,000	-	18,930,000
Proceeds from issuance of capital leases.....	3,500,000	2,000,000	-	5,500,000
Transfers in.....	2,810,000	655,219	7,494,661	10,959,880
Transfers in related to payments in lieu of taxes.....	820,000	-	-	820,000
Transfers out.....	(7,897,466)	(951,384)	(895,350)	(9,744,200)
Total Other Financing Sources (Uses).....	<u>(767,466)</u>	<u>20,633,835</u>	<u>6,809,097</u>	<u>26,675,466</u>
Net change in fund balances.....	518,151	16,075,592	1,691,118	18,284,861
Fund balances, beginning.....	21,019,748	14,498,705	19,498,220	55,016,673
Fund balances, ending.....	<u>\$ 21,537,899</u>	<u>\$ 30,574,297</u>	<u>\$ 21,189,338</u>	<u>\$ 73,301,534</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, 2010**

Net change in fund balances - total governmental funds	\$ 18,284,861
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds; Revenues received in FY 09-10 in the funds but recorded / accrued in FY 08-09 on the Statement of Activities	(3,749,000)
Principal payments are reported as decreases in liabilities in the Statement of Activities, but reported as expenditures in the funds	6,163,263
Capital outlays are reported as increases in assets in the Statement of Activities, but reported as an expenditure in the funds	12,215,449
Depreciation is recognized as an expense in the Statement of Activities, but is not reported in the funds	(30,657,626)
Infrastructure contributed by developers is considered capital contribution for the Statement of Activities, but is not reported in the funds	288,065
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	(1,309,714)
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	(24,430,000)
Gain (loss) on the disposal of capital assets is recorded in the Statement of Activities (excludes internal service fund gain/loss)	(2,075,290)
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.	2,053,280
Internal service funds current year profit/loss is allocated to the business-type funds in the Statement of Activities	<u>(702,550)</u>
Change in net assets of governmental activities	<u>\$ (23,919,262)</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, 2010

	Budget		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes.....	\$ 54,920,444	\$ 54,920,444	\$ 54,709,726	\$ (210,718)
Sales and use taxes.....	17,285,000	17,285,000	14,651,486	(2,633,514)
Intergovernmental revenues.....	11,629,767	11,629,767	12,774,688	1,144,921
Licenses and permits.....	4,272,900	4,272,900	3,546,529	(726,371)
Charges for services.....	4,419,250	4,459,221	4,158,266	(300,955)
Interest on investments.....	800,000	800,000	334,787	(465,213)
Administrative reimbursements.....	5,829,954	5,829,954	5,829,954	-
Miscellaneous revenues.....	495,176	550,176	523,851	(26,325)
Total revenues.....	<u>99,652,491</u>	<u>99,747,462</u>	<u>96,529,287</u>	<u>(3,218,175)</u>
Expenditures				
General government.....	17,574,276	18,049,819	14,735,815	3,314,004
Public safety.....	40,080,912	40,196,104	39,134,239	1,061,865
Public Services and Transportation.....	8,692,276	8,141,330	7,579,745	561,585
Public Services - Environmental protection.....	10,359,970	10,321,488	9,508,451	813,037
Community and economic development.....	8,030,427	8,107,415	7,277,729	829,686
Cultural and recreation.....	18,347,812	18,137,443	16,957,691	1,179,752
Total expenditures.....	<u>103,085,673</u>	<u>102,953,599</u>	<u>95,193,670</u>	<u>7,759,929</u>
Revenues over (under) expenditures.....	<u>(3,433,182)</u>	<u>(3,206,137)</u>	<u>1,335,617</u>	<u>4,541,754</u>
Other financing sources (uses):				
Proceeds from capital leases.....	3,250,000	3,250,000	3,500,000	250,000
Transfers in.....	2,810,000	2,810,000	2,810,000	-
Transfers in related to payment in lieu of tax....	820,000	820,000	820,000	-
Transfers out.....	(8,016,752)	(8,628,720)	(7,947,466)	681,254
Appropriated fund balance.....	4,569,934	4,954,857	-	(4,954,857)
Total other financing sources (uses).....	<u>3,433,182</u>	<u>3,206,137</u>	<u>(817,466)</u>	<u>(4,023,603)</u>
Net change in fund balance.....	<u>\$ -</u>	<u>\$ -</u>	<u>518,151</u>	<u>\$ 518,151</u>
Fund balances, beginning.....			<u>21,019,748</u>	
Fund balances, ending.....			<u>\$ 21,537,899</u>	

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

CITY OF HIGH POINT, NORTH CAROLINA

Statement of Net Assets
Proprietary Funds
June 30, 2010

ASSETS	Major Funds	
	Business-type Activities -Enterprise Funds	
	WATER AND SEWER	ELECTRIC
Current Assets		
Cash and investments.....	\$ 34,849,336	\$ 33,410,995
Receivables:		
Accounts and Grants (net).....	3,731,911	6,349,146
Assessments (net).....	92,588	-
Accrued Interest.....	69,614	56,357
Inventory.....	-	5,168,799
Prepaid Expenses.....	-	-
Total current assets	38,743,449	44,985,297
Noncurrent assets		
Restricted Assets:		
Cash and investments.....	25,433,156	741,408
Deferred charges.....	2,240,753	-
Interfund Loan receivable.....	-	-
Capital Assets:		
Land, rights of way and water rights.....	7,380,430	758,364
Buildings and System.....	371,868,147	154,965
Machinery and Equipment.....	13,437,649	114,452,510
Intangibles.....	-	2,573,325
Construction in progress.....	40,866,896	2,080,986
Less accumulated depreciation.....	(128,005,972)	(60,291,898)
Total capital assets (net of accumulated depreciation).....	305,547,150	59,728,252
Total noncurrent assets.....	333,221,059	60,469,660
Total Assets	\$ 371,964,508	\$ 105,454,957
LIABILITIES AND NET ASSETS		
Liabilities		
Current Liabilities		
Accounts Payable and Accrued Expenses.....	\$ 3,313,957	\$ 9,894,402
Current Maturities of Long-Term Debt.....	8,243,092	-
Current Maturities of Compensated Absences.....	345,108	340,478
Accrued interest payable.....	1,271,777	-
Deposits.....	221,280	741,408
Total current liabilities	13,395,214	10,976,288
Noncurrent liabilities		
Accrued Closure/Postclosure Costs.....	-	-
Other liabilities.....	1,137,632	-
Loans Payable.....	10,601,217	-
Other Post Employment Benefits accrual.....	326,526	262,597
General Obligation Bonds Payable.....	40,733,317	-
Revenue Bonds Payable.....	132,023,150	-
Obligation under capital leases.....	-	-
Compensated Absences.....	145,335	74,318
Deferred revenue.....	-	-
Total Noncurrent liabilities	184,967,177	336,915
Total Liabilities	198,362,391	11,313,203
Net assets		
Invested in Capital Assets, Net of Related Debt.....	141,399,003	59,728,252
Restricted.....	-	-
Unrestricted.....	32,203,114	34,413,502
Total Net Assets	173,602,117	94,141,754
Total Liabilities and Net Assets	\$ 371,964,508	\$ 105,454,957

Reconciliation to the Statement of Net Assets:
Net assets of enterprise funds
Adjustment to reflect the profit/loss distribution of internal service fund activities
Net assets of business-type activities

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	
\$ 36,901,035	\$ 105,161,366	\$ 2,087,781	
1,670,703	11,751,760	21,747	
-	92,588	-	
61,601	187,572	-	
76,972	5,245,771	142,088	
108,675	108,675	-	
38,818,986	122,547,732	2,251,616	
9,668,934	35,843,498	-	
8,131	2,248,884	-	
1,241,258	1,241,258	-	
3,283,756	11,422,550	87,740	
26,931,186	398,954,298	13,439,661	
9,119,920	137,010,079	28,756,193	
-	2,573,325	-	
6,192,202	49,140,084	-	
(24,963,844)	(213,261,714)	(27,289,949)	
20,563,220	385,838,622	14,993,645	
31,481,543	425,172,262	14,993,645	
\$ 70,300,529	\$ 547,719,994	\$ 17,245,261	
\$ 1,216,200	\$ 14,424,559	\$ 340,368	
323,419	8,566,511	125,259	
176,571	862,157	90,042	
155,566	1,427,343	-	
8,120	970,808	-	
1,879,876	26,251,378	555,669	
12,041,864	12,041,864	-	
-	1,137,632	-	
-	10,601,217	-	
352,250	941,373	70,095	
13,685,733	54,419,050	-	
-	132,023,150	-	
-	-	531,052	
120,736	340,389	30,014	
1,870,939	1,870,939	-	
28,071,522	213,375,614	631,161	
29,951,398	239,626,992	1,186,830	
16,204,832	217,332,087	14,337,334	
367,613	367,613	-	
23,776,686	90,393,302	1,721,097	
40,349,131	308,093,002	16,058,431	
\$ 70,300,529	\$ 547,719,994	\$ 17,245,261	
	\$ 308,093,002		
	77,320		
	\$ 308,170,322		

CITY OF HIGH POINT, NORTH CAROLINA

Statement of Revenues, Expenses and Changes in Fund Net Assets
 Proprietary Funds
 For the Year Ended June 30, 2010

	Major Funds	
	Business-type - Enterprise Funds	
	WATER AND SEWER	ELECTRIC
Operating revenues		
Charges for services.....	\$ 38,751,257	\$ 103,624,250
Intergovernmental.....	11,500	-
Miscellaneous.....	52,792	370,375
Total Operating Revenues.....	<u>38,815,549</u>	<u>103,994,625</u>
Operating expenses		
Management and administration.....	1,616,516	710,802
Maintenance and distribution.....	7,243,656	10,677,541
Power purchases.....	-	81,145,022
Treatment plants.....	8,203,351	-
Other services and charges.....	503,141	4,540,363
Depreciation and amortization.....	11,990,747	3,966,492
Total Operating Expenses.....	<u>29,557,411</u>	<u>101,040,220</u>
Operating income.....	<u>9,258,138</u>	<u>2,954,405</u>
Nonoperating revenues (expenses)		
Interest revenue.....	759,786	401,201
Interest expense and fiscal charges.....	(7,468,790)	-
Amortization of financing costs.....	15,040	-
Reimbursements from other funds.....	-	1,836,636
Reimbursements to other funds.....	(4,500,760)	(2,541,955)
Gain (loss) on disposal of capital assets.....	(2,212)	(75,651)
Total Nonoperating Revenues (Expenses).....	<u>(11,196,936)</u>	<u>(379,769)</u>
Income (loss) before capital contributions and transfers	(1,938,798)	2,574,636
Capital contributions.....	4,411,222	-
Transfers in.....	-	-
Transfers out.....	(169,464)	(2,690,362)
Change in net assets.....	<u>2,302,960</u>	<u>(115,726)</u>
Total Net Assets - Beginning.....	171,299,157	94,257,480
Total Net Assets - Ending.....	<u>\$ 173,602,117</u>	<u>\$ 94,141,754</u>

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		INTERNAL SERVICE FUND	
	TOTAL		
\$ 10,001,788	\$ 152,377,295	\$ 11,438,469	
2,384,039	2,395,539	-	
-	423,167	446,923	
<u>12,385,827</u>	<u>155,196,001</u>	<u>11,885,392</u>	
9,536,680	11,863,998	8,393,796	
-	17,921,197	-	
-	81,145,022	-	
-	8,203,351	-	
-	5,043,504	-	
<u>1,140,318</u>	<u>17,097,557</u>	<u>2,901,625</u>	
<u>10,676,998</u>	<u>141,274,629</u>	<u>11,295,421</u>	
<u>1,708,829</u>	<u>13,921,372</u>	<u>589,971</u>	
493,740	1,654,727	-	
(480,455)	(7,949,245)	(32,336)	
(1,626)	13,414	-	
-	1,836,636	-	
(624,458)	(7,667,173)	-	
(10,359)	(88,222)	492,144	
<u>(623,158)</u>	<u>(12,199,863)</u>	<u>459,808</u>	
1,085,671	1,721,509	1,049,779	
-	4,411,222	2,031,107	
1,890,437	1,890,437	-	
(38,685)	(2,898,511)	(1,027,606)	
<u>2,937,423</u>	<u>5,124,657</u>	<u>2,053,280</u>	
<u>37,411,708</u>	<u>302,968,345</u>	<u>14,005,151</u>	
<u>\$ 40,349,131</u>	<u>\$ 308,093,002</u>	<u>\$ 16,058,431</u>	
	\$ 5,124,657		
	702,550		
	<u>\$ 5,827,207</u>		

CITY OF HIGH POINT, NORTH CAROLINA

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

	Major Funds	
	Business-Type - Enterprise Funds	
	WATER AND SEWER	ELECTRIC
Cash Flows From Operating Activities		
Receipts from customers and users.....	\$ 37,351,093	\$ 103,246,312
Receipts from interfund services provided.....	-	-
Payments to employees and related fringe benefits.....	(7,840,165)	(7,485,203)
Payments to suppliers and operating costs.....	(11,902,000)	(88,920,025)
Net Cash provided by Operating Activities	<u>17,608,928</u>	<u>6,841,084</u>
Cash Flows From Non Capital Financing Activities		
Transfers in.....	-	-
Transfers out.....	(169,464)	(2,690,362)
Advances and reimbursements from other funds.....	2,115,345	-
Reimbursements (to) from other funds.....	(4,500,760)	(705,319)
Net Cash provided (used) by Non-Capital Financing activities	<u>(2,554,879)</u>	<u>(3,395,681)</u>
Cash Flows From Financing Activities		
Proceeds from issuance of long-term debt	24,117,566	-
Capital contributions.....	-	-
Principal payments on long-term debt.....	(7,477,199)	-
Interest payments and fiscal charges on long-term debt.....	(11,742,623)	-
Proceeds collected on the sale of capital assets.....	25,604	-
Acquisition and construction of capital assets.....	(16,158,139)	(798,915)
Net Cash used by Financing Activities	<u>(11,234,791)</u>	<u>(798,915)</u>
Cash Flows From Investing Activities		
Interest earned on investments.....	773,371	406,327
Net Cash provided by Investing Activities	<u>773,371</u>	<u>406,327</u>
Net increase in cash and investments	4,592,629	3,052,815
Cash and investments at the beginning of the year	55,689,863	31,099,588
Cash and investments at the end of the year	<u>\$ 60,282,492</u>	<u>\$ 34,152,403</u>
Operating income.....	<u>\$ 9,258,138</u>	<u>\$ 2,954,405</u>
Adjustments to reconcile Operating Income to		
Cash Provided by Operating Activities:.....		
Depreciation and amortization.....	11,990,747	3,966,492
Change in net assets		
(Increase) decrease in Accounts Receivable.....	(1,472,833)	(764,140)
(Increase) decrease in Inventories.....	-	(425,922)
(Increase) decrease in Prepaid Expenses.....	-	-
Increase (decrease) in Payables and Accrued Expenses.....	(2,337,377)	1,007,783
Increase (decrease) in Deposits.....	8,377	15,827
Increase (decrease) in OPEB Liability.....	134,961	99,867
Increase (decrease) in Vacation Leave Accrual.....	26,915	(13,228)
Total adjustments.....	<u>8,350,790</u>	<u>3,886,679</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	<u>\$ 17,608,928</u>	<u>\$ 6,841,084</u>
NONCASH FINANCING ACTIVITIES		
Capital assets contributed by developers and other funds.....	<u>\$ 4,411,222</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
\$ 12,780,778	\$ 153,378,183	\$ 447,661
-	-	11,438,469
(4,690,497)	(20,015,865)	(2,405,697)
(3,904,458)	(104,726,483)	(6,523,635)
<u>4,185,823</u>	<u>28,635,835</u>	<u>2,956,798</u>
1,890,437	1,890,437	-
(38,685)	(2,898,511)	(1,027,606)
131,682	2,247,027	-
(834,555)	(6,040,634)	-
<u>1,148,879</u>	<u>(4,801,681)</u>	<u>(1,027,606)</u>
3,265,000	27,382,566	-
38,804	38,804	-
(399,669)	(7,876,868)	(128,773)
(485,452)	(12,228,075)	(37,891)
572	26,176	576,091
(5,050,854)	(22,007,908)	(1,975,565)
<u>(2,631,599)</u>	<u>(14,665,305)</u>	<u>(1,566,138)</u>
507,397	1,687,095	-
<u>507,397</u>	<u>1,687,095</u>	<u>-</u>
3,210,500	10,855,944	363,054
43,359,469	130,148,920	1,724,727
<u>\$ 46,569,969</u>	<u>\$ 141,004,864</u>	<u>\$ 2,087,781</u>
\$ 1,708,829	\$ 13,921,372	\$ 589,971
1,140,318	17,097,557	2,901,625
392,006	(1,844,967)	738
371	(425,551)	(32,401)
7,699	7,699	-
694,724	(634,870)	(510,227)
2,945	27,149	-
226,257	461,085	16,994
12,674	26,361	(9,902)
<u>2,476,994</u>	<u>14,714,463</u>	<u>2,366,827</u>
<u>\$ 4,185,823</u>	<u>\$ 28,635,835</u>	<u>\$ 2,956,798</u>
\$ -	\$ 4,411,222	\$ 2,031,107

CITY OF HIGH POINT, NORTH CAROLINA

Statement Of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

ASSETS	GENERAL AGENCY FUND	LEO PENSION TRUST FUND
Cash and cash equivalents.....	\$ 361,986	\$ 206,390
Accounts receivable.....	157	-
Accrued interest.....	119	634
 Total assets.....	 362,262	 207,024
LIABILITIES		
Accounts payable.....	362,262	-
 Total liabilities.....	 362,262	 -
NET ASSETS		
Held in trust for pension benefits.....	\$ -	\$ 207,024

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, 2010

	<u>LEO PENSION TRUST FUND</u>
Additions:	
Employer Contributions.....	\$ 50,000
Investment Earnings (net)	<u>2,667</u>
Total Additions.....	<u>52,667</u>
Deductions:	
Total Deductions.....	<u>-</u>
Change in net assets.....	52,667
Net assets, beginning of year.....	<u>154,357</u>
Net assets, end of year.....	<u><u>\$ 207,024</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, 2010

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 102,161. 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 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 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 2009 through February 2010 apply to the fiscal year ended June 30, 2010. 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 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 functional 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.....	\$ 105,161,366
Restricted.....	35,843,498
Total cash and investments (Statement of Net Assets)	\$ 141,004,864
Cash and investments (Statement of Cash Flows).....	\$ 141,004,864

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 funds because their use is completely restricted to the purposes for which the bonds were issued. 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, 2009. 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 combined 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 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, 2010, was \$.599 per \$100, which means that the City has a tax margin of \$.901 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 and those of the ABC Board 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 including software 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	10-40 years
Water Rights	10-25 years
Buildings	25-50 years
Improvements	10-20 years
Machinery and equipment	3-10 years
Computer software	5-10 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 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 2010-2011 budget ordinance.

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 designated 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.

The City also transfers capital assets between funds as needed. These types of transfers are reflected as loss on disposal in the fund making the transfer and capital contributions in the fund receiving the assets.

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, 2010, the City's deposits had a carrying amount of \$19,293,616 and a bank balance of \$20,395,635. The carrying amount of deposits for the ABC Board was \$1,419,040 and the bank balance was \$1,376,742. Of the bank balances, the City and the ABC Board had \$1,904,635 and \$371,449 respectively covered by federal depository insurance and the remainder of \$18,491,000 and \$1,005,293 respectively was covered by collateral held under the pooling method. At June 30, 2010 the City and the ABC Board held petty cash funds of \$18,137 and \$13,650 respectively.

2. Investments

At June 30, 2010, the City's investment balances were as follows:

	Fair Value	Maturity	Rating
U.S. Treasuries & Agencies	\$ 44,247,861	1 to 5 Years	AAA
NC Capital Management Trust - Cash Portfolio	153,944,929	N/A	AAAm
	<u>\$ 198,192,790</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, 2010.

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 restricted investments resulting from unexpended capital lease proceeds at year end are held by the respective lending institutions trust department in escrow accounts in the City's name. 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 (9.2%), Federal National Mortgage Association (6.0%) and Federal Home Loan Mortgage Corporation (5.8%) securities.

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	
General Fund	
Taxes receivable	\$ 1,808,516
Assessments receivable	8,693
Enterprise Fund	
Accounts receivable	3,800,671
Assessments receivable	196,602

4. Capital Assets

A summary of changes in capital assets follows:

	Primary Government			
	Beginning Balance	Increases & Reclassifications	Decreases & Reclassifications	Ending Balance
Governmental activities:				
Capital assets not being depreciated				
Land and land improvements.....	\$ 20,979,204	\$ 2,018,057	\$ 7,172,673	\$ 15,824,588
Intangibles.....	115,889	-	-	115,889
Construction in progress.....	27,876,336	7,580,968	12,097,609	23,359,695
Total capital assets not being depreciated	<u>48,971,429</u>	<u>9,599,025</u>	<u>19,270,282</u>	<u>39,300,172</u>
Capital assets being depreciated				
Buildings and improvements.....	46,012,168	11,934,289	1,952,695	55,993,762
Equipment.....	56,768,824	7,268,993	5,631,631	58,406,185
Infrastructure.....	477,260,288	10,690,468	796,690	487,154,066
Total capital assets being depreciated	<u>580,041,280</u>	<u>29,893,749</u>	<u>8,381,016</u>	<u>601,554,013</u>
Less accumulated depreciation for:				
Buildings and improvements.....	29,527,594	2,012,116	520,874	31,018,835
Equipment.....	34,862,336	4,885,083	3,404,540	36,342,879
Infrastructure.....	312,931,517	28,077,993	-	341,009,510
Total accumulated depreciation	<u>377,321,447</u>	<u>34,975,192</u>	<u>3,925,414</u>	<u>408,371,225</u>
Total capital assets being depreciated (net).....	<u>202,719,833</u>			<u>193,182,788</u>
Governmental activities capital assets, net.....	<u>\$ 251,691,262</u>			<u>\$ 232,482,960</u>
Business-type activities:				
<i>Water & Sewer Fund</i>				
Capital assets not being depreciated				
Land and other nondepreciated capital assets..	\$ 8,374,462	\$ 436,837	\$ 1,430,869	\$ 7,380,430
Construction in progress.....	41,290,077	19,218,667	19,641,848	40,866,896
Total capital assets not being depreciated.....	<u>49,664,539</u>	<u>19,655,504</u>	<u>21,072,717</u>	<u>48,247,326</u>
Capital assets being depreciated				
Buildings and improvements.....	72,233,146	1,605,425	596,837	73,241,734
Equipment.....	49,711,474	1,401,477	37,675,302	13,437,649
Infrastructure.....	237,658,416	61,391,625	423,628	298,626,413
Capital assets being depreciated.....	<u>359,603,036</u>	<u>64,398,527</u>	<u>38,695,767</u>	<u>385,305,796</u>
Less accumulated depreciation for:				
Buildings and improvements.....	31,566,986	1,857,950	779,711	32,645,225
Equipment.....	5,931,684	2,787,143	2,162,850	6,555,977
Infrastructure.....	78,786,198	10,447,404	428,831	88,804,771
Total accumulated depreciation.....	<u>116,284,868</u>	<u>15,092,496</u>	<u>3,371,392</u>	<u>128,005,972</u>
Total capital assets being depreciated (net).....	<u>243,318,168</u>			<u>257,299,824</u>
Water & Sewer fund capital assets, net.....	<u>\$ 292,982,707</u>			<u>\$ 305,547,150</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..	\$ 653,012	\$ 112,552	\$ 7,200	\$ 758,364
Construction in progress.....	1,384,871	696,115	-	2,080,986
Total capital assets not being depreciated.....	2,037,883	808,667	7,200	2,839,350
Capital assets being depreciated				
Buildings and improvements.....	132,517	25,000	2,552	154,965
Intangibles (Computer Software).....	-	2,573,325	-	2,573,325
Equipment.....	117,288,666	-	2,836,156	114,452,510
Capital assets being depreciated.....	117,421,183	2,598,325	2,838,708	117,180,800
Less accumulated depreciation for:				
Buildings and improvements.....	124,176	27,466	170	151,472
Intangibles.....	-	257,333	-	257,333
Equipment.....	56,363,410	3,959,269	439,586	59,883,093
Total accumulated depreciation.....	56,487,586	4,244,068	439,755	60,291,898
Total capital assets being depreciated (net).....	60,933,597			56,888,902
Electric fund capital assets, net.....	\$ 62,971,480			\$ 59,728,252
<i>Mass Transit Fund</i>				
Capital assets not being depreciated				
Land and other nondepreciated capital assets..	\$ 581,396	\$ -	\$ 85,553	\$ 495,843
Construction in progress.....	889,638	-	889,638	-
Total capital assets not being depreciated.....	1,471,034	-	975,191	495,843
Capital assets being depreciated				
Buildings and improvements.....	688,747	973,837	88,133	1,574,451
Equipment.....	5,386,045	8,150	53,414	5,340,781
Infrastructure.....	32,027	-	32,027	-
Capital assets being depreciated.....	6,106,819	981,987	173,574	6,915,232
Less accumulated depreciation for:				
Buildings and improvements.....	494,404	55,636	80,913	469,127
Equipment.....	2,931,394	493,595	150,843	3,274,146
Infrastructure.....	3,630	-	3,630	-
Total accumulated depreciation.....	3,429,428	549,231	235,386	3,743,273
Total capital assets being depreciated (net).....	2,677,391			3,171,959
Mass Transit fund capital assets, net.....	\$ 4,148,425			\$ 3,667,802

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.....	8,690,140	6,840	6,840	8,690,140
Equipment.....	431,029	-	-	431,029
Capital assets being depreciated.....	9,121,169	6,840	6,840	9,121,169
Less accumulated depreciation for:				
Buildings and improvements.....	5,736,173	279,720	6,840	6,009,053
Equipment.....	413,309	9,960	-	423,269
Total accumulated depreciation.....	6,149,482	289,680	6,840	6,432,322
Total capital assets being depreciated (net).....	2,971,687			2,688,847
Parking fund capital assets, net.....	<u>\$ 3,870,407</u>			<u>\$ 3,587,567</u>
 <i>Landfill Facilities Fund</i>				
Capital assets not being depreciated				
Land and other nondepreciated capital assets....	\$ 1,676,601	\$ -	\$ 1	\$ 1,676,600
Construction in progress.....	339,859	2,646,621	-	2,986,480
Total capital assets not being depreciated.....	2,016,460	2,646,621	1	4,663,080
Capital assets being depreciated				
Buildings and improvements.....	13,667,391	14,522	6,000	13,675,913
Equipment.....	2,518,986	705,520	14,522	3,209,984
Capital assets being depreciated.....	16,186,377	720,042	20,522	16,885,897
Less accumulated depreciation for:				
Buildings and improvements.....	12,000,423	140,577	19,665	12,121,335
Equipment.....	2,141,927	199,195	14,240	2,326,882
Total accumulated depreciation.....	14,142,350	339,772	33,905	14,448,217
Total capital assets being depreciated (net).....	2,044,027			2,437,680
Landfill facilities fund capital assets, net.....	<u>\$ 4,060,487</u>			<u>\$ 7,100,760</u>

	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...	\$ 27,933	\$ 184,660	\$ -	\$ 212,593
Construction in progress.....	<u>1,660,673</u>	<u>1,600,554</u>	<u>55,505</u>	<u>3,205,722</u>
Total capital assets not being depreciated.....	<u>1,688,606</u>	<u>1,785,214</u>	<u>55,505</u>	<u>3,418,315</u>
Capital assets being depreciated				
Equipment.....	83,176	54,950	-	138,126
Infrastructure.....	<u>2,990,682</u>	<u>-</u>	<u>-</u>	<u>2,990,682</u>
Capital assets being depreciated.....	<u>3,073,858</u>	<u>54,950</u>	<u>-</u>	<u>3,128,808</u>
Less accumulated depreciation for:				
Equipment.....	30,751	51,135	-	81,886
Infrastructure.....	<u>108,612</u>	<u>149,534</u>	<u>-</u>	<u>258,146</u>
Total accumulated depreciation.....	<u>139,363</u>	<u>200,669</u>	<u>-</u>	<u>340,032</u>
Total capital assets being depreciated (net).....	<u>2,934,495</u>			<u>2,788,776</u>
Storm water fund capital assets, net.....	<u>4,623,101</u>			<u>6,207,091</u>
Business-type activities capital assets, net...	<u>\$ 372,656,607</u>			<u>\$ 385,838,622</u>

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

Governmental activities:	
General Government	\$ 4,046,786
Public Safety.....	753,497
Public Services and Transportation.....	27,469,637
Planning and Community Development.....	7,375
Culture and Recreation.....	<u>1,281,956</u>
Total governmental activities depreciation expense	<u>\$ 33,559,251</u>

Business-type activities:	
Water and Sewer.....	\$ 11,990,747
Electric.....	3,966,492
Mass Transit.....	404,491
Parking Facilities.....	282,839
Landfill Facilities.....	287,121
Storm Water Facilities.....	<u>165,867</u>
Total business-type activities depreciation expense	<u>\$ 17,097,557</u>

A summary of capital assets for the ABC Board at June 30, 2010 follows:

	<u>Assets</u>
Land and buildings	\$ 3,667,972
Equipment	842,917
Leasehold improvements	33,539
Accumulated depreciation	<u>(1,626,225)</u>
Total ABC Board	<u>\$ 2,918,203</u>

B. Liabilities

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

	<u>Accounts Payable</u>	<u>Accrued Payroll and expenses</u>	<u>Total</u>
Governmental Activities			
General	\$ 1,021,365	\$ 2,190,466	\$ 3,211,831
General Capital Projects	652,274	162,375	814,649
Other non-major governmental funds .	465,073	21,502	486,575
Internal Service Fund	<u>265,261</u>	<u>75,107</u>	<u>340,368</u>
Total governmental	<u>2,403,973</u>	<u>2,449,450</u>	<u>4,853,423</u>
Business -Type Activities			
Water and Sewer	2,097,982	1,215,975	3,313,957
Electric	9,601,980	292,422	9,894,402
Other non-major enterprise funds	<u>888,348</u>	<u>327,852</u>	<u>1,216,200</u>
Total enterprise funds	<u>12,588,310</u>	<u>1,836,249</u>	<u>14,424,559</u>
Total Primary Government	<u>\$ 14,992,283</u>	<u>\$ 4,285,699</u>	<u>\$ 19,277,982</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 5.01% 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, 2010, 2009 and 2008 were \$3,207,552, \$3,193,973, and \$3,053,840, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2010, 2009 and 2008 were \$42,421, \$41,704, and \$39,665, 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, 2009, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits.....	41
Active plan members.....	<u>230</u>
Total.....	<u>271</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. In addition, the City has elected to partially pay the future overall cost of coverage for these benefits. 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. The City contributed \$50,000 during the fiscal year ended June 30, 2010 toward the reduction of the accrued actuarial liability. There were no contributions made by employees.

The annual required contribution for the current fiscal year was determined as part of the December 31, 2008 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 Separation Allowance's unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2008 was twenty-two years. 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.....	\$ 593,421
Interest on net pension obligation.....	15,380
Adjustment to annual required contribution.....	<u>(13,363)</u>
Annual pension cost.....	595,438
Contributions made.....	<u>708,865</u>
Decrease in net pension obligation.....	(113,427)
Net pension obligation, beginning of year.....	<u>212,136</u>
Net pension obligation, end of year.....	<u>\$ 98,709</u>

3-Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2008	\$ 500,187	120.83%	\$ 371,886
6/30/2009	548,229	129.14%	212,136
6/30/2010	595,438	119.05%	98,709

5. Funded Status and Funding Progress.

As of December 31, 2009, the most recent actuarial valuation date, the plan was 2.35% funded. The actuarial value of the plan assets was determined using current market value as these assets were invested in securities of the NCCMT Cash Portfolio, an SEC registered (2a-7) money market mutual fund, which maintains a \$1 NAV. The actuarial accrued liability for benefits was \$7,650,126, and the actuarial value of assets was \$179,967, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,470,159. The covered payroll (annual payroll of active employees covered by the plan) was \$12,054,298 and the ratio of the UAAL to the covered payroll was 62 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, 2010 were \$1,800,679, which consisted of \$606,893 from the City and \$1,193,786 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, 2008, the date of the latest actuarial valuation and in the ABC Board’s Plan at June 30, 2010, the alternative measurement valuation date consisted of the following:

	<u>City</u>	<u>ABC Board</u>
Active Employees	1,469	25
Retired Employees	103	4
Total	<u>1,572</u>	<u>29</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 2.50% of annual covered payroll. For the current year, the City contributed \$778,534, or 1.21% of annual covered payroll. The City obtains healthcare coverage through private insurers. There were no contributions made by employees and retirees contributed \$666,124 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, 2010, the ABC Board contributed \$36,370 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 \$778,534, which resulted in a net increase in the OPEB obligation of \$1,496,288 as of June 30, 2010. 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)	\$1,608,698	\$41,294
Adjustment to ARC	-	-
Annual OPEB Cost (pay-as-you-go)	1,608,698	41,294
Contributions made	(112,410)	(36,370)
Increase in net OPEB obligation	1,496,288	4,924
Net OPEB obligation, beginning of year	1,836,556	3,132
Net OPEB obligation, end of year	<u>\$3,332,844</u>	<u>\$8,056</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:

3 Year Trend Information			
For Year Ended	Annual OPEB	Percentage of	Net OPEB
June 30	Cost	Contributed	Obligation
2008	\$ 1,033,786	8.28%	\$ 948,180
2009	1,033,786	14.07%	1,836,556
2010	1,608,698	6.99%	3,332,844

Funded Status and Funding Progress. As of December 31, 2008, 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 \$15,830,416. The covered payroll (annual payroll of active employees covered by the plan) was \$64,419,181, and the ratio of the UAAL to the covered payroll was 24.57%.

The ABC Board's Plan was not funded as of June 30, 2010, the date of the alternative measurement method which showed an accrued liability for benefits of \$8,056. The covered payroll for the Board's Plan was \$951,977, and the ratio of the unfunded alternative measurement method accrued liability to the covered payroll was 0.9%.

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 of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2008 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 10.50 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, 2008, was 30 years.

In the ABC Board's June 30, 2010 alternative measurement method, the expected rate of increase in healthcare insurance premiums trended from 7.6 percent initially reducing to 5.6 percent after 5 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, 2010, 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, 2010 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 2010. 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. Construction for Phase IV was started in FY 2009-2010 and continues during FY 2010-2011.

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, 2010, 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	General Capital Projects	Non-Major Governmental	Non-Major Enterprise Funds
Prepaid privilege licenses (unearned).....	\$ 541,003	\$ -	\$ -	\$ -
Miscellaneous receivables (net) (unavailable).....	296,131	51,000	-	-
Permit receivables (net) (unavailable).....	6,638	-	-	-
Taxes receivable (net) (unavailable).....	2,050,966	-	-	-
Assessments (net) (unavailable).....	17,497	-	-	-
Notes (unearned).....	-	-	4,137,674	-
Grants (unavailable).....	-	1,163,320	390,244	-
Grants (unearned).....	-	-	237,198	-
Contributions (unearned).....	435,529	19,890	-	-
Unexpended pond maintenance funds (unearned).....	-	-	-	1,870,939
Total.....	\$ 3,347,764	\$ 1,234,210	\$ 4,765,116	\$ 1,870,939

6. Commitments

Commitments for the purchase of goods and services and for the construction and acquisition of assets are as follows at June 30, 2010:

General Fund	\$ 471,425
Special Revenue	270,732
General Capital Projects	2,498,662
Proprietary Funds	15,483,278
	<u>\$ 18,724,097</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, 2010, 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
607 Idol Street		1,804,464
Refuse trucks		<u>1,978,639</u>
Total	\$	<u>19,115,820</u>

Listing of assets under capital leases

Land.....	\$	574,970
Buildings.....		2,528,026
Equipment.....		11,812,824
Infrastructure.....		4,200,000
Less: accumulated amortization.....		<u>(2,995,411)</u>
Net asset under capital leases.....	\$	<u>16,120,409</u>

The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2010 were as follows:

Year Ending <u>June 30.</u>	Governmental <u>Activities</u>
2011	\$ 3,660,339
2012	3,577,711
2013	2,692,803
2014	2,488,835
2015	739,251
2016-2020	<u>1,080,933</u>
Total minimum lease payments	14,239,872
Less: amounts representing interest	<u>(1,231,330)</u>
Present value of minimum lease payments	<u>\$ 13,008,542</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 2030. Principal and interest requirements will be provided by appropriation in the year in which they become due.

Bonds payable at June 30, 2010 are comprised of the following individual issues:

General Obligation Bonds

Serviced by the General Fund:

\$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%	\$ 1,643,524
\$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%	7,745,420
\$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%	14,483,268
\$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%	11,184,637
\$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%	3,860,000
\$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%	11,145,340
\$10,540,000 Series 2008 Public Improvement bonds for transportation, public buildings, recreation, library and firefighting facilities maturing serially on March 1 through 2029 with interest semiannually September 1 and March 1 at rates varying 3.25% - 4.25%	10,334,446
\$5,615,000 Series 2010A Public Improvement bonds for transportation and recreation facilities maturing serially on June 1 through 2017 with interest semiannually December 1 and June 1 at rates varying 3.0% - 4.0%	5,615,000
\$13,315,000 Series 2010B Public Improvement (Taxable-Build America) bonds for transportation, public buildings, recreation, library and firefighting facilities maturing serially on June 1 through 2030 with interest semiannually December 1 and June 1 at rates varying 3.798% - 5.675%	13,315,000
Total serviced by governmental funds	<u>79,326,635</u>

Serviced by Enterprise Funds:

Water & Sewer Fund

\$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%	\$ 3,000,000
\$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%	8,190,000
\$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%	1,277,480
\$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%	17,606,732
\$14,595,000 Series 2010C Refunding bonds for water and sewer maturing serially on June 1, 2013 through 2022 with interest semiannually December 1 and June 1 at rates varying between 3.0% - 5.0%	<u>14,595,000</u>
Total serviced by Water & Sewer Fund	<u>44,669,212</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%	88,995
\$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%	3,969,580
\$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%	1,555,362
\$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%	2,644,660
\$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%	2,485,555
\$3,265,000 Series 2010B Public Improvement (Taxable-Build America) bonds for storm water facilities maturing serially on June 1 through 2030 with interest semiannually December 1 and June 1 at rates varying 3.798% - 5.675%	<u>3,265,000</u>
Total serviced by Storm Water Fund	<u>14,009,152</u>

Deferred gain and discount on advance refunding (net)	<u>103,528</u>
Total general obligation bonds, net of deferred loss on advance refunding	<u>\$ 138,108,527</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
2011	\$ 4,133,961	\$ 3,481,317	\$ 4,222,620	\$ 1,942,890	\$ 323,419	\$ 620,794
2012	4,091,437	3,373,736	4,219,165	1,811,532	314,398	621,709
2013	4,186,881	3,195,851	4,224,980	1,627,886	308,139	608,245
2014	4,059,638	3,014,576	4,430,580	1,445,057	309,782	594,949
2015	4,846,416	2,838,498	4,443,881	1,251,082	514,702	581,390
2016-2020	23,304,226	10,935,305	18,897,986	3,231,582	3,952,788	2,485,907
2021-2025	20,867,226	6,079,482	4,230,000	305,175	5,152,774	1,437,783
2026-2030	13,836,850	1,721,760	-	-	3,133,150	397,304
Total	<u>\$ 79,326,635</u>	<u>\$ 34,640,525</u>	<u>\$ 44,669,212</u>	<u>\$ 11,615,204</u>	<u>\$ 14,009,152</u>	<u>\$ 7,348,081</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%

\$ 37,355,000

\$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%

29,790,000

\$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

\$2,735,000 Series 2010A Enterprise System Revenue Bonds for water and sewer maturing serially on November 1 through 2015. The bonds pay interest semiannually November 1 and May 1 at rates varying 3.00% to 4.00%

2,735,000

\$20,475,000 Series 2010B Enterprise System Revenue (Taxable-Build America/RZED) Bonds for water and sewer maturing serially beginning November 1, 2016 through 2020 and term bonds maturing on November 1 beginning 2021 through 2035. The bonds pay interest semiannually November 1 and May 1 at rates varying 3.554% to 5.921%

20,475,000

Total serviced by Water & Sewer Fund

\$ 132,100,000

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 fiscal year 2036. Annual principal and interest payments on the bonds are expected to require less than 25.1% 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
2011	\$ 2,655,000	\$ 5,924,907
2012	2,740,000	60,099,622
2013	3,485,000	5,903,537
2014	3,605,000	5,776,040
2015	3,740,000	5,634,815
2016-2020	22,140,000	25,681,163
2021-2025	28,975,000	19,999,029
2026-2030	36,385,000	12,057,188
2031-2035	26,990,000	2,992,477
2036	1,385,000	41,003
Total	<u>\$ 132,100,000</u>	<u>\$ 144,109,781</u>

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, 2008 and 2010 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, 2010, is as follows:

Prior Year Unrestricted Net Assets	\$	28,706,627
Operating revenues		38,815,549
Operating expenses, excluding depreciation, bond interest and accrued OPEB		17,431,703
Income available for debt service		21,383,846
Parity debt service requirement		6,979,722
Total debt service requirement		15,042,457
Coverage on parity debt including 15% prior year unrestricted net assets		368%
Coverage on total debt excluding 15% prior year unrestricted net assets		142%

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, 2010, a total of \$2,599,678 had been drawn-down and principal payments of \$1,686,214 had been made leaving an outstanding balance of \$913,464. Interest expense was \$36,219 for the year ended June 30, 2010.

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, 2010, \$7,137,854 had been drawn-down and principal payments of \$5,176,994 had been made, leaving an outstanding balance of \$1,960,860. Interest expense was \$71,415 for the year ended June 30, 2010.

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, 2010, \$15,000,000 had been drawn-down and principal payments of \$6,000,000 have been made, leaving an outstanding balance of \$9,000,000. Interest expense was \$248,625 for the year ended June 30, 2010.

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, 2010 was \$275,561. Interest expense was \$20,355 for the year ended June 30, 2010.

Annual Debt Service Requirements:

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

Year Ending June 30,	Business Activities-Loans and Notes Payable					
	Water and Sewer					
	State Clean Water Bond Loan		Federal Revolving Loans		Watershed Note Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
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	130,935	13,395	1,142,172	164,902	-	-
2016-2020	258,789	13,213	3,750,000	478,125	-	-
2021-2025	-	-	1,500,000	57,375	-	-
Total	\$ 913,464	\$ 125,838	\$ 10,960,860	\$ 1,670,286	\$ 275,561	\$ 29,444

Other Notes Payable

A federal revolving loan commitment was executed November 2, 2009 for sewer projects in the amount of \$1,750,000 under the stimulus provisions of the American Recovery and Reinvestment Act. The loan commitment provides for 50% of the loan balance to be forgiven at the time of the loan closing and the balance of principal to be repaid in 20 annual payments at an interest rate of 0.0%, the first principal payment being due 6 months after completion of the projects. As of June 30, 2010, \$1,137,632 had been drawn-down. The projects and loan documents are expected to be completed and closed during FY 2010-2011.

On June 1, 2010, the City issued \$14,595,000 in general obligation refunding bonds with interest rates from 1.08% to 3.38%. The City issued the bonds to advance refund \$14,750,000 of the outstanding series 2002 general obligation bonds with interest rates ranging from 4.20% to 5.02%. The City used the net proceeds along with other resources to purchase U.S. Government securities. The securities were deposited into an irrevocable trust to provide for all future debt service on the refunded portion of the 2002 series bonds. As a result, that portion of the series 2002 bonds are now considered defeased, and the City has removed the liability from its accounts. These bonds consisted of the following:

<u>Original Issue Date</u>	<u>Description</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2009</u>
June 1, 2002	General Obligation Public Improvement Bonds, Series 2002	4.20%-5.02%	\$ 14,750,000

The advance refunding reduced total debt service payments in the water and sewer fund over the next 12 years by \$560,324. This results in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$493,077.

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, 2010, the City of High Point had authorized bonds of \$17,485,000 and a legal debt margin of \$658,809,222. There are limitations and restrictions contained in the various bond indentures.

Changes in Long-term Liabilities

	<u>Beginning Balance</u>	<u>Additions & Adjustments</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental Activities:					
Bonds and notes payable:					
General obligation bonds.....	\$ 64,110,875	\$ 18,930,000	\$ 3,714,240	\$ 79,326,635	\$ 4,133,961
Capital leases.....	10,091,845	5,500,000	2,583,303	13,008,542	3,222,637
Total bonds and notes payable.....	<u>74,202,720</u>	<u>24,430,000</u>	<u>6,297,543</u>	<u>92,335,177</u>	<u>7,356,598</u>
Other liabilities:					
Compensated absences.....	4,337,863	3,492,164	3,059,362	4,770,665	3,220,839
Arbitrage liabilities.....	249,161	-	249,161	-	-
Other post employment benefits.....	1,356,267	1,035,204	-	2,391,471	-
Pension liabilities.....	212,136	-	113,427	98,709	-
Total other liabilities.....	<u>6,155,427</u>	<u>4,527,368</u>	<u>3,421,950</u>	<u>7,260,845</u>	<u>3,220,839</u>
Governmental activities long-term liabilities.....	<u>\$ 80,358,147</u>	<u>\$ 28,957,368</u>	<u>\$ 9,719,493</u>	<u>\$ 99,596,022</u>	<u>\$ 10,577,437</u>
Business-type Activities:					
Bonds and notes payable					
Water and Sewer General Obligation Bonds.....	\$ 49,070,305	\$ 14,595,000	\$ 18,996,093	\$ 44,669,212	\$ 4,222,620
Water and Sewer Revenue Bonds.....	110,730,000	23,210,000	1,840,000	132,100,000	2,655,000
Premium on Water and Sewer Revenue Bonds.....	2,459,803	222,992	104,644	2,578,151	-
Total Water and Sewer Revenue Bonds.....	<u>113,189,803</u>	<u>23,432,992</u>	<u>1,944,644</u>	<u>134,678,151</u>	<u>2,655,000</u>
Storm Water General Obligation Bonds.....	11,143,821	3,265,000	399,669	14,009,152	323,419
Notes and loans payable.....	13,540,992	-	1,391,107	12,149,885	1,365,472
Less discount on refunding.....	(348,462)	14,519	-	(333,943)	-
Add deferred gain on refunding.....	105,249	350,795	18,573	437,471	-
Total bonds and notes payable.....	<u>186,701,708</u>	<u>41,658,306</u>	<u>22,750,086</u>	<u>205,609,928</u>	<u>8,566,511</u>
Other liabilities					
Arbitrage liabilities.....	319,660	-	319,660	-	-
Landfill closure and post-closure	12,041,864	-	-	12,041,864	-
Other post employment benefits.....	480,288	461,085	-	941,373	-
Compensated absences.....	1,176,185	842,343	815,982	1,202,546	862,157
Total other liabilities.....	<u>14,017,997</u>	<u>1,303,428</u>	<u>1,135,642</u>	<u>14,185,783</u>	<u>862,157</u>
Business-type activities long-term liabilities.....	<u>\$ 200,719,705</u>	<u>\$ 42,961,734</u>	<u>\$ 23,885,728</u>	<u>\$ 219,795,711</u>	<u>\$ 9,428,668</u>

Note 3. Interfund Balances and Activity

A schedule of interfund transfers for the year ended June 30, 2010 is as follows:

Transfers to	Transfers from							Total
	General	General Capital Projects	Nonmajor Governmental	Water and Sewer	Electric	Nonmajor Enterprise	Internal Service	
General Fund.....	\$ -	\$ -	\$ -	\$ 50,000	\$ 2,580,000	\$ -	\$ 1,000,000	\$ 3,630,000
General Capital Projects Fund...	655,219	-	-	-	-	-	-	655,219
Non-major governmental funds	6,214,253	951,384	32,907	119,464	110,362	38,685	27,606	7,494,661
Non-major enterprise funds.....	<u>1,027,994</u>	-	<u>862,443</u>	-	-	-	-	<u>1,890,437</u>
Total.....	<u>\$ 7,897,466</u>	<u>\$ 951,384</u>	<u>\$ 895,350</u>	<u>\$ 169,464</u>	<u>\$ 2,690,362</u>	<u>\$ 38,685</u>	<u>\$ 1,027,606</u>	<u>\$ 13,670,317</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.

The City also transferred \$50,000 from the General Fund to the Law Enforcement Officers' Pension Trust Fund. In the budgetary financial statements, this is shown as a transfer; however, in the basic financial statements, this is not shown as a transfer but as an expenditure.

During the fiscal year the City transferred capital assets between funds. In the internal service fund financial statements, capital assets transferred in are shown as capital contributions. The loss on disposal and capital contributions are eliminated in the government wide statement presentation.

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 long-term interfund receivable for the enterprise fund and as a long-term interfund payable in the governmental fund statements.

Long-Term due to the Landfill Services Fund from General Capital Projects Fund \$ 1,241,258

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, 2009 is presented below (in thousands of dollars):

	Total
Current and other assets.....	\$ 1,185,839
Capital assets.....	1,079,491
Total assets.....	<u>\$ 2,265,330</u>
Current and other liabilities.....	\$ 188,616
Long term debt & other non-current liabilities.....	2,019,636
Fund equity.....	57,078
Total liabilities and fund equity.....	<u>\$ 2,265,330</u>
Total revenues.....	\$ 442,907
Total expenses.....	393,229
Net increase in fund equity.....	<u>\$ 49,678</u>

As of December 31, 2009, the Agency had outstanding \$1,719,785,000 of bonds.

The following is a summary of debt service requirements for bonds outstanding at December 31, 2009 (in thousands of dollars):

Year	Principal	Interest	Total
2010	\$ 116,690	\$ 85,128	\$ 201,818
2011	96,450	83,722	180,172
2012	115,705	78,954	194,659
2013	120,525	73,037	193,562
2014	123,700	66,479	190,179
2015-2019	861,870	248,860	1,110,730
2020-2024	99,340	65,334	164,674
2025-2029	126,135	38,289	164,424
2030-2032	59,370	5,543	64,913
	<u>\$ 1,719,785</u>	<u>\$ 745,346</u>	<u>\$ 2,465,131</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, 2010 totaled \$81,012,891. 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 completing the construction for a water treatment plant and a raw water pump station, transmission lines, and a finished water pump station. Upon completion of the projects during FY 2010-2011, 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. 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 \$30,285 to the Council during the fiscal year ended June 30, 2010.
- 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 \$1,144,394 to the Bureau during the fiscal year ended June 30, 2010. 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, 2010, 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. 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
12/31/2004	\$ -	\$ 5,239,375	\$ 5,239,375	0.00%	\$ 10,054,372	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	100,000	5,772,668	5,672,668	1.73%	11,311,271	50.15%
12/31/2008	126,640	6,326,711	6,200,071	2.00%	11,592,684	53.48%
12/31/2009	179,967	7,650,126	7,470,159	2.35%	12,054,298	61.97%

CITY OF HIGH POINT, NORTH CAROLINA

Law Enforcement Officers' Special Separation Allowance
For the Fiscal Year Ended June 30, 2010
Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2005	\$ 460,684	79.0%
2006	514,310	79.0%
2007	467,800	110.0%
2008	500,187	120.8%
2009	548,229	129.1%
2010	595,438	119.1%

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	12/31/2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	21 Years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	4.5-12.3%
Includes inflation at	3.75%
Cost-of-living adjustments	None

CITY OF HIGH POINT, NORTH CAROLINA

Heathcare 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%
12/31/2008	-	15,830,416	15,830,416	0.00%	64,419,181	24.57%

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	8.28%
2009	1,033,786	14.07%
2010	1,608,698	6.99%

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 open
Remaining amortization period	30 Years
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment rate of return	4.00%
Medical cost trend rate	10.50% - 5.00%
Year of Ultimate trend rate	2016
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 Fiscal Year Ended June 30, 2010

	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	PRIOR YEAR ACTUAL
Revenues:				
Taxes				
Ad valorem taxes-current year	\$ 54,018,094	\$ 53,563,332	\$ (454,762)	\$ 51,941,859
Ad valorem taxes-prior years	723,300	922,594	199,294	850,562
Penalty and interest	179,050	223,800	44,750	232,104
Total taxes	<u>54,920,444</u>	<u>54,709,726</u>	<u>(210,718)</u>	<u>53,024,525</u>
Sales and Use Taxes				
Sales tax	15,460,000	13,099,712	(2,360,288)	14,479,023
Room occupancy tax	1,735,000	1,441,768	(293,232)	1,584,659
Rental vehicle tax	90,000	110,006	20,006	81,887
Total sales taxes	<u>17,285,000</u>	<u>14,651,486</u>	<u>(2,633,514)</u>	<u>16,145,569</u>
Intergovernmental Revenues				
Utility franchise tax	4,700,000	4,675,694	(24,306)	4,553,074
Powell Bill	2,526,765	2,628,492	101,727	2,938,099
Video programming	955,000	1,057,496	102,496	1,069,608
Guilford County Schools	502,400	856,995	354,595	517,184
Hold harmless tax reimbursement	325,000	785,422	460,422	325,088
Guilford County	795,400	770,959	(24,441)	907,023
ABC Board revenues	718,170	724,820	6,650	715,533
Signal reimbursement	300,000	531,346	231,346	257,512
Housing Authority	234,000	208,671	(25,329)	208,671
Highway maintenance	110,000	220,000	110,000	192,500
Beer and wine tax	430,000	141,381	(288,619)	437,205
Other intergovernmental revenues	33,032	173,412	140,380	44,785
Total Intergovernmental Revenues	<u>11,629,767</u>	<u>12,774,688</u>	<u>1,144,921</u>	<u>12,166,282</u>
Licenses and permits				
Privilege licenses	2,430,000	2,351,446	(78,554)	2,483,586
Cable franchises	160,000	86,479	(73,521)	157,824
Fines and forfeitures	104,500	88,972	(15,528)	98,525
Inspection fees and permits	1,227,900	681,642	(546,258)	869,251
Vehicle user fees	350,000	337,699	(12,301)	348,476
Other licenses and fees	500	291	(209)	398
Total licenses and permits	<u>4,272,900</u>	<u>3,546,529</u>	<u>(726,371)</u>	<u>3,958,060</u>
Charges for services				
Self-sustaining recreation programs	2,736,670	2,414,118	(322,552)	2,408,729
Recycling charges	426,000	491,693	65,693	-
Sales and rentals	1,208,551	1,187,004	(21,547)	1,274,170
Other charges and services	88,000	65,451	(22,549)	64,718
Total charges for services	<u>4,459,221</u>	<u>4,158,266</u>	<u>(300,955)</u>	<u>3,747,617</u>
Interest Income and Miscellaneous Revenues				
Interest income	800,000	334,787	(465,213)	768,256
Miscellaneous revenues	550,176	523,851	(26,325)	212,332
Administrative reimbursements	5,829,954	5,829,954	-	5,767,671
Total miscellaneous revenues	<u>7,180,130</u>	<u>6,688,592</u>	<u>(491,538)</u>	<u>6,748,259</u>
Total revenues	<u>99,747,462</u>	<u>96,529,287</u>	<u>(3,218,175)</u>	<u>95,790,312</u>

(Continued)

CITY OF HIGH POINT, NORTH CAROLINA

(Continued)

General Fund
 Schedule of Revenue and Expenditures - Budget and Actual
 For the Fiscal Year Ended June 30, 2010

	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	PRIOR YEAR ACTUAL
Expenditures:				
General government				
Governing Body	418,260	334,525	83,735	412,704
Administration and general	4,068,698	3,432,752	635,946	3,894,164
Human Resources	1,341,329	1,443,277	(101,948)	1,899,141
Financial Services	1,903,899	1,788,761	115,138	1,957,127
Engineering Services	1,609,034	1,473,200	135,834	1,606,419
Communications	2,076,618	2,063,466	13,152	2,015,957
ERP Project Management	300,156	263,149	37,007	295,319
Information Services	3,554,224	3,586,118	(31,894)	3,672,450
Public Services administration	355,892	350,567	5,325	346,150
Contingency	2,421,709	-	2,421,709	-
Total general government	18,049,819	14,735,815	3,314,004	16,099,431
Public Safety				
Police	22,565,646	21,788,933	776,713	21,539,704
Fire	17,630,458	17,345,306	285,152	17,735,261
Total public safety	40,196,104	39,134,239	1,061,865	39,274,965
Transportation				
Administration	774,725	595,715	179,010	582,320
Signs and signals	3,622,477	3,444,637	177,840	3,475,410
Streets maintenance	3,744,128	3,539,393	204,735	5,593,403
Total transportation	8,141,330	7,579,745	561,585	9,651,133
Environmental Services				
Environmental services	10,087,985	9,281,610	806,375	5,751,239
Cemeteries	233,503	226,841	6,662	218,452
Total environmental service	10,321,488	9,508,451	813,037	5,969,691
Total Public Service	18,462,818	17,088,196	1,374,622	15,620,824
Community and economic development				
Planning	1,118,904	1,076,241	42,663	1,157,654
Housing	64,922	66,293	(1,371)	74,699
Building inspections	1,937,028	1,883,788	53,240	1,905,885
Furniture Market Authority	2,835,000	2,803,221	31,779	2,899,368
Core city development	229,547	167,579	61,968	144,967
Workforce development	20,849	20,849	-	50,000
Economic development	1,901,165	1,259,758	641,407	1,977,796
Total community and economic development	8,107,415	7,277,729	829,686	8,210,369
Cultural and recreation				
Parks and recreation	10,132,684	9,682,670	450,014	9,783,966
Library	4,775,260	4,560,242	215,018	4,575,703
Museum	411,615	383,542	28,073	370,001
Theatre	1,176,660	984,120	192,540	982,312
Special appropriations - agencies	1,641,224	1,347,117	294,107	1,468,237
Total cultural and recreation and spec approp.	18,137,443	16,957,691	1,179,752	17,180,219
Total expenditures	102,953,599	95,193,670	7,759,929	96,385,808
Excess (deficiency) of revenues over (under) expenditures	(3,206,137)	1,335,617	4,541,754	(595,496)

(Continued)

CITY OF HIGH POINT, NORTH CAROLINA

(Concluded)

General Fund
 Schedule of Revenue and Expenditures - Budget and Actual
 For the Fiscal Year Ended June 30, 2010

	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	PRIOR YEAR ACTUAL
Other financing sources (uses)				
Lease purchase proceeds	3,250,000	3,500,000	250,000	900,000
Transfers from (to) other funds:				
General Debt Service Fund	(5,903,420)	(5,903,420)	-	(5,903,420)
Special Grants Fund	(437,306)	(190,833)	246,473	(642,118)
Community Development Grant Fund	(120,000)	(120,000)	-	(120,000)
General Capital Projects Fund	(1,090,000)	(655,219)	434,781	(1,221,207)
Central Services Fund	1,000,000	1,000,000	-	-
Water/Sewer Fund	50,000	50,000	-	50,000
Electric Fund	1,760,000	1,760,000	-	1,760,000
Mass Transit Fund	(687,994)	(687,994)	-	(606,800)
Parking Facilities Fund	-	-	-	(144,513)
Storm Water Fund	(340,000)	(340,000)	-	-
LEO Pension Trust Fund	(50,000)	(50,000)	-	(150,000)
Transfers in related to Payment in Lieu of Taxes	820,000	820,000	-	783,564
Fund balance appropriated	4,954,857	-	(4,954,857)	-
Total other financing sources (uses)	<u>3,206,137</u>	<u>(817,466)</u>	<u>(4,023,603)</u>	<u>(5,294,494)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	518,151	<u>\$ 518,151</u>	(5,889,990)
Fund balance, beginning		21,019,748		26,909,738
Fund balance, ending		<u>\$ 21,537,899</u>		<u>\$ 21,019,748</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 Fiscal Year Ended June 30, 2010

	PROJECT AUTHORIZATION	PRIOR YEAR	ACTUAL CURRENT YEAR	TOTAL TO DATE
Revenues:				
Intergovernmental.....	\$ 2,884,215	\$ -	\$ 4,874,976	\$ 4,874,976
Miscellaneous.....	840,993	51,205	494,685	545,890
Administrative reimbursements.....	-	-	180,000	180,000
Total revenues.....	<u>3,725,208</u>	<u>51,205</u>	<u>5,549,661</u>	<u>5,600,866</u>
Expenditures:				
General government.....	2,600,000	574,795	1,831,037	2,405,832
Public safety.....	4,372,890	1,825,143	436,568	2,261,711
Public services-transportation.....	45,623,355	17,514,284	4,795,012	22,309,296
Planning and community development.....	663,714	72,950	-	72,950
Cultural and recreation.....	15,072,323	8,774,063	2,996,969	11,771,032
Interest expense.....	-	52,940	48,318	101,258
Total expenditures.....	<u>68,332,282</u>	<u>28,814,175</u>	<u>10,107,904</u>	<u>38,922,079</u>
Other financing sources (uses):				
General obligation bonds.....	59,179,537	40,249,537	18,930,000	59,179,537
Proceeds from issuance of capital leases.....	2,000,000	-	2,000,000	2,000,000
Transfers from General Fund.....	4,378,921	3,012,138	655,219	3,667,357
Transfer to the Debt Service Fund.....	(951,384)	-	(951,384)	(951,384)
Total other financing sources (uses)	<u>64,607,074</u>	<u>43,261,675</u>	<u>20,633,835</u>	<u>63,895,510</u>
Excess of revenues and financing sources over expenditures.....	<u>\$ -</u>	<u>\$ 14,498,705</u>	16,075,592	<u>\$ 30,574,297</u>
Fund Balance, beginning of year.....			<u>14,498,705</u>	
Fund Balance, end of year.....			<u>\$ 30,574,297</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, 2010

	SPECIAL REVENUE	DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS			
Cash and Investments.....	\$ 1,713,938	\$ 19,576,743	\$ 21,290,681
Receivables:			
Accounts and Grants.....	980,165	1,227	981,392
Notes and Loans.....	4,137,674	-	4,137,674
Accrued Interest.....	-	31,282	31,282
TOTAL ASSETS	\$ 6,831,777	\$ 19,609,252	\$ 26,441,029
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable and Accrued Expenses.....	\$ 290,122	\$ 196,453	\$ 486,575
Deferred Revenue.....	4,765,116	-	4,765,116
TOTAL LIABILITIES	5,055,238	196,453	5,251,691
Fund Balances:			
Reserved For:			
Encumbrances.....	270,732	-	270,732
State Statute.....	589,921	32,508	622,429
Debt Service.....	-	19,380,291	19,380,291
Unreserved:			
Designated for subsequent year's expenditures.....	1,099,939	-	1,099,939
Undesignated.....	(184,053)	-	(184,053)
TOTAL FUND BALANCES	1,776,539	19,412,799	21,189,338
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,831,777	\$ 19,609,252	\$ 26,441,029

CITY OF HIGH POINT, NORTH CAROLINA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Fiscal Year Ended June 30, 2010

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>
Revenues			
Taxes.....	\$ -	\$ 3,263,426	\$ 3,263,426
Intergovernmental Revenues.....	6,853,615	-	6,853,615
Local Grants.....	50,790	-	50,790
Interest on Investments.....	11,283	293,677	304,960
Miscellaneous Revenues.....	417,973	138,900	556,873
Total revenues.....	<u>7,333,661</u>	<u>3,696,003</u>	<u>11,029,664</u>
Expenditures			
General Government.....	386,745	-	386,745
Public Safety.....	2,625,167	-	2,625,167
Public Services.....	635,081	-	635,081
Planning and Community Development.....	3,520,379	-	3,520,379
Cultural and Recreation.....	115,558	-	115,558
Debt Service:			
Principal Retirement.....	-	5,470,690	5,470,690
Interest and Fiscal Charges.....	-	3,394,023	3,394,023
Total Expenditures.....	<u>7,282,930</u>	<u>8,864,713</u>	<u>16,147,643</u>
Excess (deficiency) of revenues over (under) expenditures	<u>50,731</u>	<u>(5,168,710)</u>	<u>(5,117,979)</u>
Other Financing Sources (Uses)			
Bond Issuance Premium.....	-	209,786	209,786
Transfers In	310,833	7,183,828	7,494,661
Transfers out.....	(32,907)	(862,443)	(895,350)
Total Other Financing Sources (uses).....	<u>277,926</u>	<u>6,531,171</u>	<u>6,809,097</u>
Net change in fund balances.....	328,657	1,362,461	1,691,118
Fund balances, beginning of the year.....	1,447,882	18,050,338	19,498,220
Fund balances, ending of the year.....	<u>\$ 1,776,539</u>	<u>\$ 19,412,799</u>	<u>\$ 21,189,338</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, 2010

	<u>SPECIAL GRANTS</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>TOTAL</u>
Assets:			
Cash and Investments.....	\$ 1,711,869	\$ 2,069	\$ 1,713,938
Receivables:.....			
Accounts and Grants.....	493,699	486,466	980,165
Notes and Loans	-	4,137,674	4,137,674
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,205,568</u>	<u>\$ 4,626,209</u>	<u>\$ 6,831,777</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable and Accrued Expenses.....	\$ 113,300	\$ 176,822	\$ 290,122
Deferred Revenue.....	523,930	4,241,186	4,765,116
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>637,230</u>	<u>4,418,008</u>	<u>5,055,238</u>
Fund Balances:			
Reserved For:			
Encumbrances.....	261,432	9,300	270,732
State Statute.....	206,967	382,954	589,921
Unreserved:			
Designated for subsequent year's expenditures.....	514,218	-	514,218
Designated for subsequent year's expenditures - 911.	585,721	-	585,721
Undesignated.....	-	(184,053)	(184,053)
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>1,568,338</u>	<u>208,201</u>	<u>1,776,539</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 2,205,568</u>	<u>\$ 4,626,209</u>	<u>\$ 6,831,777</u>

CITY OF HIGH POINT, NORTH CAROLINA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Special Revenue Funds
For the Fiscal Year Ended June 30, 2010

	<u>SPECIAL GRANTS</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>TOTAL</u>
Revenues:			
Intergovernmental Revenues.....	\$ 3,864,144	\$ 2,989,471	\$ 6,853,615
Local Grants.....	50,790	-	50,790
Interest on Investments.....	11,283	-	11,283
Miscellaneous Revenues.....	75	417,898	417,973
Total revenues.....	<u>3,926,292</u>	<u>3,407,369</u>	<u>7,333,661</u>
Expenditures			
General Government.....	386,745	-	386,745
Public Safety.....	2,625,167	-	2,625,167
Public Services.....	635,081	-	635,081
Planning and Community Development.....	159,007	3,361,372	3,520,379
Cultural and Recreation.....	115,558	-	115,558
Total expenditures.....	<u>3,921,558</u>	<u>3,361,372</u>	<u>7,282,930</u>
Excess of revenues over expenditures	<u>4,734</u>	<u>45,997</u>	<u>50,731</u>
Other Financing Sources (Uses):			
Transfers In	190,833	120,000	310,833
Transfers Out	(32,907)	-	(32,907)
Total other financing sources.....	<u>157,926</u>	<u>120,000</u>	<u>277,926</u>
Net change in fund balance.....	162,660	165,997	328,657
Fund balance, beginning of year.....	<u>1,405,678</u>	<u>42,204</u>	<u>1,447,882</u>
Fund balance, end of year.....	<u>\$ 1,568,338</u>	<u>\$ 208,201</u>	<u>\$ 1,776,539</u>

CITY OF HIGH POINT, NORTH CAROLINA

Special Grants Fund
 Schedule of Revenues, Expenditures and Changes In Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2010

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Federal Grants.....	\$ 7,418,681	\$ 3,175,032	\$ (4,243,649)	\$ 1,629,300
State Grants.....	1,036,950	294,543	(742,407)	504,814
State 911.....	394,569	394,569	-	394,569
Local Grants.....	138,924	50,790	(88,134)	103,351
Interest on Investments.....	6,179	6,179	-	15,506
Interest on Investments - State 911.....	5,104	5,104	-	18,057
Miscellaneous.....	-	75	75	891
Total revenues.....	<u>9,000,407</u>	<u>3,926,292</u>	<u>(5,074,115)</u>	<u>2,666,488</u>
Expenditures:				
General Government.....	4,592,731	41,136	4,551,595	43,359
General Government - State 911.....	916,330	345,609	570,721	343,169
Public Safety.....	2,977,740	2,625,167	352,573	487,003
Public Services.....	1,127,974	635,081	492,893	522,659
Planning and Community Development.....	326,756	159,007	167,749	197,057
Cultural and Recreation.....	118,383	115,558	2,825	83,294
Total expenditures.....	<u>10,059,914</u>	<u>3,921,558</u>	<u>6,138,356</u>	<u>1,676,541</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,059,507)</u>	<u>4,734</u>	<u>1,064,241</u>	<u>989,947</u>
Other Financing Sources (Uses):				
Transfer from General Fund.....	437,306	190,833	(246,473)	642,118
Transfer to General Debt Service Fund - State 911.....	(32,907)	(32,907)	-	(32,907)
Appropriated Fund Balance.....	655,108	-	(655,108)	-
Total other financing sources (uses).....	<u>1,059,507</u>	<u>157,926</u>	<u>(901,581)</u>	<u>609,211</u>
Net change in fund balance	<u>\$ -</u>	<u>162,660</u>	<u>\$ 162,660</u>	1,599,158
Fund Balance (Deficit), beginning of year.....		<u>1,405,678</u>		<u>(193,480)</u>
Fund Balance, end of year.....		<u>\$ 1,568,338</u>		<u>\$ 1,405,678</u>

CITY OF HIGH POINT, NORTH CAROLINA

Community Development Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2010

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Federal Grants.....	\$ 7,357,579	\$ 2,989,471	\$ (4,368,108)	\$ 1,911,670
Miscellaneous Income.....	-	417,898	417,898	289,998
Total revenues.....	<u>7,357,579</u>	<u>3,407,369</u>	<u>(3,950,210)</u>	<u>2,201,668</u>
Expenditures:				
Community Development Block Grant.....	1,187,255	1,131,514	55,741	1,180,050
Home Program.....	655,759	680,982	(25,223)	735,442
Lead Based Paint.....	2,884,678	1,084,095	1,800,583	520,322
Shelter Care.....	174,187	62,740	111,447	45,567
Neighborhood Stabilization Program.....	2,625,000	401,839	2,223,161	-
Volunteer Income Tax Assistance.....	202	202	-	2,915
Total planning and community development expenditures.....	<u>7,527,081</u>	<u>3,361,372</u>	<u>4,165,709</u>	<u>2,484,296</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(169,502)</u>	<u>45,997</u>	<u>215,499</u>	<u>(282,628)</u>
Other Financing Sources:				
Transfer from General Fund.....	120,000	120,000	-	120,000
Appropriated Fund Balance.....	49,502	-	(49,502)	-
Total other financing sources.....	<u>169,502</u>	<u>120,000</u>	<u>(49,502)</u>	<u>120,000</u>
Net change in fund balance.....	<u>\$ -</u>	<u>165,997</u>	<u>\$ 165,997</u>	<u>(162,628)</u>
Fund Balance, beginning of the year.....		<u>42,204</u>		<u>204,832</u>
Fund Balance, ending of the year.....		<u>\$ 208,201</u>		<u>\$ 42,204</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 and Actual
 For the Fiscal Year Ended June 30, 2010

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Taxes.....	\$ 3,072,718	\$ 3,263,426	\$ 190,708	\$ 4,458,372
Interest on Investments.....	400,000	293,677	(106,323)	1,415,427
Miscellaneous.....	141,000	138,900	(2,100)	-
Total Revenues.....	<u>3,613,718</u>	<u>3,696,003</u>	<u>82,285</u>	<u>5,873,799</u>
Expenditures:				
Debt service:				
Principal.....	5,770,692	5,470,690	300,002	5,367,782
Interest.....	4,052,010	3,190,631	861,379	3,309,023
Fiscal Charges.....	112,100	203,392	(91,292)	34,330
Total Expenditures.....	<u>9,934,802</u>	<u>8,864,713</u>	<u>1,070,089</u>	<u>8,711,135</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,321,084)</u>	<u>(5,168,710)</u>	<u>1,152,374</u>	<u>(2,837,336)</u>
Other Financing Sources (Uses):				
Bond Issuance Premium	-	209,786	209,786	-
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.....	951,384	951,384	-	988,512
Transfer from Central Services Fund.....	27,306	27,606	300	27,606
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	9,103
Transfer from Landfill Facilities Fund.....	23,893	23,893	-	23,893
Transfer from Storm Water Facilities Fund.....	4,551	4,551	-	4,552
Transfer to Storm Water Facilities Fund.....	(862,443)	(862,443)	-	(795,475)
Total Other Financing Sources (Uses).....	<u>6,321,084</u>	<u>6,531,171</u>	<u>210,087</u>	<u>6,425,482</u>
Net change in fund balance.....	<u>\$ -</u>	<u>1,362,461</u>	<u>\$ 1,362,461</u>	3,588,146
Fund Balance, beginning of the year.....		<u>18,050,338</u>		<u>14,462,192</u>
Fund Balance, ending of the year.....		<u>\$ 19,412,799</u>		<u>\$ 18,050,338</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, 2010

ASSETS	MASS TRANSIT	PARKING FACILITIES	LANDFILL FACILITIES	STORM WATER	TOTAL
Current assets:					
Cash and investments.....	\$ 728,984	\$ 74,128	\$ 29,632,100	\$ 6,465,823	\$ 36,901,035
Receivables:					
Accounts and Grants (net).....	975,246	10,910	563,939	120,608	1,670,703
Accrued Interest.....	2,149	288	48,431	10,733	61,601
Inventory.....	76,972	-	-	-	76,972
Prepaid Expenses.....	108,675	-	-	-	108,675
Total current assets.....	1,892,026	85,326	30,244,470	6,597,164	38,818,986
Noncurrent assets:					
Restricted Assets:					
Cash and investments.....	10,050	8,120	-	9,650,764	9,668,934
Deferred charges.....	-	-	-	8,131	8,131
Interfund Loan receivable.....	-	-	1,241,258	-	1,241,258
Capital Assets:					
Land.....	495,843	898,720	1,676,600	212,593	3,283,756
Buildings and System Assets.....	1,574,451	8,690,140	13,675,913	2,990,682	26,931,186
Machinery and Equipment.....	5,340,781	431,029	3,209,984	138,126	9,119,920
Construction in progress.....	-	-	2,986,480	3,205,722	6,192,202
Accumulated Depreciation.....	(3,743,273)	(6,432,322)	(14,448,217)	(340,032)	(24,963,844)
Total capital assets.....	3,667,802	3,587,567	7,100,760	6,207,091	20,563,220
TOTAL ASSETS.....	\$ 5,569,878	\$ 3,681,013	\$ 38,586,488	\$ 22,463,150	\$ 70,300,529
LIABILITIES AND NET ASSETS					
Liabilities :					
Current Liabilities:					
Accounts Payable and Accrued Expenses.....	\$ 82,930	\$ 6,901	\$ 463,901	\$ 662,468	\$ 1,216,200
Current Maturities of Long-Term Debt.....	-	-	-	323,419	323,419
Current Maturities of Compensated Absences.....	63,240	5,192	68,871	39,268	176,571
Accrued interest payable.....	-	-	-	155,566	155,566
Deposits.....	-	8,120	-	-	8,120
Total current liabilities	146,170	20,213	532,772	1,180,721	1,879,876
Long-term Liabilities:					
Accrued Closure/Post closure Costs.....	-	-	12,041,864	-	12,041,864
Other Post Employment Benefits accrual.....	81,556	1,845	124,155	144,694	352,250
General Obligation Bonds Payable.....	-	-	-	13,685,733	13,685,733
Compensated Absences.....	16,814	1,731	75,868	26,323	120,736
Deferred Revenue.....	-	-	-	1,870,939	1,870,939
Total Long-term liabilities	98,370	3,576	12,241,887	15,727,689	28,071,522
Total Liabilities	244,540	23,789	12,774,659	16,908,410	29,951,398
Net Assets:					
Invested in capital assets, net of related debt.....	3,667,802	3,587,567	7,100,760	1,848,703	16,204,832
Restricted	367,613	-	-	-	367,613
Unrestricted.....	1,289,923	69,657	18,711,069	3,706,037	23,776,686
Total Net Assets	5,325,338	3,657,224	25,811,829	5,554,740	40,349,131
TOTAL LIABILITIES AND NET ASSETS	\$ 5,569,878	\$ 3,681,013	\$ 38,586,488	\$ 22,463,150	\$ 70,300,529

CITY OF HIGH POINT, NORTH CAROLINA

Combining Statement of Revenue, Expenses and Changes in Net Assets
All Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2010

	MASS TRANSIT	PARKING FACILITIES	LANDFILL FACILITIES	STORM WATER	TOTAL NONMAJOR ENTERPRISE FUNDS
OPERATING REVENUES:					
Charges for services.....	\$ 543,788	\$ 333,047	\$ 6,774,821	\$ 2,350,132	\$ 10,001,788
Intergovernmental.....	2,315,451	-	68,588	-	2,384,039
Total operating revenues.....	<u>2,859,239</u>	<u>333,047</u>	<u>6,843,409</u>	<u>2,350,132</u>	<u>12,385,827</u>
OPERATING EXPENSES:					
Management and administration.....	3,145,917	431,533	4,226,021	1,733,209	9,536,680
Depreciation and amortization.....	404,491	282,839	287,121	165,867	1,140,318
Total Operating Expenses.....	<u>3,550,408</u>	<u>714,372</u>	<u>4,513,142</u>	<u>1,899,076</u>	<u>10,676,998</u>
Operating income (loss).....	<u>(691,169)</u>	<u>(381,325)</u>	<u>2,330,267</u>	<u>451,056</u>	<u>1,708,829</u>
Nonoperating Revenues (Expenses):					
Interest revenue.....	2,918	1,398	412,922	76,502	493,740
Interest expense and fiscal charges.....	-	-	-	(480,455)	(480,455)
Amortization of financing costs.....	-	-	-	(1,626)	(1,626)
Reimbursements to other funds.....	-	-	(624,458)	-	(624,458)
Gain (loss) on disposal of property.....	(36,756)	-	6,249	20,148	(10,359)
Total nonoperating revenues (expenses).....	<u>(33,838)</u>	<u>1,398</u>	<u>(205,287)</u>	<u>(385,431)</u>	<u>(623,158)</u>
Income (loss) before transfers.....	<u>(725,007)</u>	<u>(379,927)</u>	<u>2,124,980</u>	<u>65,625</u>	<u>1,085,671</u>
Transfers:					
Transfers in.....	687,994	-	-	1,202,443	1,890,437
Transfers out.....	(1,138)	(9,103)	(23,893)	(4,551)	(38,685)
Total transfers.....	<u>686,856</u>	<u>(9,103)</u>	<u>(23,893)</u>	<u>1,197,892</u>	<u>1,851,752</u>
Change in net assets.....	(38,151)	(389,030)	2,101,087	1,263,517	2,937,423
Net assets, beginning of the year.....	5,363,489	4,046,254	23,710,742	4,291,223	37,411,708
Net assets, ending of the year.....	<u>\$ 5,325,338</u>	<u>\$ 3,657,224</u>	<u>\$ 25,811,829</u>	<u>\$ 5,554,740</u>	<u>\$ 40,349,131</u>

City of High Point, North Carolina
Combining Statement of Cash Flows
All Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2010

	Business-Type - Enterprise Funds				
	MASS TRANSIT	PARKING FACILITIES	LANDFILL FACILITIES	STORM WATER	TOTAL
Cash Flows From Operating Activities					
Receipts from customers and users.....	\$ 3,432,029	\$ 325,704	\$ 6,674,670	\$ 2,348,375	\$ 12,780,778
Payments to employees and related fringe benefits.....	(1,573,842)	(286,491)	(1,850,949)	(979,215)	(4,690,497)
Payments to suppliers and operating costs.....	(1,639,932)	(172,038)	(2,009,920)	(82,568)	(3,904,458)
Net cash provided by (used in) by operating activities	<u>218,255</u>	<u>(132,825)</u>	<u>2,813,801</u>	<u>1,286,592</u>	<u>4,185,823</u>
Cash Flows From Non Capital Financing Activities					
Transfers in.....	687,994	-	-	1,202,443	1,890,437
Transfers out.....	(1,138)	(9,103)	(23,893)	(4,551)	(38,685)
Advances from other funds.....	-	-	131,682	-	131,682
Reimbursements to other funds.....	(210,097)	-	(624,458)	-	(834,555)
Net Cash provided by (used in) noncapital financing activities	<u>476,759</u>	<u>(9,103)</u>	<u>(516,669)</u>	<u>1,197,892</u>	<u>1,148,879</u>
Cash Flows From Financing Activities					
Proceeds from issuance of long-term debt	-	-	-	3,265,000	3,265,000
Principal payments on long-term debt.....	-	-	-	(399,669)	(399,669)
Capital contributions.....	38,804	-	-	-	38,804
Interest payments on long-term debt.....	-	-	-	(485,452)	(485,452)
Proceeds collected on the sale of Capital assets.....	572	-	-	-	572
Acquisition and construction of capital assets.....	-	-	(3,321,145)	(1,729,709)	(5,050,854)
Net cash provided by (used in) noncapital financing activities	<u>39,376</u>	<u>-</u>	<u>(3,321,145)</u>	<u>650,170</u>	<u>(2,631,599)</u>
Cash Flows From Investing Activities					
Interest earned on investments.....	769	1,556	427,768	77,304	507,397
Net cash provided by investing activities	<u>769</u>	<u>1,556</u>	<u>427,768</u>	<u>77,304</u>	<u>507,397</u>
Net increase (decrease) in cash and investments	<u>735,159</u>	<u>(140,372)</u>	<u>(596,245)</u>	<u>3,211,958</u>	<u>3,210,500</u>
Cash and investments, beginning 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>
Cash and investments end of the year	<u>\$ 739,034</u>	<u>\$ 82,248</u>	<u>\$ 29,632,100</u>	<u>\$ 16,116,587</u>	<u>\$ 46,569,969</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss).....	\$ (691,169)	\$ (381,325)	\$ 2,330,267	\$ 451,056	\$ 1,708,829
Adjustments to Reconcile Operating Income (Loss) to					
Cash Provided by (Used in) Operating Activities:.....					
Depreciation and amortization.....	404,491	282,839	287,121	165,867	1,140,318
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivables.....	572,790	(10,288)	(168,739)	(1,757)	392,006
(Increase) Decrease in Inventories.....	371	-	-	-	371
(Increase) Decrease in Prepaid Expenses and Deferred Charges.....	7,699	-	-	-	7,699
Increase (Decrease) in Payables and Accrued Expenses.....	(116,955)	(14,557)	293,128	533,108	694,724
Increase (Decrease) in Deposits.....	-	2,945	-	-	2,945
Increase (Decrease) in OPEB Liability.....	38,302	(4,766)	63,821	128,900	226,257
Increase (Decrease) in Vacation Leave Accrual.....	2,726	(7,673)	8,203	9,418	12,674
Total adjustments.....	<u>909,424</u>	<u>248,500</u>	<u>483,534</u>	<u>835,536</u>	<u>2,476,994</u>
Net cash provided by (used in) operating activities.....	<u>\$ 218,255</u>	<u>\$ (132,825)</u>	<u>\$ 2,813,801</u>	<u>\$ 1,286,592</u>	<u>\$ 4,185,823</u>

CITY OF HIGH POINT, NORTH CAROLINA

Water and Sewer Fund
 Schedule of Revenues, Expenses and Changes in Net Assets
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2010

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues:				
Charges for services.....	\$ 39,782,943	\$ 38,751,257	\$ (1,031,686)	\$ 37,645,663
Miscellaneous revenues.....	18,000	52,792	34,792	36,742
Intergovernmental revenues.....	-	11,500	11,500	-
Total operating revenues.....	<u>39,800,943</u>	<u>38,815,549</u>	<u>(985,394)</u>	<u>37,682,405</u>
Operating Expenses:				
Management and administration.....	2,086,122	1,614,220	471,902	1,397,153
System maintenance and distribution.....	6,288,319	5,974,977	313,342	8,090,421
Treatment plants.....	8,538,163	8,192,293	345,870	6,523,781
Other services and charges.....	1,412,907	503,141	909,766	485,999
Total operating expenses.....	<u>18,325,511</u>	<u>16,284,631</u>	<u>2,040,880</u>	<u>16,497,354</u>
Operating income	<u>21,475,432</u>	<u>22,530,918</u>	<u>1,055,486</u>	<u>21,185,051</u>
Nonoperating revenues (expenses):				
Interest on investments.....	1,200,000	451,808	(748,192)	1,054,994
Interest expense and fiscal charges.....	(7,515,274)	(7,370,103)	145,171	(5,880,410)
Payment of debt principal.....	(7,477,200)	(7,477,199)	1	(7,557,383)
Proceeds from sale of property.....	-	25,604	25,604	2,645
Reimbursement to General Fund.....	(2,743,541)	(2,743,541)	-	(2,697,910)
Reimbursement to Electric Fund.....	(1,757,219)	(1,757,219)	-	(1,717,321)
Total non-operating revenues (expenses).....	<u>(18,293,234)</u>	<u>(18,870,650)</u>	<u>(577,416)</u>	<u>(16,795,385)</u>
Income before other financing sources (uses)	<u>3,182,198</u>	<u>3,660,268</u>	<u>478,070</u>	<u>4,389,666</u>
Other Financing Sources (Uses):				
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.....	(3,855,200)	(3,855,200)	-	(4,140,000)
Appropriated net assets.....	842,466	-	(842,466)	-
Total other financing sources (uses).....	<u>(3,182,198)</u>	<u>(4,024,664)</u>	<u>(842,466)</u>	<u>(4,309,464)</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>(364,396)</u>	<u>\$ (364,396)</u>	<u>80,202</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling Items:				
Water & Sewer Capital Project Ordinance Fund.....		6,302,324		(41,952,826)
Water Capital Reserve Fund.....		31,397		66,922
Sewer Capital Reserve Fund.....		22,076		47,082
Capital Additions.....		20,569,361		41,139,696
Contributed Capital.....		4,411,222		1,881,495
Depreciation.....		(11,990,747)		(8,058,005)
Compensated absences expense.....		(26,915)		3,185
OPEB Expense.....		(134,961)		(92,480)
Gain (loss) on disposal of property.....		(27,816)		(116,894)
Gain on refunding bonds deferred.....		(350,795)		-
Financing costs deferred.....		487,537		-
Amortization of financing costs.....		15,040		-
Bond and Note Proceeds.....		(24,117,566)		-
Bond Principal Paid.....		7,477,199		7,557,383
Change in net assets - full accrual basis.....		<u>\$ 2,302,960</u>		<u>\$ 555,760</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 Fiscal Year Ended June 30, 2010

	<u>PROJECT AUTHORIZATION</u>	<u>PRIOR YEAR</u>	<u>ACTUAL CURRENT YEAR</u>	<u>TOTAL TO DATE</u>
Revenues:				
Intergovernmental revenues.....	\$ 1,798,500	\$ -	\$ 1,137,632	\$ 1,137,632
Interest on investments.....	-	4,532,236	254,505	4,786,741
 Total revenues.....	<u>1,798,500</u>	<u>4,532,236</u>	<u>1,392,137</u>	<u>5,924,373</u>
Expenses:				
System maintenance and improvements.....	<u>87,230,791</u>	<u>39,307,760</u>	<u>21,266,337</u>	<u>60,574,097</u>
Other financing sources:				
Proceeds from Revenue bonds.....	71,777,674	49,747,674	22,321,324	72,068,998
Transfer from Water and Sewer	<u>13,654,617</u>	<u>9,799,417</u>	<u>3,855,200</u>	<u>13,654,617</u>
Total other financing sources.....	<u>85,432,291</u>	<u>59,547,091</u>	<u>26,176,524</u>	<u>85,723,615</u>
 Change in net assets.....	<u>\$ -</u>	<u>\$ 24,771,567</u>	<u>\$ 6,302,324</u>	<u>\$ 31,073,891</u>

CITY OF HIGH POINT, NORTH CAROLINA

Water Capital Reserve Fund
 Schedule of Revenues, Expenses and Changes in Net Assets
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2010

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Nonoperating Revenues:				
Interest on investments.....	\$ -	\$ 31,397	\$ 31,397	\$ 66,922
Change in net assets.....	<u>\$ -</u>	<u>\$ 31,397</u>	<u>\$ 31,397</u>	<u>\$ 66,922</u>

CITY OF HIGH POINT, NORTH CAROLINA

Sewer Capital Reserve Fund
Schedule of Revenues, Expenses and Changes in Net Assets
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2010

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Nonoperating Revenues:				
Interest on Investments.....	<u>\$ -</u>	<u>\$ 22,076</u>	<u>\$ 22,076</u>	<u>\$ 47,082</u>
Change in net assets.....	<u>\$ -</u>	<u>\$ 22,076</u>	<u>\$ 22,076</u>	<u>\$ 47,082</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 Fiscal Year Ended June 30, 2010

	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	PRIOR YEAR ACTUAL
Operating Revenues:				
Charges for services.....	\$ 104,320,734	\$ 103,624,250	\$ (696,484)	\$ 99,814,625
Miscellaneous revenues.....	60,000	370,375	310,375	700,628
Total operating revenues.....	<u>104,380,734</u>	<u>103,994,625</u>	<u>(386,109)</u>	<u>100,515,253</u>
Operating Expenses:				
Management and administration.....	1,086,742	711,153	375,589	705,900
Maintenance and distribution.....	3,050,165	2,460,519	589,646	1,877,554
Power purchases.....	81,549,817	81,145,022	404,795	77,254,381
System Improvements.....	19,539,876	9,448,415	10,091,461	12,579,283
Other services and charges.....	4,888,226	4,446,817	441,409	4,553,776
Total operating expenses.....	<u>110,114,826</u>	<u>98,211,926</u>	<u>11,902,900</u>	<u>96,970,894</u>
Operating income (loss):	<u>(5,734,092)</u>	<u>5,782,699</u>	<u>11,516,791</u>	<u>3,544,359</u>
Nonoperating Revenues (Expenses):				
Interest on investments.....	800,000	401,201	(398,799)	871,567
Reimbursement from General Fund.....	79,417	79,417	-	79,399
Reimbursement from Water and Sewer Facilities Fund.....	1,757,219	1,757,219	-	1,717,321
Reimbursement to General Fund.....	(2,461,955)	(2,461,955)	-	(2,437,514)
Reimbursement to General Capital Projects Fund.....	(80,000)	(80,000)	-	(80,000)
Total nonoperating revenues (expenses).....	<u>94,681</u>	<u>(304,118)</u>	<u>(398,799)</u>	<u>150,773</u>
Income (loss) before other financing sources (uses)	<u>(5,639,411)</u>	<u>5,478,581</u>	<u>11,117,992</u>	<u>3,695,132</u>
Other Financing Sources (Uses):				
Transfer to the General Fund.....	(1,760,000)	(1,760,000)	-	(1,760,000)
Transfer to the General Fund for Payments in Lieu of Taxes.....	(820,000)	(820,000)	-	(783,564)
Transfer to General Debt Service Fund.....	(110,362)	(110,362)	-	(110,362)
Appropriated net assets.....	8,329,773	-	(8,329,773)	-
Total other financing sources (uses).....	<u>5,639,411</u>	<u>(2,690,362)</u>	<u>(8,329,773)</u>	<u>(2,653,926)</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>2,788,219</u>	<u>\$ 2,788,219</u>	<u>1,041,206</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling Items:				
Capital additions.....		798,915		1,507,867
Depreciation expense.....		(3,966,492)		(3,947,255)
Compensated absences expense.....		13,228		(265)
Increase (decrease) in inventory valuation.....		425,922		(319,944)
OPEB expense.....		(99,867)		(78,532)
Gain (loss) on disposal of property.....		(75,651)		(2,123,030)
Change in net assets - full accrual basis.....		<u>\$ (115,726)</u>		<u>\$ (3,919,953)</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 Fiscal Year Ended June 30, 2010

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues:				
Charges for services.....	\$ 526,687	\$ 543,788	\$ 17,101	\$ 550,490
Intergovernmental revenues.....	2,706,823	2,292,733	(414,090)	2,941,417
Total operating revenues.....	<u>3,233,510</u>	<u>2,836,521</u>	<u>(396,989)</u>	<u>3,491,907</u>
Operating Expenses:				
Management and administration.....	<u>3,990,060</u>	<u>3,066,085</u>	<u>923,975</u>	<u>3,677,469</u>
Operating income (loss)	<u>(756,550)</u>	<u>(229,564)</u>	<u>526,986</u>	<u>(185,562)</u>
Nonoperating revenues:				
Proceeds from sale of property.....	<u>-</u>	<u>572</u>	<u>572</u>	<u>8,521</u>
Income (loss) before other financing sources (uses)	<u>(756,550)</u>	<u>(228,992)</u>	<u>527,558</u>	<u>(177,041)</u>
Other Financing Sources (uses):				
Transfer from General Fund.....	687,994	687,994	-	606,800
Transfer to General Debt Service Fund.....	(1,138)	(1,138)	-	(1,138)
Appropriated net assets.....	69,694	-	(69,694)	-
Total other financing sources (uses).....	<u>756,550</u>	<u>686,856</u>	<u>(69,694)</u>	<u>605,662</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	457,864	<u>\$ 457,864</u>	428,621
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Mass Transit Capital Reserve Fund.....		25,636		20,006
Capital additions.....		-		732,609
Capital contributions.....		(38,804)		-
Compensated absences expense.....		(2,726)		(8,687)
Depreciation expense.....		(404,491)		(481,562)
OPEB expense.....		(38,302)		(20,877)
Gain (loss) on disposal of property.....		<u>(37,328)</u>		<u>(247,908)</u>
Change in net assets - full accrual basis.....		<u>\$ (38,151)</u>		<u>\$ 422,202</u>

CITY OF HIGH POINT, NORTH CAROLINA

Mass Transit Capital Reserve Fund
 Schedule of Revenues, Expenses and Changes in Net Assets
 Budget and Actual (Non-GAAP)
 For The Fiscal Year Ended June 30, 2010

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Nonoperating Revenues (Expenses):				
Intergovernmental revenues.....	\$ -	\$ 22,718	\$ 22,718	\$ 11,249
Proceeds from sale of assets.....	-	-	-	10,050
Interest on investments.....	-	2,918	2,918	-
Miscellaneous.....	-	-	-	(1,293)
Total nonoperating revenues (expenses).....	<u>-</u>	<u>25,636</u>	<u>25,636</u>	<u>20,006</u>
Change in net assets.....	<u>\$ -</u>	<u>\$ 25,636</u>	<u>\$ 25,636</u>	<u>\$ 20,006</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 Fiscal Year Ended June 30, 2010

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues:				
Charges for services.....	\$ 416,000	\$ 333,047	\$ (82,953)	\$ 339,487
Operating Expenses:				
Management and administration.....	475,218	443,972	31,246	565,265
Operating loss	<u>(59,218)</u>	<u>(110,925)</u>	<u>(51,707)</u>	<u>(225,778)</u>
Nonoperating Revenues (Expenses):				
Interest on investments.....	18,000	1,398	(16,602)	5,336
Loss before other financing sources (uses)	<u>(41,218)</u>	<u>(109,527)</u>	<u>(68,309)</u>	<u>(220,442)</u>
Other Financing Sources (Uses):				
Transfer from General Fund.....	-	-	-	144,513
Transfer to General Debt Service Fund.....	(9,103)	(9,103)	-	(9,103)
Appropriated net assets.....	50,321	-	(50,321)	-
Total other financing sources (uses)	<u>41,218</u>	<u>(9,103)</u>	<u>(50,321)</u>	<u>135,410</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>(118,630)</u>	<u>\$ (118,630)</u>	<u>(85,032)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Depreciation expense.....		(282,839)		(255,776)
Compensated absences expense.....		7,673		861
OPEB Expense.....		4,766		(3,198)
Gain (loss) on disposal of property.....		-		(9,888)
Change in net assets - full accrual basis.....		<u>\$ (389,030)</u>		<u>\$ (353,033)</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 Fiscal Year Ended June 30, 2010

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues:				
Charges for services.....	\$ 6,361,000	\$ 6,774,821	\$ 413,821	\$ 6,189,059
Intergovernmental revenues.....	45,000	68,588	23,588	-
Total operating revenues.....	<u>6,406,000</u>	<u>6,843,409</u>	<u>437,409</u>	<u>6,189,059</u>
Operating Expenses:				
Management and administration.....	13,050,858	7,475,142	5,575,716	4,106,445
Operating income (loss)	<u>(6,644,858)</u>	<u>(631,733)</u>	<u>6,013,125</u>	<u>2,082,614</u>
Nonoperating Revenues (Expenses):				
Interest on investments.....	240,000	144,836	(95,164)	336,170
Reimbursement to General Fund.....	(624,458)	(624,458)	-	(632,247)
Proceeds from sale of property.....	-	-	-	50,010
Total nonoperating revenues (expenses).....	<u>(384,458)</u>	<u>(479,622)</u>	<u>(95,164)</u>	<u>(246,067)</u>
Income (loss) before other financing sources (uses)	<u>(7,029,316)</u>	<u>(1,111,355)</u>	<u>5,917,961</u>	<u>1,836,547</u>
Other Financing Sources (Uses):				
Transfer to General Debt Service Fund.....	(23,893)	(23,893)	-	(23,893)
Transfer to Landfill Maintenance Reserve Fund.....	(1,500,000)	(1,616,675)	(116,675)	(1,609,443)
Transfer from Landfill Maintenance Reserve Fund.....	2,857,500	2,857,500	-	1,500,000
Appropriated net assets.....	5,695,709	-	(5,695,709)	-
Total other financing sources (uses).....	<u>7,029,316</u>	<u>1,216,932</u>	<u>(5,812,384)</u>	<u>(133,336)</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	105,577	<u>\$ 105,577</u>	1,703,211
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling Items:				
Landfill Closure and Postclosure Reserve Fund.....		(972,739)		(2,174,603)
Capital additions.....		3,321,145		223,171
Compensated absences expense.....		(8,203)		15,046
Depreciation expense.....		(287,121)		(448,208)
OPEB expense.....		(63,821)		(29,139)
Gain (loss) on disposal of property.....		6,249		(147,024)
Change in net assets - full accrual basis.....		<u>\$ 2,101,087</u>		<u>\$ (857,546)</u>

CITY OF HIGH POINT, NORTH CAROLINA

Landfill Closure and Postclosure Reserve Fund
 Schedule of Revenues, Expenses and Changes in Net Assets
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2010

	<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
Nonoperating Revenues:				
Interest on investments.....	-	268,086	268,086	596,592
Other financing sources (uses):				
Transfer from Landfill Facilities Fund.....	-	1,616,675	1,616,675	1,609,443
Transfer to Landfill Facilities Fund.....	-	(2,857,500)	(2,857,500)	(1,500,000)
Total other financing sources (uses).....	-	(1,240,825)	(1,240,825)	109,443
Change in net assets.....	<u>\$ -</u>	<u>\$ (972,739)</u>	<u>\$ (972,739)</u>	<u>\$ (2,174,603)</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 Fiscal Year Ended June 30, 2010

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues:				
Charges for services.....	\$ 2,122,500	\$ 2,350,132	\$ 227,632	\$ 2,341,644
Operating Expenses:				
Management and administration.....	3,223,688	1,724,046	1,499,642	1,411,798
Operating income (loss)	<u>(1,101,188)</u>	<u>626,086</u>	<u>1,727,274</u>	<u>929,846</u>
Nonoperating Revenues (Expenses):				
Interest on investments.....	160,000	76,502	(83,498)	146,355
Interest and fiscal charges.....	(485,452)	(480,455)	4,997	(438,287)
Principal retirement.....	(399,669)	(399,669)	-	(415,908)
Total nonoperating revenues (expenses).....	<u>(725,121)</u>	<u>(803,622)</u>	<u>(78,501)</u>	<u>(707,840)</u>
Income (loss) before other financing sources (uses)	<u>(1,826,309)</u>	<u>(177,536)</u>	<u>1,648,773</u>	<u>222,006</u>
Other Financing Sources (Uses):				
Transfer from the General Fund.....	340,000	340,000	-	-
Transfer from General Debt Service Fund.....	862,433	862,443	10	795,475
Transfer to General Debt Service Fund.....	(4,551)	(4,551)	-	(4,552)
Transfer to Storm Water Capital Projects Fund.....	(449,394)	-	449,394	-
Appropriated net assets.....	1,077,821	-	(1,077,821)	-
Total other financing sources (uses).....	<u>1,826,309</u>	<u>1,197,892</u>	<u>(628,417)</u>	<u>790,923</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>1,020,356</u>	<u>\$ 1,020,356</u>	<u>1,012,929</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling Items				
Storm Water Facilities Capital Projects Ordinance Fund		1,664,446		(456,747)
Capital additions.....		1,729,709		535,368
Depreciation expense.....		(165,867)		(116,057)
Compensated absences expense.....		(9,418)		(31,349)
OPEB expense.....		(128,900)		(7,640)
Bond proceeds.....		(3,265,000)		-
Bond principal payments.....		399,669		415,905
Gain (loss) on disposal of property.....		20,148		(1,159)
Amortization of financing costs.....		<u>(1,626)</u>		<u>(1,626)</u>
Change in net assets - full accrual basis.....		<u>\$ 1,263,517</u>		<u>\$ 1,349,624</u>

CITY OF HIGH POINT, NORTH CAROLINA

Storm Water Facilities Capital Projects Ordinance Fund
 Schedule of Revenues and Expenses
 Compared With Project Authorizations (Non-GAAP)
 From Project Inception and for the Fiscal Year Ended June 30, 2010

	<u>PROJECT AUTHORIZATION</u>	<u>PRIOR YEAR</u>	<u>ACTUAL CURRENT YEAR</u>	<u>TOTAL TO DATE</u>
Expenses:				
Maintenance and distribution.....	\$ 12,402,633	\$ 1,598,483	\$ 1,600,554	\$ 3,199,037
Other financing sources:				
General obligation bonds.....	12,402,633	9,137,633	3,265,000	12,402,633
Change in fund balance.....	\$ -	\$ 7,539,150	\$ 1,664,446	\$ 9,203,596

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, Expenses and Changes in Net Assets
 For the Fiscal Year Ended June 30, 2010

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating Revenues:				
Interfund charges - radio repair.....	\$ 974,504	\$ 978,504	\$ 4,000	\$ 747,218
Interfund charges - computer replacement.....	631,534	631,534	-	631,534
Interfund charges - facility services.....	1,941,109	1,893,746	(47,363)	1,964,697
Interfund charges - fleet services.....	8,732,676	7,934,685	(797,991)	7,604,757
Other operating.....	-	446,923	446,923	220,782
Total operating revenues.....	<u>12,279,823</u>	<u>11,885,392</u>	<u>(394,431)</u>	<u>11,168,988</u>
Operating Expenses:				
Fleet services.....	8,006,784	7,068,472	938,312	9,128,463
Radio repair shop.....	1,435,950	1,102,359	333,591	781,241
Facility services.....	1,770,033	1,735,800	34,233	1,710,863
Computer replacement.....	634,153	488,039	146,114	486,934
Total operating expenses.....	<u>11,846,920</u>	<u>10,394,670</u>	<u>1,452,250</u>	<u>12,107,501</u>
Operating income (loss)	<u>432,903</u>	<u>1,490,722</u>	<u>1,057,819</u>	<u>(938,513)</u>
Nonoperating Revenues (Expenses):				
Proceeds from sale of property.....	150,000	576,091	426,091	447,130
Interest and fiscal charges.....	(32,336)	(32,336)	-	(37,727)
Principal retirement.....	(128,773)	(128,773)	-	(123,381)
Total nonoperating revenues (expenses).....	<u>(11,109)</u>	<u>414,982</u>	<u>426,091</u>	<u>286,022</u>
Income (loss) before other financing sources (uses)	<u>421,794</u>	<u>1,905,704</u>	<u>1,483,910</u>	<u>(652,491)</u>
Other financing sources (uses):				
Transfer to the General Debt Service Fund.....	(27,606)	(27,606)	-	(27,606)
Transfer to the General Fund.....	(1,000,000)	(1,000,000)	-	-
Appropriated net assets.....	605,812	-	(605,812)	-
Total other financing sources (uses).....	<u>(421,794)</u>	<u>(1,027,606)</u>	<u>(605,812)</u>	<u>(27,606)</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>878,098</u>	<u>\$ 878,098</u>	<u>(680,097)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Capital additions.....		1,975,565		3,950,419
Capital contributions.....		2,031,107		-
Capital lease principal payments.....		128,773		123,381
Depreciation expense.....		(2,901,625)		(2,840,655)
Compensated absences expense.....		9,902		(3,876)
Increase (decrease) in inventory valuation.....		32,401		(95,083)
OPEB expense.....		(16,994)		(25,319)
Gain (loss) on disposal of property.....		<u>(83,947)</u>		<u>(1,684,326)</u>
Change in net assets - full accrual basis.....		<u>\$ 2,053,280</u>		<u>\$ (1,255,556)</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 Fiscal Year Ended June 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
Assets:				
Cash and investments	\$ 441,578	\$ -	\$ 79,592	\$ 361,986
Accounts receivable	58	99	-	157
Accrued interest	279	-	160	119
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 441,915</u>	<u>\$ 99</u>	<u>\$ 79,752</u>	<u>\$ 362,262</u>
Liabilities:				
Accounts payable: due to other organizations	<u>\$ 441,915</u>	<u>\$ 99</u>	<u>\$ 79,752</u>	<u>\$ 362,262</u>

CITY OF HIGH POINT, NORTH CAROLINA

SUPPORTING SCHEDULES

- (1) Schedule of Ad Valorem Taxes Receivable June 30, 2010
- (2) Analysis of Current Tax Levy June 30, 2010
- (3) Analysis of Current Tax Levy June 30, 2010 for Secondary Market Disclosure

CITY OF HIGH POINT, NORTH CAROLINA

General Fund and Debt Service Fund
 Schedule of Ad Valorem Taxes Receivable
 June 30, 2010

Fiscal Year	Uncollected Balance June 30, 2009	Current Net Levy	Collections and Credits	Uncollected Balance June 30, 2010
2009-10	\$ -	\$ 59,398,063	\$ 57,985,102	\$ 1,412,961
2008-09	1,304,500	-	806,194	498,306
2007-08	368,150	-	106,356	261,794
2006-07	211,615	-	30,950	180,665
2005-06	174,107	-	17,744	156,363
2004-05	138,403	-	7,789	130,614
2003-04	124,591	-	11,168	113,423
2002-03	93,295	-	1,871	91,424
2001-02	91,083	-	1,255	89,828
Prior	925,740	-	1,636	924,104
	\$ 3,431,484	\$ 59,398,063	\$ 58,970,065	\$ 3,859,482

Less: allowance for uncollectible accounts:

 General Fund 1,808,516

Ad valorem taxes receivable - net \$ 2,050,966

Reconciliation to revenues:

Ad valorem taxes - General Fund and Debt Service Fund \$ 57,973,152

Vehicle user fees 337,699

Discounts and adjustments allowed 883,014

 Subtotal 59,193,865

Less interest collected 223,800

Total collections and credits \$ 58,970,065

CITY OF HIGH POINT, NORTH CAROLINA

Analysis of Current Tax Levy
City - Wide Levy
For the fiscal year ended June 30, 2010

	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	\$ 8,898,844,076	0.633	\$ 56,329,683	\$ 54,809,000	\$ 1,520,683
Registered motor vehicles taxed at prior year's rate	445,264,413	0.633	2,818,524	-	2,818,524
Penalties	-		66,599	66,599	-
Total	<u>9,344,108,489</u>		<u>59,214,806</u>	<u>54,875,599</u>	<u>4,339,207</u>
Discoveries - Current year taxes	<u>48,481,833</u>	0.633	<u>306,890</u>	<u>306,890</u>	<u>-</u>
Net Vehicle Tax Annual System	<u>-</u>		<u>337,699</u>	<u>-</u>	<u>337,699</u>
Abatements	<u>(72,880,227)</u>	0.633	<u>(461,332)</u>	<u>(431,446)</u>	<u>(29,886)</u>
Total assessed valuation	<u>\$ 9,319,710,095</u>				
Net levy			59,398,063	54,751,043	4,647,020
Uncollected taxes at June 30			<u>(1,412,961)</u>	<u>(957,784)</u>	<u>(455,177)</u>
Current year's taxes collected			<u>\$ 57,985,102</u>	<u>\$ 53,793,259</u>	<u>\$ 4,191,843</u>
Current levy collection percentage			97.62%	98.25%	90.20%

CITY OF HIGH POINT, NORTH CAROLINA

Analysis of Current Tax Levy
City - Wide Levy
For the fiscal year ended June 30, 2010

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio (1)	100%
Real Property	\$7,771,067,755
Personal Property	1,417,186,050
Public Service Companies (2)	<u>131,456,290</u>
Total Assessed Valuation	9,319,710,095
City-wide Tax Rate	0.633
Levy (3)	\$ 59,398,063

(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

This section of the City of High Point's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the City's overall financial health. This information has not been audited by the independent auditor.

Contents	Tables
Financial Trends	I - IV
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	V - XI
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt Capacity	XII - XVI
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	XVII - XIX
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	XX - XXI
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented the new reporting model (GASB 34) in the fiscal year ended June 30, 2003. Schedules presenting government-wide information include information beginning that year.

CITY OF HIGH POINT, NORTH CAROLINA

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

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

CITY OF HIGH POINT, NORTH CAROLINA

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

	<u>2007</u>		<u>2008</u>		<u>2009</u>		<u>2010</u>
\$	239,573,737	\$	172,482,422	\$	197,660,324	\$	170,653,597
	8,485,692		46,003,788		18,012,097		19,380,291
	<u>16,077,362</u>		<u>23,449,079</u>		<u>19,348,796</u>		<u>21,068,067</u>
\$	<u><u>264,136,791</u></u>	\$	<u><u>241,935,289</u></u>	\$	<u><u>235,021,217</u></u>	\$	<u><u>211,101,955</u></u>
\$	205,189,262	\$	154,916,137	\$	218,661,759	\$	217,332,086
	1,780,548		60,284,877		-		367,613
	<u>81,084,328</u>		<u>90,433,810</u>		<u>83,681,356</u>		<u>90,470,623</u>
\$	<u><u>288,054,138</u></u>	\$	<u><u>305,634,824</u></u>	\$	<u><u>302,343,115</u></u>	\$	<u><u>308,170,322</u></u>
\$	444,762,999	\$	327,398,559	\$	416,322,083	\$	387,985,683
	10,266,240		106,288,665		18,012,097		19,747,904
	<u>97,161,690</u>		<u>113,882,889</u>		<u>103,030,152</u>		<u>111,538,690</u>
\$	<u><u>552,190,929</u></u>	\$	<u><u>547,570,113</u></u>	\$	<u><u>537,364,332</u></u>	\$	<u><u>519,272,277</u></u>

CITY OF HIGH POINT, NORTH CAROLINA

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

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

CITY OF HIGH POINT, NORTH CAROLINA

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	28,543,278	\$ 25,941,473	\$ 22,155,751	\$ 19,801,263
	37,562,840	37,591,692	41,601,246	42,088,245
	43,851,774	46,244,845	42,959,675	40,523,136
	5,356,419	5,636,936	7,513,814	10,673,496
	15,892,000	19,383,650	20,833,203	20,367,904
	2,964,267	3,005,580	3,505,011	3,528,704
	<u>134,170,578</u>	<u>137,804,176</u>	<u>138,568,700</u>	<u>136,982,748</u>
	29,585,248	32,350,433	41,024,490	41,350,423
	94,772,144	96,905,034	100,645,320	101,578,236
	3,169,756	3,276,113	3,457,983	3,581,111
	901,670	883,139	824,324	713,578
	5,019,471	5,313,245	8,065,953	4,936,142
	2,484,244	1,704,600	1,950,821	2,267,179
	<u>135,932,533</u>	<u>140,432,564</u>	<u>155,968,891</u>	<u>154,426,669</u>
\$	<u>270,103,111</u>	<u>278,236,740</u>	<u>294,537,591</u>	<u>291,409,417</u>
\$	4,142,566	\$ 2,843,382	\$ 4,634,362	\$ 2,210,293
	919,369	101,221	882,767	1,130,736
	6,477,450	3,633,808	73,854	549,938
	2,075,285	1,605,898	829,904	950,498
	2,832,825	3,581,369	3,522,348	3,476,910
	703,685	240,067	680,305	550,570
	2,791,283	455,108	1,301,142	3,235,502
	4,239,241	3,510,931	9,261,177	5,863,168
	1,729,780	1,559,398	2,697,942	3,209,922
	93,141	55,932	896,008	574,478
	30,339,941	4,574,823	345,646	288,065
	-	-	-	-
	-	400,407	680,000	-
	<u>56,344,566</u>	<u>22,562,344</u>	<u>25,805,455</u>	<u>22,040,080</u>
	35,389,889	37,127,800	37,682,405	39,121,632
	97,956,590	101,142,084	99,942,110	103,677,042
	1,491,025	1,952,804	550,490	543,788
	429,998	455,650	339,487	333,047
	6,512,504	6,502,996	6,189,059	6,774,821
	1,098,650	2,290,800	2,341,644	2,350,132
	-	-	-	-
	-	-	573,143	11,500
	791,439	312,517	2,952,666	2,315,451
	-	-	-	68,588
	6,194,074	3,254,882	1,881,495	4,411,222
	-	305,716	-	-
	-	-	-	-
	<u>149,864,169</u>	<u>153,345,249</u>	<u>152,452,499</u>	<u>159,607,223</u>
\$	<u>206,208,735</u>	<u>175,907,593</u>	<u>178,257,954</u>	<u>181,647,303</u>

CITY OF HIGH POINT, NORTH CAROLINA

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Net (Expense)/Revenue				
Governmental Activities	\$ (65,146,156)	\$ (83,379,038)	\$ (86,510,800)	\$ (88,720,880)
Business-type Activities	<u>12,378,576</u>	<u>7,248,448</u>	<u>8,038,036</u>	<u>6,702,267</u>
Total Primary Government Net (Expense)/Revenue	<u>\$ (52,767,580)</u>	<u>\$ (76,130,590)</u>	<u>\$ (78,472,764)</u>	<u>\$ (82,018,613)</u>
 General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Property Taxes	\$ 39,879,436	\$ 40,586,808	\$ 44,555,015	\$ 49,118,481
Other Taxes	13,025,288	13,986,485	16,505,888	15,601,714
Unrestricted Revenues and Contributions	14,731,916	14,233,776	14,415,754	19,414,179
Gain (Loss) on Disposal of Capital Assets	(32,381)	(84,893)	(296,840)	-
Investment Earnings	857,839	717,492	1,279,438	1,954,778
Transfers	<u>(639,365)</u>	<u>(297,104)</u>	<u>(293,109)</u>	<u>(107,139)</u>
Total Governmental Activities	<u>67,822,733</u>	<u>69,142,564</u>	<u>76,166,146</u>	<u>85,982,013</u>
Business-type Activities:				
Gain (Loss) on Disposal of Capital Assets	(68,698)	-	1,762,533	(893)
Investment Earnings	1,761,550	1,525,924	2,034,710	4,067,574
Grants, Contributions and Revenues Not Restricted	-	314,461	13,500	-
Transfers	<u>639,365</u>	<u>297,104</u>	<u>293,109</u>	<u>107,139</u>
Total Business-type Activities	<u>2,332,217</u>	<u>2,137,489</u>	<u>4,103,852</u>	<u>4,173,820</u>
Total Primary Government	<u>\$ 70,154,950</u>	<u>\$ 71,280,053</u>	<u>\$ 80,269,998</u>	<u>\$ 90,155,833</u>
 Change in Net Assets				
Governmental Activities	\$ 2,676,577	\$ (14,236,474)	\$ (10,344,654)	\$ (2,738,867)
Business-type Activities	<u>14,710,793</u>	<u>9,385,937</u>	<u>12,141,888</u>	<u>10,876,087</u>
Total Primary Government	<u>\$ 17,387,370</u>	<u>\$ (4,850,537)</u>	<u>\$ 1,797,234</u>	<u>\$ 8,137,220</u>

CITY OF HIGH POINT, NORTH CAROLINA

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	(77,826,012)	\$ (115,241,832)	\$ (112,763,245)	\$ (114,942,668)
	<u>13,931,636</u>	<u>12,912,685</u>	<u>(3,516,392)</u>	<u>5,180,554</u>
\$	<u>(63,894,376)</u>	<u>(102,329,147)</u>	<u>(116,279,637)</u>	<u>(109,762,114)</u>
\$	52,944,945	\$ 56,228,819	\$ 57,736,549	\$ 57,834,033
	17,643,440	17,868,296	16,145,569	14,651,486
	22,038,601	15,075,725	16,211,091	16,442,105
	-	153,943	12,223,430	447,961
	3,318,216	2,747,586	2,217,246	639,747
	<u>(4,644,030)</u>	<u>965,961</u>	<u>1,315,288</u>	<u>1,008,074</u>
	<u>91,301,172</u>	<u>93,040,330</u>	<u>105,849,173</u>	<u>91,023,406</u>
	-	-	(2,574,677)	-
	5,854,162	4,884,104	4,114,648	1,654,727
	-	749,858	-	-
	<u>4,644,030</u>	<u>(965,961)</u>	<u>(1,315,288)</u>	<u>(1,008,074)</u>
	<u>10,498,192</u>	<u>4,668,001</u>	<u>224,683</u>	<u>646,653</u>
\$	<u>101,799,364</u>	<u>97,708,331</u>	<u>106,073,856</u>	<u>91,670,059</u>
\$	13,475,160	\$ (22,201,502)	\$ (6,914,072)	\$ (23,919,262)
	<u>24,429,828</u>	<u>17,580,686</u>	<u>(3,291,709)</u>	<u>5,827,207</u>
\$	<u>37,904,988</u>	<u>(4,620,816)</u>	<u>(10,205,781)</u>	<u>(18,092,055)</u>

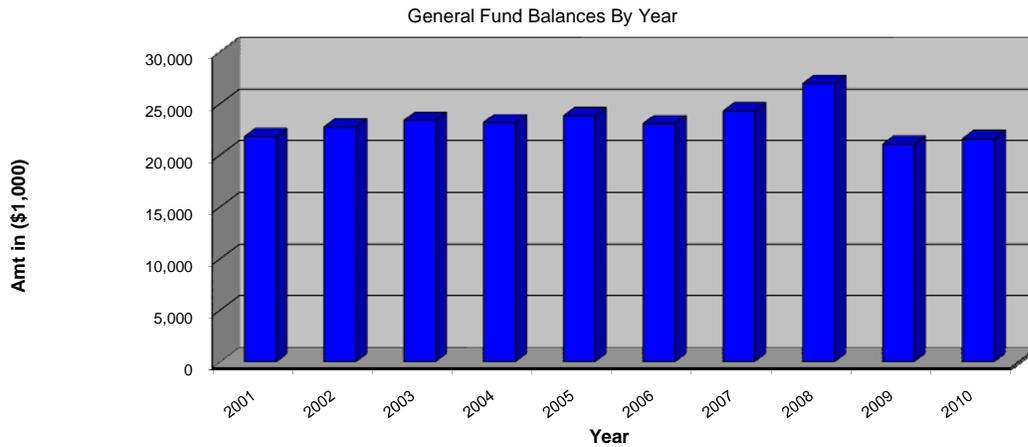
(concluded)

CITY OF HIGH POINT, NORTH CAROLINA

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund					
Reserved for:					
State statute	\$ 3,878,514	\$ 2,822,583	\$ 2,819,357	\$ 2,338,164	\$ 4,450,833
Prepaid items	47,664	11,196	76,966	102,613	131,928
Encumbrances	1,049,559	2,390,000	2,685,021	2,390,579	2,098,653
Total Reserved, General Fund	<u>4,975,737</u>	<u>5,223,779</u>	<u>5,581,344</u>	<u>4,831,356</u>	<u>6,681,414</u>
Unreserved					
Designated for Subsequent Year's Expenditures	2,896,007	3,785,811	3,784,838	4,670,022	4,999,246
Designated for Economic Development	789,513	842,988	598,131	420,043	420,043
Designated for Health Insurance	-	-	73,035	415,974	751,173
Designated for Market Authority	-	-	-	-	-
Undesignated	13,081,030	12,811,758	13,307,688	12,788,563	10,962,358
Total Unreserved, General Fund	<u>16,766,550</u>	<u>17,440,557</u>	<u>17,763,692</u>	<u>18,294,602</u>	<u>17,132,820</u>
Total General Fund	<u>\$ 21,742,287</u>	<u>\$ 22,664,336</u>	<u>\$ 23,345,036</u>	<u>\$ 23,125,958</u>	<u>\$ 23,814,234</u>
All Other Governmental Funds					
Reserved for:					
State Statute	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid Items	-	-	-	-	-
Encumbrances	-	-	-	-	-
Debt Service	1,485,227	1,823,791	2,356,477	3,033,268	3,373,898
Total Reserved, Other Governmental Funds	<u>1,485,227</u>	<u>1,823,791</u>	<u>2,356,477</u>	<u>3,033,268</u>	<u>3,373,898</u>
Unreserved reported in:					
Special Revenue funds	785,357	294,694	769,027	856,511	1,038,310
General Capital Projects Fund	10,583,270	7,645,834	8,040,303	12,330,589	4,899,332
Total Unreserved, Other Governmental Funds	<u>11,368,627</u>	<u>7,940,528</u>	<u>8,809,330</u>	<u>13,187,100</u>	<u>5,937,642</u>
Total Other Governmental Funds	<u>\$ 12,853,854</u>	<u>\$ 9,764,319</u>	<u>\$ 11,165,807</u>	<u>\$ 16,220,368</u>	<u>\$ 9,311,540</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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	2,977,521	\$ 3,015,032	\$ 6,247,987	\$ 5,357,389	\$ 5,839,275
	235,539	147,011	180,546	9,279	34,430
	<u>1,584,105</u>	<u>635,689</u>	<u>2,046,045</u>	<u>323,987</u>	<u>471,425</u>
	4,797,165	3,797,732	8,474,578	5,690,655	6,345,130
	4,128,876	4,495,500	5,045,855	4,569,934	3,584,710
	580,568	903,937	1,220,766	1,172,916	1,676,963
	-	941,320	830,287	217,085	-
	-	-	-	7,828	7,828
	<u>13,506,660</u>	<u>14,135,144</u>	<u>11,338,252</u>	<u>9,361,330</u>	<u>9,923,268</u>
	18,216,104	20,475,901	18,435,160	15,329,093	15,192,769
\$	<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>	<u><u>21,537,899</u></u>
\$	-	\$ -	\$ 95,486	\$ 544,758	\$ 623,240
	-	-	1,373	-	-
	-	-	12,474,300	7,962,782	2,769,394
	<u>7,769,551</u>	<u>11,352,774</u>	<u>14,424,138</u>	<u>18,012,097</u>	<u>19,380,291</u>
	7,769,551	11,352,774	26,995,297	26,519,637	22,772,925
	780,344	617,493	9,924	196,237	915,886
	<u>20,339,011</u>	<u>16,718,372</u>	<u>17,432,876</u>	<u>7,281,051</u>	<u>28,074,824</u>
	21,119,355	17,335,865	17,442,800	7,477,288	28,990,710
\$	<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>	<u><u>51,763,635</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>2001</u>		<u>2002</u>		<u>2003</u>		<u>2004</u>		<u>2005</u>
Revenues									
Taxes:									
Property	\$ 35,603,060	\$	37,880,381	\$	39,414,150	\$	40,494,558	\$	44,189,414
Sales and Use	11,074,790		10,941,081		11,468,207		12,378,265		14,818,161
Other	<u>1,227,652</u>		<u>1,476,168</u>		<u>1,557,081</u>		<u>1,608,217</u>		<u>1,687,727</u>
Total taxes	47,905,502		50,297,630		52,439,438		54,481,040		60,695,302
Intergovernmental	14,572,405		11,981,846		14,834,834		14,947,451		16,481,501
Licenses and Permits	3,807,220		4,745,290		4,461,779		4,380,607		4,629,749
Charges for Services	3,495,370		3,357,823		3,456,266		3,579,060		4,238,495
Interest on Investments	2,585,207		2,300,860		784,767		685,268		1,279,438
Administrative reimbursements	2,758,208		3,752,099		4,231,632		4,400,603		4,994,829
Miscellaneous	<u>1,546,027</u>		<u>1,885,936</u>		<u>2,523,063</u>		<u>3,092,429</u>		<u>2,267,217</u>
Total Revenues	<u>76,669,939</u>		<u>78,321,484</u>		<u>82,731,779</u>		<u>85,566,458</u>		<u>94,586,531</u>
Expenditures									
General Government	10,389,406		11,937,580		12,616,839		13,522,897		14,939,812
Public Safety	26,061,017		29,620,614		32,595,299		35,091,686		39,715,207
Public and Environmental Services	13,763,673		14,097,504		12,902,823		17,173,905		19,375,819
Planning and Community Development	5,424,101		5,554,982		4,789,223		5,148,808		6,501,035
Culture and Recreation	12,129,049		13,183,410		12,558,012		13,870,764		14,355,284
Debt Service:									
Principal	3,439,475		3,467,341		3,347,625		3,327,103		3,709,888
Interest	<u>2,321,939</u>		<u>2,162,086</u>		<u>2,000,405</u>		<u>1,742,936</u>		<u>1,935,965</u>
Total Expenditures	<u>73,528,660</u>		<u>80,023,517</u>		<u>80,810,226</u>		<u>89,878,099</u>		<u>100,533,010</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,141,279</u>		<u>(1,702,033)</u>		<u>1,921,553</u>		<u>(4,311,641)</u>		<u>(5,946,479)</u>
Other Financing Sources (Uses)									
Lease purchase proceeds	-		-		800,000		1,485,236		-
Transfers in	7,688,489		7,273,478		228,600		543,062		7,510,242
Transfers in related to payments in lieu of taxes	-		-		-		-		-
Transfers out	<u>(7,988,184)</u>		<u>(7,738,931)</u>		<u>(8,556,796)</u>		<u>(7,642,916)</u>		<u>(7,784,315)</u>
General obligation bonds	-		-		-		-		-
Bond Premium	-		-		-		-		-
Refunding bonds issued	-		-		-		-		-
Total other financing sources (uses)	<u>(299,695)</u>		<u>(465,453)</u>		<u>(7,528,196)</u>		<u>(5,614,618)</u>		<u>(274,073)</u>
Net change in fund balances	\$ <u>2,841,584</u>	\$	<u>(2,167,486)</u>	\$	<u>(5,606,643)</u>	\$	<u>(9,926,259)</u>	\$	<u>(6,220,552)</u>
Debt service as a percentage of expenditures	7.84%		7.03%		6.62%		5.64%		5.62%

(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>2006</u>		<u>2007</u>		<u>2008</u>		<u>2009</u>		<u>2010</u>
\$	49,118,481	\$	52,224,666	\$	56,354,409	\$	57,482,897	\$	57,973,152
	15,601,714		17,643,440		17,868,296		16,145,569		13,099,712
	-		-		-		-		1,551,774
	<u>64,720,195</u>		<u>69,868,106</u>		<u>74,222,705</u>		<u>73,628,466</u>		<u>72,624,638</u>
	21,403,252		20,463,981		17,564,267		17,600,326		24,554,069
	5,228,772		5,273,785		4,698,780		3,958,060		3,546,529
	3,948,282		5,419,120		3,737,495		3,747,617		4,158,266
	1,952,292		3,311,890		2,747,586		2,217,246		639,747
	-		4,675,886		5,241,535		5,947,671		6,009,954
	7,141,083		1,426,585		1,924,809		769,480		1,575,409
	<u>104,393,876</u>		<u>110,439,353</u>		<u>110,137,177</u>		<u>107,868,866</u>		<u>113,108,612</u>
	16,579,056		17,825,166		19,152,376		19,558,213		16,953,597
	35,973,681		37,055,281		40,613,195		41,014,518		41,856,008
	28,173,499		27,431,443		22,590,322		23,998,005		22,144,426
	6,571,347		6,277,388		6,168,025		7,602,039		10,798,108
	15,050,819		18,034,136		22,854,852		25,040,770		20,049,626
	4,088,867		4,832,681		5,699,341		5,799,619		6,163,263
	1,914,228		2,450,127		2,906,770		3,429,758		3,534,189
	<u>108,351,497</u>		<u>113,906,222</u>		<u>119,984,881</u>		<u>126,442,922</u>		<u>121,499,217</u>
	<u>(3,957,621)</u>		<u>(3,466,869)</u>		<u>(9,847,704)</u>		<u>(18,574,056)</u>		<u>(8,390,605)</u>
	194,724		4,275,196		900,000		900,000		5,500,000
	7,785,838		8,680,484		11,389,272		11,014,282		10,959,880
	-		-		-		783,564		820,000
	(7,873,941)		(8,428,714)		(10,396,005)		(10,454,952)		(9,744,200)
	40,119,472		-		26,340,000		-		18,930,000
	-		-		-		-		209,786
	<u>(17,474,472)</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>
	<u>22,751,621</u>		<u>4,526,966</u>		<u>28,233,267</u>		<u>2,242,894</u>		<u>26,675,466</u>
\$	<u><u>18,794,000</u></u>	\$	<u><u>1,060,097</u></u>	\$	<u><u>18,385,563</u></u>	\$	<u><u>(16,331,162)</u></u>	\$	<u><u>18,284,861</u></u>
	5.54%		6.39%		7.17%		7.30%		7.98%

(concluded)

CITY OF HIGH POINT, NORTH CAROLINA

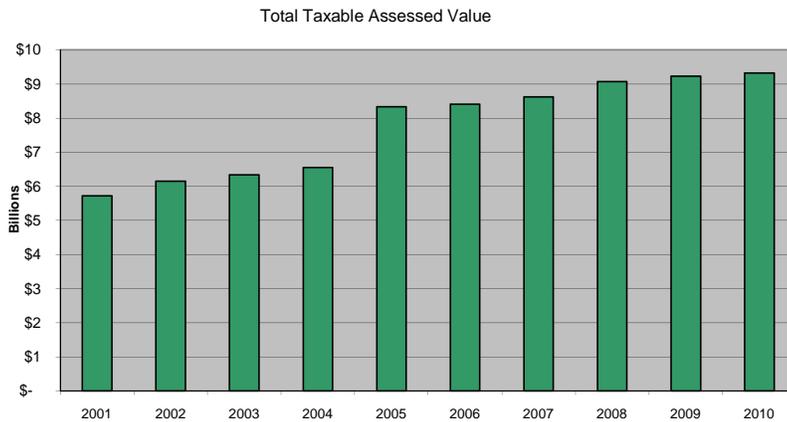
Table V
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

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					
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
2010	4,279,155,000	2,483,747,575	1,008,165,180	1,417,186,050	131,456,290	9,319,710,095	0.633	9,808,156,278

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

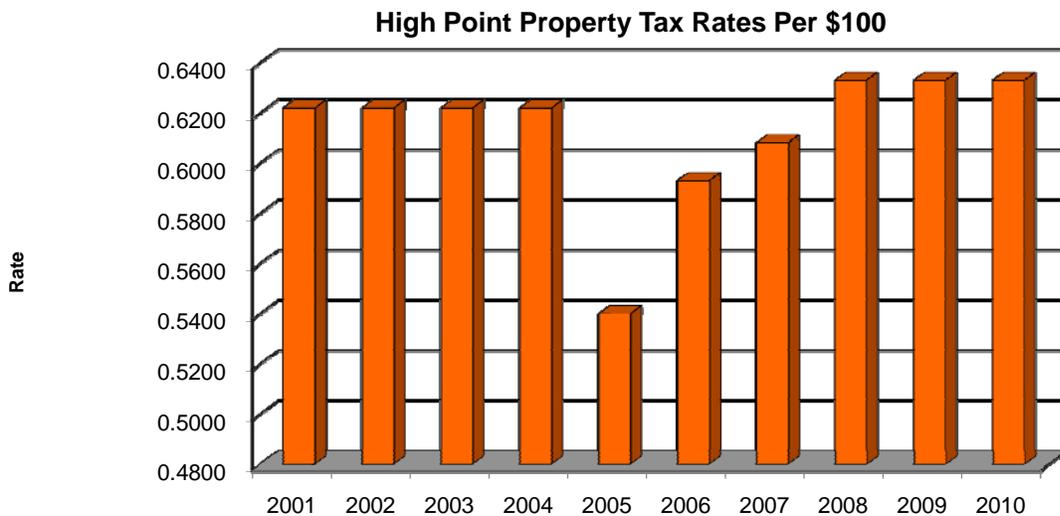
**Table VI
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

	Year Taxes Are Payable									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Guilford County ¹	\$ 0.5700	\$ 0.6000	\$ 0.5800	\$ 0.5600	\$ 0.5600	\$ 0.6100	\$ 0.6615	\$ 0.6914	\$ 0.7374	\$ 0.7374
High Point City										
Operating rate	0.6220	0.6220	0.6220	0.6220	0.5400	0.5590	0.5740	0.5990	0.5990	0.5990
Debt service rate	-	-	-	-	-	0.0340	0.0340	0.0340	0.0340	0.0340
Total High Point City	0.6220	0.6220	0.6220	0.6220	0.5400	0.5930	0.6080	0.6330	0.6330	0.6330
Total direct & overlapping rates	\$ <u>1.1920</u>	\$ <u>1.2220</u>	\$ <u>1.2020</u>	\$ <u>1.1820</u>	\$ <u>1.1000</u>	\$ <u>1.2030</u>	\$ <u>1.2695</u>	\$ <u>1.3244</u>	\$ <u>1.3704</u>	\$ <u>1.3704</u>

Note: Real property was revalued on January 1, 2004

¹ Source: Guilford County Tax Department. The County does not delineate components of the tax levy but adopts total rate as operating

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, 2010 and June 30, 2001

Taxpayer	Type of Business	Fiscal Year 2010			Fiscal Year 2001		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
International Home Furnishings Center (IHFC)	Showroom Rental	\$ 184,907,653	1	1.98%	\$ 139,701,692	1	2.44%
Liberty Property LTD Partnership	Real Estate	116,083,274	2	1.25%	68,322,843	2	1.19%
Market Square LLC	Real Estate	97,882,700	3	1.05%	62,491,704	3	1.09%
HP Showplace Investors	Real Estate	71,151,483	4	0.76%	-	-	-
Tyco Electronics (formerly RFMicro, formerly AMP Inc.)	Electrical Parts	65,911,053	5	0.71%	30,799,762	8	0.54%
North State Communications	Communications	62,005,004	6	0.67%	54,628,503	4	0.95%
Polo Ralph Lauren Corp.	Clothing	56,927,699	7	0.61%	-	-	-
Thomas Built Buses, Inc.	Bus Bodies	56,432,118	8	0.61%	35,624,934	7	0.62%
High Point Development Ltd. Partnership	Real Estate	49,270,825	9	0.53%	47,184,186	5	0.82%
Mannington Wood Floors	Manufacturing	41,420,151	10	0.44%	-	-	-
Showplace LLC	Showroom Rental	-	-	-	43,227,197	6	0.76%
Banner Pharmacaps, Inc	Pharmaceuticals	-	-	-	30,592,267	9	0.53%
Bank of America	Banking	-	-	-	28,068,200	10	0.49%
Totals		<u>\$ 801,991,960</u>		<u>8.61%</u>	<u>\$ 540,641,288</u>		<u>9.45%</u>

Source: Guilford County Tax Department

CITY OF HIGH POINT, NORTH CAROLINA

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

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	\$ 35,597,594	\$ 35,211,863	98.92%	\$ 313,711	\$ 35,525,574	99.80%
2002	38,184,857	37,749,349	98.86%	345,680	38,095,029	99.76%
2003	39,834,340	39,325,183	98.72%	417,733	39,742,916	99.77%
2004	40,596,747	40,050,117	98.65%	433,207	40,483,324	99.72%
2005	45,007,822	44,189,414	98.18%	687,794	44,877,208	99.71%
2006	49,728,477	48,961,461	98.46%	610,653	49,572,114	99.69%
2007	52,426,916	51,598,122	98.42%	648,129	52,246,251	99.66%
2008	57,726,974	56,595,208	98.04%	869,972	57,465,180	99.55%
2009	58,805,839	57,501,339	97.78%	806,194	58,307,533	99.15%
2010	59,398,063	57,985,102	97.62%	-	57,985,102	97.62%

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, 2010 and June 30, 2001**

Customer	Fiscal Year 2010			Fiscal Year 2001		
	Water and Sewer Charges	Rank	Percentage of Water and Sewer Charges	Water and Sewer Charges	Rank	Percentage of Water and Sewer Charges
Town of Jamestown	\$ 838,932	1	2.16%	\$ 611,360	2	2.68%
High Point Housing Authority	661,033	2	1.71%	477,097	3	2.09%
High Point University	498,122	3	1.29%	-	-	-
Slane Hosiery Mill	469,676	4	1.21%	-	-	-
KAO Specialties Americas, LLC	342,998	5	0.89%	285,079	4	1.25%
City of Archdale	495,804	6	1.28%	551,726	1	2.42%
High Point Regional Health Systems	346,711	7	0.89%	210,998	6	0.92%
Dairy Fresh, LLC	899,474	8	2.32%	-	-	-
Hunter Jersey Farms	288,691	9	0.74%	134,327	10	0.59%
Banner Pharmacaps, Inc	466,073	10	1.20%	152,913	9	0.67%
Superbrand Dairy	-	-	-	580,141	5	2.54%
Thomas Built Buses, Inc.	-	-	-	220,863	7	0.97%
International Home Furnishings Center (IHFC)	-	-	-	173,147	8	0.76%
Totals	\$ <u>5,307,514</u>		<u>13.70%</u>	\$ <u>3,397,651</u>		<u>14.89%</u>

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, 2010 and June 30, 2001**

Taxpayer	Fiscal Year 2010			Fiscal Year 2001		
	Electric Charges	Rank	Percentage of Total Electric Charges	Electric Charges	Rank	Percentage of Total Electric Charges
International Home Furnishings Center (IHFC)	\$ 2,116,261	1	2.04%	1,914,921	1	2.40%
High Point University	2,065,335	2	1.99%	555,857	9	0.70%
High Point Regional Health Systems	1,846,180	3	1.78%	1,347,129	2	1.69%
KAO Specialties Americas, LLC	1,242,228	4	1.20%	993,740	4	1.25%
HPC Mab WS Disposal	1,211,721	5	1.17%	815,663	6	1.02%
Banner Pharmacaps, Inc	1,189,495	6	1.15%	647,612	7	0.81%
High Point Housing Authority	937,720	7	0.90%	871,055	5	1.09%
Thomas Built Buses, Inc.	920,770	8	0.89%	-	-	-
Liberty Property LTD Partnership	745,160	9	0.72%	-	-	-
North State Communications	662,154	10	0.64%	-	-	-
Merchandise Mart Properties, Inc.	-	-	-	1,169,412	3	1.47%
High Point Development Ltd. Partnership	-	-	-	597,643	8	0.75%
Food Lion Inc - Store #925	-	-	-	524,536	10	0.66%
Totals	\$ 12,937,024		12.48%	\$ 9,437,568		11.85%

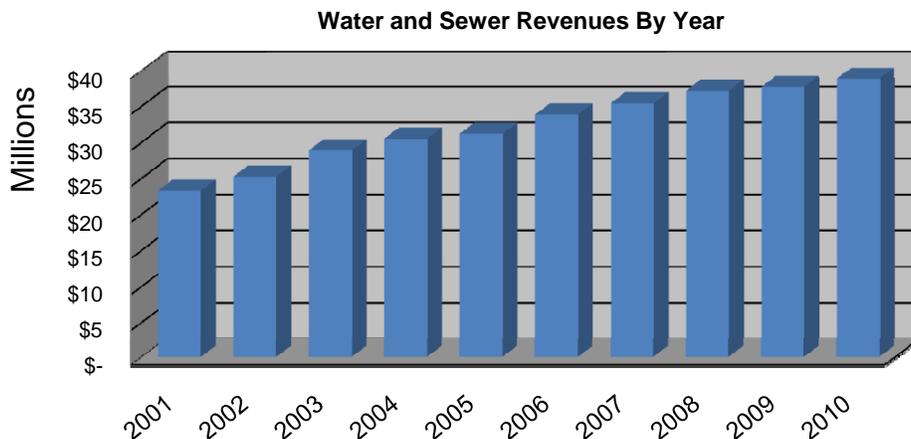
Source: City of High Point Customer Service Department

CITY OF HIGH POINT, NORTH CAROLINA

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

Water and Sewer	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Sales - Sewer	\$ 11,707,547	\$ 12,995,740	\$ 15,525,952	\$ 17,096,893	\$ 17,894,044
Sales - Water	8,878,876	9,565,617	10,096,931	10,097,991	10,599,458
City Sales - Water	300,001	345,835	71,047	81,271	94,144
City Sales - Sewer	51,722	66,184	322,470	330,792	358,524
Wastewater - Archdale	354,305	326,971	505,028	389,927	373,287
Wastewater - Jamestown	435,987	411,724	497,054	441,280	423,764
Wastewater - Greensboro	289,347	521,587	668,750	758,462	782,571
Wastewater - Sedgefield	34,882	35,240	64,493	67,104	65,033
Other	1,194,217	942,533	1,107,164	1,216,701	564,673
Total	<u><u>\$ 23,246,884</u></u>	<u><u>\$ 25,211,431</u></u>	<u><u>\$ 28,858,889</u></u>	<u><u>\$ 30,480,421</u></u>	<u><u>\$ 31,155,498</u></u>

Electric	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Residential	\$ 31,385,964	\$ 28,641,020	\$ 32,941,788	\$ 31,117,279	\$ 32,058,229
Industrial	8,114,084	7,620,309	7,930,464	7,696,746	8,410,064
Commercial	34,645,974	34,764,658	36,778,049	36,839,225	37,640,817
City	3,054,712	2,938,192	3,128,955	3,147,343	3,189,477
Street Lighting	1,177,481	1,214,672	1,259,836	1,279,640	1,390,427
Private Lighting	926,546	984,194	1,007,347	1,063,312	1,135,956
Other	1,460,774	1,518,771	1,982,886	1,648,296	2,431,952
Total	<u><u>\$ 80,765,535</u></u>	<u><u>\$ 77,681,816</u></u>	<u><u>\$ 85,029,325</u></u>	<u><u>\$ 82,791,841</u></u>	<u><u>\$ 86,256,922</u></u>

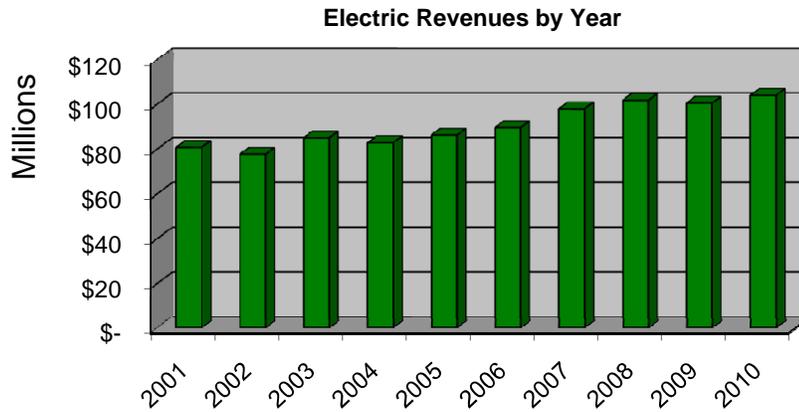


CITY OF HIGH POINT, NORTH CAROLINA

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

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 19,088,863	\$ 19,883,533	\$ 21,350,473	\$ 21,775,255	\$ 22,303,779
11,781,595	12,136,279	13,369,707	13,680,617	13,948,264
87,567	105,875	465,626	492,514	492,164
340,956	411,721	122,919	196,451	191,502
342,985	396,530	295,071	375,932	395,811
463,209	532,514	521,978	422,065	488,976
322,207	210,892	368,844	309,401	394,195
40,749	48,791	103,065	55,376	106,613
1,359,002	1,663,754	581,327	374,794	494,245
<u>\$ 33,827,133</u>	<u>\$ 35,389,889</u>	<u>\$ 37,179,010</u>	<u>\$ 37,682,405</u>	<u>\$ 38,815,549</u>

\$ 33,779,198	\$ 35,358,605	\$ 39,080,218	\$ 39,100,769	\$ 40,217,026
9,044,046	9,455,323	11,294,014	10,595,656	10,927,253
39,187,841	40,930,200	43,574,982	42,584,819	44,158,424
3,289,930	3,330,363	3,517,806	3,624,070	3,971,356
1,456,755	1,528,075	1,586,740	1,614,486	1,798,946
1,170,112	1,266,127	1,469,432	1,599,987	1,731,997
1,722,284	6,087,897	1,282,923	1,395,466	1,189,623
<u>\$ 89,650,166</u>	<u>\$ 97,956,590</u>	<u>\$ 101,806,115</u>	<u>\$ 100,515,253</u>	<u>\$ 103,994,625</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			
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%
2010	79,326,635	13,008,542	58,678,364	132,100,000	12,149,885	-	295,263,426	2,890	8.16%

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

See Table 17 for personal income and population data.

These ratios are calculated using personal income and population for the prior calendar year.

These amounts are presented as gross amounts and do not include premiums/discounts which are shown net of debt in the notes and financial statements.

CITY OF HIGH POINT, NORTH CAROLINA

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

Fiscal Year	General Bonded Debt Outstanding			Percentage of Personal Income	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total			
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
2010	138,004,999	19,576,743	118,428,256	3.27%	1.27%	1,159

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

See Table 17 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.

These amounts are presented as gross amounts and do not include premiums/discounts which are shown net of debt in the notes and financial statements.

City of High Point, North Carolina

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

	Fiscal Year				
	2001	2002	2003	2004	2005
Assessed Value of Property	\$ 5,720,936	\$ 6,150,658	\$ 6,337,599	\$ 6,547,953	\$ 8,332,125
Debt Limit, 8% of Assessed Value (Statutory Limitation)	457,675	492,053	507,008	523,836	666,570
Amount of Debt Applicable to Limit					
Gross debt	98,001	127,544	134,058	136,270	168,382
Less: Amount available for repayment of general obligation bonds	1,485	1,824	2,356	3,033	3,374
Debt outstanding for water and sewer purposes	53,280	87,865	96,682	91,877	89,536
Revenue bonds	1,470	-	-	-	42,032
Total net debt applicable to limit	<u>41,766</u>	<u>37,855</u>	<u>35,020</u>	<u>41,360</u>	<u>33,440</u>
Legal Debt Margin Available	\$ <u>415,909</u>	\$ <u>454,198</u>	\$ <u>471,988</u>	\$ <u>482,476</u>	\$ <u>633,130</u>
Total net debt applicable to the limit as a percentage of debt limit	9.13%	7.69%	6.91%	7.90%	5.02%

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.

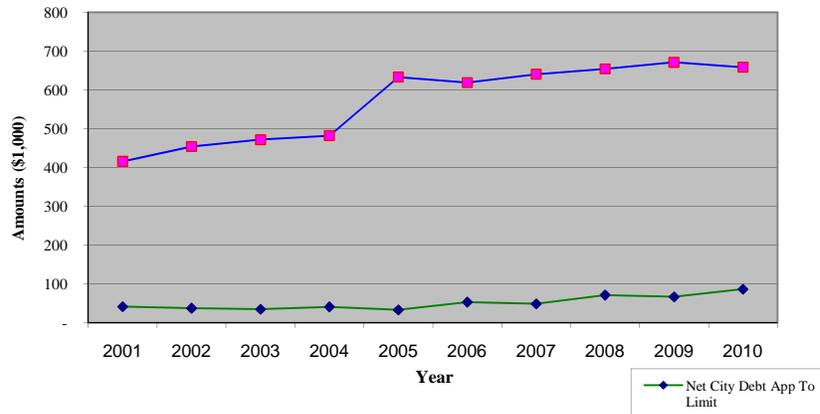
Note: Debt is presented as gross and does not include bond premiums/discounts.

City of High Point, North Carolina

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

		Fiscal Year							
		2006	2007	2008	2009	2010			
\$	8,406,292	\$	8,619,787	\$	9,074,880	\$	9,230,496	\$	9,319,710
	672,503		689,583		725,990		738,440		745,577
	216,974		210,331		271,684		258,688		295,263
	7,770		11,353		14,732		18,107		19,577
	83,923		78,123		72,648		62,611		56,819
	71,755		71,755		112,515		110,730		132,100
	<u>53,526</u>		<u>49,100</u>		<u>71,789</u>		<u>67,240</u>		<u>86,767</u>
\$	<u>618,977</u>	\$	<u>640,483</u>	\$	<u>654,201</u>	\$	<u>671,200</u>	\$	<u>658,810</u>
	7.96%		7.12%		9.89%		9.11%		11.64%

City Debt and Legal Debt Margin



CITY OF HIGH POINT, NORTH CAROLINA

**Table XV
Direct and Overlapping Debt
As of June 30, 2010**

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	\$ 150,154,884	100.0%	\$ 150,154,884
Guilford County	813,410,000	20.8%	169,189,280
Total direct and overlapping debt			<u>\$ 319,344,164</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 Six Fiscal Years**

Fiscal Year	Prior Year		Operating Expenses ³	Income Available for Debt Service	Parity Debt Service Requirement	Total Debt Service Requirement	Coverage on	Coverage on
	Unrestricted Net Assets ¹	Operating Revenues ²					Including 15% Parity Debt Unrestricted Net Assets ⁴	Total Debt Excluding 15% Unrestricted Net Assets ⁵
2005	\$ 28,133,279	\$ 31,155,498	\$ 14,304,298	\$ 16,851,200	\$ 189,988	\$ 10,356,238	110.91	1.63
2006	28,228,707	33,827,123	18,012,032	15,815,091	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
2010	28,706,627	38,815,549	17,431,703	21,383,846	6,979,722	15,042,457	3.68	1.42

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, \$41,745,000 dated June 2008, and \$23,210,000 dated June 2010

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

² From the current combined financial statements.

³ Operating Expenses exclude depreciation, bond interest and accrued expenses for post-employment benefits.

⁴ Most restrictive required coverage is 1.20

⁵ Most restrictive required coverage is 1.00

CITY OF HIGH POINT, NORTH CAROLINA

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

Year	Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Personal Income	Public School Enrollment (3)	Unemployment Rate (4)	Number of Building Inspections Performed (5)
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
2010	102,161	3,617,010	35,405	13,596	11.76%	8,308

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	2010			2001		
	Employees	Rank	Percentage of Total County Employment ¹	Employees	Rank	Percentage of Total County Employment ¹
Bank of America	2087	1	0.93%	1800	3	0.82%
Guilford County Schools <i>(employees assigned to High Point Schools and offices)</i>	1760	2	0.79%	1615	2	0.74%
High Point Regional Health Center	1720	3	0.77%	1975	1	0.90%
City of High Point	1339	4	0.60%	1400	6	0.64%
Thomas Built Buses <i>(a division of Daimler Chrysler/Freightliners)</i>	1265	5	0.56%	1600	4	0.73%
Polo Ralph Lauren	1100	6	0.49%			
Cornerstone Healthcare	922	7	0.41%			
Aetna	790	8	0.35%	1200	7	0.55%
Tyco Electronics	775	9	0.35%			
High Point University	764	10	0.34%			
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

¹ Total employment figures available for Guilford County only.

CITY OF HIGH POINT, NORTH CAROLINA

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

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government	115	121	119	120	120	121	125	118	125	121
Public Safety	464	476	477	483	489	507	525	478	490	490
Public Services	157	157	157	161	161	161	161	160	159	144
Planning and Community Development	36	27	27	38	38	52	51	54	54	51
Cultural and Recreation	154	161	161	161	159	159	159	159	173	179
Water and Sewer	133	132	132	140	141	143	145	127	146	143
Electric	119	122	122	121	122	121	121	123	124	121
Mass Transit	33	33	33	33	33	33	33	34	33	33
Parking	5	5	5	5	5	5	5	5	5	4
Landfill	47	46	46	46	46	46	46	40	46	47
Storm Water	7	8	8	8	9	10	10	11	12	23
Central Services	49	42	42	42	42	42	42	40	40	38
Total	<u>1,319</u>	<u>1,330</u>	<u>1,329</u>	<u>1,358</u>	<u>1,365</u>	<u>1,400</u>	<u>1,423</u>	<u>1,349</u>	<u>1,407</u>	<u>1,394</u>

Source: 2001-2008 City of High Point Finance Department; 2009 and forward - City of High Point Budget and Evaluation Department

Note: For 2001-2008, 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**

<u>Function/Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Police					
Calls dispatched	151,000	129,338	133,528	125,920	140,161
Fire					
Emergency responses	9,299	10,307	10,715	11,114	11,332
Inspections	1,570	1,668	3,565	3,335	4,613
Streets					
Streets paved	15	1	10	13	-
Water and Sewer					
Water pumped (mg per day)	12	12	12	12	12
Sewer Treated (mg per day)	18	18	18	18	18
Electric					
Customers	33,682	35,690	36,748	37,037	38,364
KWH Purchased	981,281,000	1,062,077,000	1,060,289,000	1,080,987,000	1,116,574,300

CITY OF HIGH POINT, NORTH CAROLINA

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

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
148,899	148,899	125,137	133,252	125,482
-	-	11,038	10,897	11,029
1,464	1,571	6,715	6,027	5,525
6	4	3	-	-
12	13	13	11	13
18	17	15	18	17
40,564	39,140	40,359	39,369	39,047
1,200,578,120	1,158,205,000	1,138,448,000	1,160,153,000	1,183,410,000

CITY OF HIGH POINT, NORTH CAROLINA

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

<u>Function/Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Police						
Stations	1	1	1	1	1	1
Patrol Units	207	211	212	220	220	251
Fire stations	11	11	11	13	14	14
Streets						
Paved Streets (miles)	454	455	465	478	478	484
Unpaved Streets (miles)	4	3	2	2	4	4
Alleys (miles)	2	2	2	2	2	2
Parks and Recreation						
Acreage	3,799	3,799	3,799	3,799	3,799	3,804
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	4
Library						
Books and Volumes	292,010	297,973	302,945	284,711	320,322	343,444
Theatre						
Seats	967	967	967	967	967	967
Water and Sewer						
Water and Sewer mains (miles)	1,041	1,063	974	984	991	1,311
Water storage capacity (mg/day)	24	24	24	24	24	24
Water and Sewer Treatment capacity(mg/day)	22	22	22	22	32	26
Electric						
Overhead lines	587	597	591	597	416	416
Underground lines					184	286
Electric substations	13	13	13	14	14	13
Mass Transit						
Buses	16	16	16	18	18	18
Parking						
Off Street Parking spaces	1,237	1,237	1,237	1,237	1,237	1,237
Storm Water						
Storm sewers (miles)	541	542	545	545	549	570

CITY OF HIGH POINT, NORTH CAROLINA

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
1	1	1	1
255	225	225	222
14	14	14	14
489	492	492	492
4	4	4	4
2	2	2	2
3,804	3,804	3,200	3,252
36	36	35	35
2	2	2	2
2	2	2	2
4	4	5	5
320,431	295,542	262,066	294,204
963	963	963	963
1,324	1,420	1,347	1,350
24	18	18	18
26	56	56	56
420	416	416	416
300	311	324	366
13	13	13	13
18	18	18	18
1,237	1,237	1,234	1,238
600	294	315	337



NORTH CAROLINA'S INTERNATIONAL CITY™

CITY OF HIGH POINT, NORTH CAROLINA

COMPLIANCE SECTION



NORTH CAROLINA'S INTERNATIONAL CITY™

**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, 2010, which collectively comprise the City of High Point's basic financial statements, and have issued our report thereon dated November 5, 2010. 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.

A deficiency in internal control 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 and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Mayor, members of 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 5, 2010

**Independent Auditor's Report
on Compliance with Requirements That Could
Have a Direct and Material Effect on Each Major
Federal Program and on Internal Control over
Compliance in Accordance with OMB Circular
A-133 and the State Single Audit Implementation Act**

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

Compliance

We have audited the compliance of the City of High Point, North Carolina, with the types of compliance requirements described in the U. S. Office of Management and Budget ("OMB") Circular A-133, *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the Mayor, members of 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 5, 2010

**Independent Auditor's Report
on Compliance with Requirements That Could
Have a Direct and Material Effect on Each Major
State Program and on Internal Control over
Compliance in Accordance with OMB Circular
A-133 and the State Single Audit Implementation Act**

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

Compliance

We have audited the compliance of the City of High Point, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of its major State programs for the year ended June 30, 2010. 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, 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 could have a direct and material effect on each of its major State programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the Mayor, members of 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 5, 2010

City of High Point, North Carolina

Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major programs:

CFDA Numbers	Name of Federal Program
14.218 and 14.253	Community Development Block Grant – Entitlement Grant Cluster AARA – Community Development Block Grant ARRA Entitlement Grant
14.228	Neighborhood Stabilization Program
14.239	HOME Participating Jurisdictions and Consortium
16.710	COPS Technology
16.738	Justice Assistance Grant
16.804	ARRA - Justice Assistance Grant
20.205	Highway Planning and Construction
20.507	Federal Transit – Formula Grants
66.458	ARRA – Obsolete Sewer

(Continued)

City of High Point, North Carolina

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2010

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

Dollar threshold used to distinguish between Type A and Type B programs

 \$300,000

Auditee qualified as low-risk auditee?

yes no

State Awards

Internal control over major State programs:

 ♦ Material weakness(es) identified?

yes no

 ♦ Significant deficiency(ies) identified that are not considered to be material weaknesses?

yes none reported

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

 Unqualified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act

yes no

Identification of major State programs:

N. C. Department of Transportation:
 Piedmont Parkway Extension

Section II. Financial Statement Findings and Questioned Costs

None to report.

Section III. Findings and Questioned Costs for Federal Awards

None to report.

Section IV. Findings and Questioned Costs for State Awards

None to report.

City of High Point, North Carolina

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2010**

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

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2010**

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
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For The Year Ended June 30, 2010**

<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.S. Department of Housing and Urban Development			
Direct Programs:			
Community Development Block Grant - Entitlement Grant Cluster:			
ARRA - Community Development Block Grant	14.253	\$ 194,929	\$ -
Community Development Block Grant	14.218	721,476	-
Total Entitlement Grant Cluster		916,405	-
HOME PJ	14.239	347,692	-
HOME Consortium	14.239	20,624	-
Shelter Care Plus	14.238	54,446	-
Lead Hazard Control	14.900	1,079,755	-
Passed Through N.C. Department of Environment & Natural Resources:			
Lead Abatement	14.900	4,340	-
Passed Through N.C. Department of Commerce			
Neighborhood Stabilization Program	14.228	401,668	-
U.S. Department of Justice			
Direct Programs:			
Forfeiture Funds	16.000	38,192	-
COPS Technology	16.710	303,458	-
Weed and Seed	16.595	129,436	-
Justice Assistance Grant	16.738	431,181	-
Bulletproof Vest Partnership	16.607	10,233	-
ARRA - Justice Assistance Grant	16.804	1,676,473	-
Passed Through N.C. Department of Crime Control & Public Safety:			
Reentry Grant	16.579	5,139	-
Reentry Grant	16.738	26,980	-
Project Safe Neighborhood	16.744	3,445	-
U.S. Department of Transportation			
Direct Programs:			
Section 104(f) Highway Planning Grant	20.205	162,808	-
2007 Congestion Mitigation & Air Quality	20.205	758	-
2008 Congestion Mitigation & Air Quality	20.205	72,924	-
ARRA - Burton	20.205	259,334	-
ARRA - Clinard	20.205	547	-
ARRA - Deep River	20.205	442,514	-
Section 5307 Capital Grant - FY 2004-2005 (NC-90-X344)	20.507	17,960	-
Section 5307 Capital Grant - FY 2005-2006 (NC-90-X364)	20.507	2,400	-
Section 5307 Capital & Planning Grant - FY 2007-2008 (NC-90-X407)	20.507	28,916	-
Section 5307 Capital Grant - FY 2007-2008 (NC-90-X410)	20.507	39,363	4,920
Section 5307 Capital Grant - FY 2008-2009 (NC-90-X435)	20.507	44,691	-
Section 5307 Operating Grant - FY 2009-2010 (NC-90-X435-02)	20.507	883,467	438,335
Section 5307 Capital Grant - FY 2009-2010 (NC-90-X435-02)	20.507	46,529	-
ARRA - Section 5307 Grant - FY 2009-2010 (NC-96-X014)	20.507	5,686	-
Section 5303 Planning Grant - FY 2009-2010	20.505	30,537	3,817
Section 5307 Operating Grant Davidson County- FY 2009-2010 (NC-90-X435-02)	20.507	69,097	-
Section 5307 Operating Grant Guilford County- FY 2009-2010 (NC-90-X435-02)	20.507	16,608	-
ARRA - Section 5307 Grant Davidson County - FY 2009-2010 (NC-96-X014)	20.507	56,047	-
ARRA - Section 5307 Grant Guilford County - FY 2009-2010 (NC-96-X014)	20.507	221,025	-

<u>U.S. Department of Energy</u>			
Direct Programs:			
ARRA - Energy Efficiency and Conservation Block Grant Program	81,128	12,802	-
<u>U.S. Department of the Interior</u>			
Passed Through N. C. Department of Cultural Resources			
Historic Preservation Fund - Washington Drive	15,904	3,600	-
<u>U.S. Department of the Treasury</u>			
Passed Through MDC (appropriated by the N.C. General Assembly):			
Volunteer Income Tax Assistance	21,009	5,892	-
<u>U.S. Department of Health & Human Services</u>			
Passed Through Piedmont Triad Council of Governments:			
Title III D Disease Prevention	93,043	4,230	270
Passed Through N.C. Department of Crime Control & Public Safety:			
CAC Expansion & Training	93,643	43,334	-
<u>U.S. Environmental Protection Agency</u>			
Passed Through N.C. Department of Environment & Natural Resources			
ARRA - Obsolete Sewer (Grant Funding)	66,458	568,816	-
ARRA - Obsolete Sewer (Loan Funding)		568,816	
<u>N.C. Office of the State Controller</u>			
Direct Programs:			
State Forfeiture Funds - Controlled Substance Tax		-	77,307
<u>N.C. Department of Transportation</u>			
Direct Programs:			
Advanced Technology Grant - FY 2006-07		-	38,505
Hoskins Street RR		-	89,219
Courtesy/Prospect		-	69,631
N-S Airport Connector		-	138,111
State Streets Maintenance		-	192,500
Powell Bill		-	2,628,492
Piedmont Parkway Extension		-	4,849,992
<u>N.C. Department of Environment & Natural Resources</u>			
Direct Programs:			
Aquatic Rehabilitation		-	7,971
<u>N.C. Department of Health and Human Services</u>			
Passed Through Piedmont Triad Council of Governments:			
Senior Center General Purpose		-	12,653
<u>N.C. Department of Cultural Resources</u>			
Direct Programs:			
State Aid to Libraries		-	72,678
		<hr/>	<hr/>
Total Federal and State Assistance		\$ 9,058,168	\$ 8,624,401

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.



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