



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

CITY COUNCIL

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M. CHRISTOPHER WHITLEY..... MAYOR PRO-TEMPORE
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BRITT W. MOORE..... AT- LARGE
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JAMES COREY..... WARD 6

CITY MANAGER

STRIB BOYNTON

ASSISTANT CITY MANAGERS

WILLIAM PATRICK PATE
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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 6, 2012

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 (City) for the fiscal year ended June 30, 2012. 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 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

The City of High Point has participated in the GFOA Certificate of Excellence Program since 1980. The GFOA recognizes governmental units that issue their comprehensive annual financial reports (CAFR) substantially in conformity with the standards of the GASB. The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to City of High Point, North Carolina for its CAFR for the fiscal year ended June 30, 2011. This marked the 25th time the City has received the Certificate of Achievement since 1980, and the 17th 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 CAFR, 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 GASB, 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. High Point is unique – the City is the only municipality in North Carolina whose city limits encompasses parts of four counties. 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 which exceeds 107,000.

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.

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 37% 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. The ground transportation network is anchored by four interstate highways (I-40, I-85, I-73 and I-74). When coupled with the area's high-speed rail corridors and Piedmont Triad International Airport (PTIA), High Point is a great place to do business.

PTIA 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 50 non-stop flights daily serviced by Allegiant, American, Delta, United, and US Airways. During 2011, almost 900,000 people used the airport. PTIA's air cargo facilities and seven air cargo airlines offer an established international gateway superior to that of 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. PTIA is a multi-model cargo facility with virtually all major trucking lines operating terminals near the airport.

PTIA 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, PTIA opened its third runway - a new 9,000-foot public runway with related airfield improvements, which offers benefits to both freight and passenger service.

FedEx Ground opened a major “super hub” distribution center in 2011. The 415,000-square foot distribution hub, located in the Guilford County part of Kernersville, is just north of the High Point city limits. The City of High Point invested \$2.8 million to extend a sewer line under Interstate 40 to serve the FedEx Ground site and adjacent areas. That utility connection came as a result of a High Point / Kernersville partnership. Up to 1,400 workers could be employed by 2020 at FedEx Ground.

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

Accolades

In March 2012, the High Point/Greensboro metro region was named in the Top 10 best areas in the United States for the fifth year 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 2012, High Point’s region continued to do well and was ranked #7 in the nation again.

For four consecutive years, High Point was selected as one of five national recipients of Expansion Solutions Magazine’s Awards of Excellence in the warehouse /distribution category, most recently in 2011. The award recognizes areas that have “made exceptional progress in economic development by successfully recruiting, retaining, and growing businesses” in that industry sector.

The City of High Point was recognized for the fifth consecutive year in a row by ElectriCities with its 2012 “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.
- The Sanford Holshouser Economic Development Consulting firm conducted a 2010 survey on High Point’s economic development efforts. Among the results were that “...what makes High Point unique and successful was the cooperation between city government and the business community.” The study

also added “leaders with vision and ‘can-do/make it happen’ attitudes” were recognized as a key strength for the city.

High Point’s economy is 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 24 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 with an estimated annual impact of \$1.14 billion. An average of 160,000 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 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 7 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. 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. In 2010, Moses Cone completed construction of the third building in the business park and began operating MedCenter of High Point, a free-standing emergency medical care facility .

Piedmont Corporate Park

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.

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 unemployment rate for High Point had decreased to 9.9% as of August 2012.

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 75 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 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 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 Theatre 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 (GTCC) operates a first-rate industrial/technical-training program. With campuses in High Point and neighboring Jamestown, GTCC has an average quarterly enrollment of nearly 15,000.

The City and the Piedmont Triad region are home to 13 major colleges and universities. 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. High Point University and Laurel University, formerly known as 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, completed its inaugural 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. High Point University was again named in July 2012 as one of the top colleges and universities in the US for the fifth year in a row. Under the leadership of President Nido Qubein, the student body has increased from 1,450 to 3,800 students. Likewise, the campus has expanded to accommodate the growing student body and facility needs as described above from 92 to 320 acres. The University's slogan, "Choose to be Extraordinary" is not just a slogan, but a passion and vision for the institution.

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 historically 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 remains one of North Carolina's largest professional cultural resources. The Festival performs in North Carolina (and neighboring states) for a total of 26 weeks, giving over 160 performances and reaching nearly 100,000 students and citizens. The local economy benefits directly from the performances through revenue from lodging, food and entertainment.

Accounting System and Budgetary Control

The diverse nature of governmental operations and the necessity of assuring legal compliance preclude recording and summarizing all governmental financial transactions and balances in a single accounting entity. Therefore, from an accounting and financial management viewpoint, a governmental unit is a combination of several distinctly different fiscal and accounting entities, each having a separate set of accounts and functioning independently of each other. Each accounting entity is accounted for in a separate "fund".

A fund is defined as a fiscal accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's utilities and other enterprises are reported on the accrual basis.

The City's accounting system is organized and operated on a "fund" basis and each fund is classified in one of three categories and further identified as one of nine 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, Private Purpose 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, 2012, are treated as commitments, rather than expenditures, and such encumbered funds are appropriated for expenditure in fiscal year 2012-2013.

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 0.01% to 2.5%. The City's cash management program during FY2012 produced investment earnings across all funds of \$1,456,506, an increase of \$123,962, for the year ended June 30, 2012. At June 30, 2012, the investment portfolio remains 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 funds to take advantage of any steepening of investment yields that may become available in the near future.

Conclusion

The City of High Point has greatly enjoyed the vitality and growth from its economic diversity through development and voluntary annexation. In prior years, 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 exceeding 107,000 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 as the most significant economic downturn in more than a generation lingers and the prognosis for national and local recovery is extended into the next few years.

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 focus efforts to stabilize and restore the fund balances that have been used during this current economic turmoil. We have already seen significant improvement in the fiscal year just completed. 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, necessary and strategically utilized 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 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 year round dedication of the members of the Financial Services Department team, contributions from the Economic Development Corporation, and the assistance of the independent auditors, McGladrey LLP. We would like to particularly mention our appreciation to the leadership and members of the Accounting Division, without whose particular dedication and contributions this report could not have been prepared and completed.

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

Respectfully submitted,



Strib Boynton
City Manager



Jeffrey A. Moore, CPA
Financial Services Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of High Point
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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.



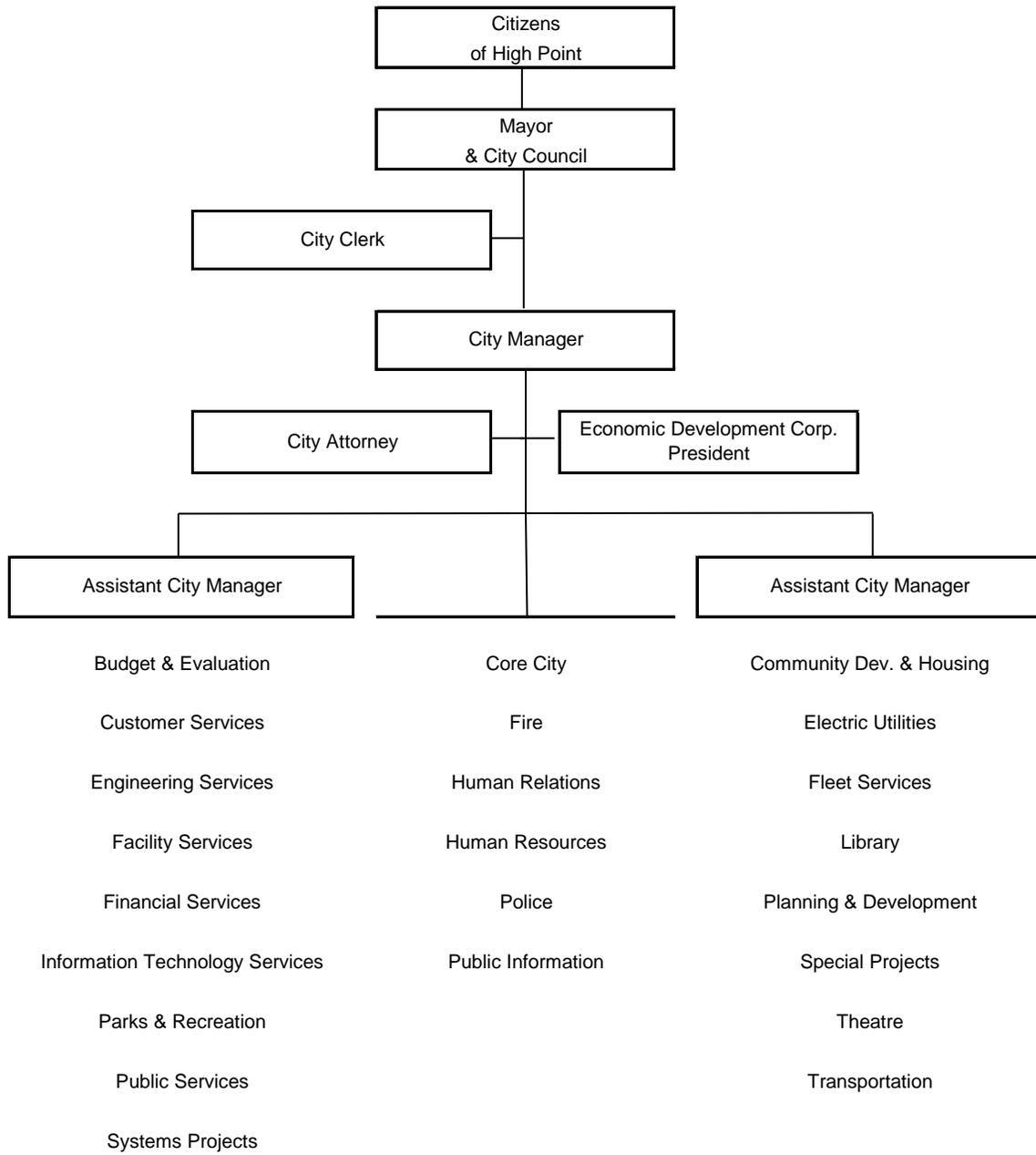
Linda C. Davison

President

Jeffrey R. Emer

Executive Director

Organization Chart
CITY OF HIGH POINT
as of June 30, 2012





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, the discretely presented component unit, 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, 2012, 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 *Government 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 provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of High Point, North Carolina as of June 30, 2012, and the respective changes in financial position and the cash flows where applicable thereof and 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 6, 2012, on our consideration of the City's internal control over financial reporting and 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.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the Law Enforcement Officers' Special Separation Allowance and the Healthcare Benefits on pages 3 - 14, 72 - 73 and 74 - 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements, budgetary schedules and other schedules are presented for purpose of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and State awards is presented for purposes of additional analysis, 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 Act, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules and the 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 certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and State awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements by us or other auditors, and accordingly, we do not express an opinion or provide any assurance on it.

McGladrey LLP

Greensboro, North Carolina
November 6, 2012

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, 2012. 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, the continuation of the most significant economic downturn should have caused further decline in the City's net assets as a result of this year's operations. Nevertheless, there was no erosion in net assets, and in fact the City saw increases during the fiscal year, erasing the erosion that occurred in the two prior fiscal years. The City is financially sound and better strategically positioned to continue to persevere the current economic conditions.

- The assets of the City of High Point exceeded its liabilities at the close of the fiscal year by \$527 million. Governmental net assets increased to \$200 million, while business-type net assets increased to \$327 million.
- As of the close of the current fiscal year, the City of High Point's governmental funds reported combined ending fund balances of \$76,993,318, an increase of \$3,130,702 in comparison with the prior year. Approximately 26 percent of this total amount, or \$20,262,886, is available for spending at the government's discretion in the General Fund. This amount represents 21 percent of total general fund expenditures for the fiscal year completed.
- The City's coveted general obligation bond rating has not been affected by the on-going turbulence in the financial industry and federal treasury practices. The City's rating of AAA from Standard & Poor's as well as the second highest possible ratings of Aa1 from Moody's and of AA+ from Fitch were reaffirmed during June 2012 as the City completed an advance refunding of several outstanding bonds.

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 are encouraged to 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 must also 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 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 operations.

The City as Trustee

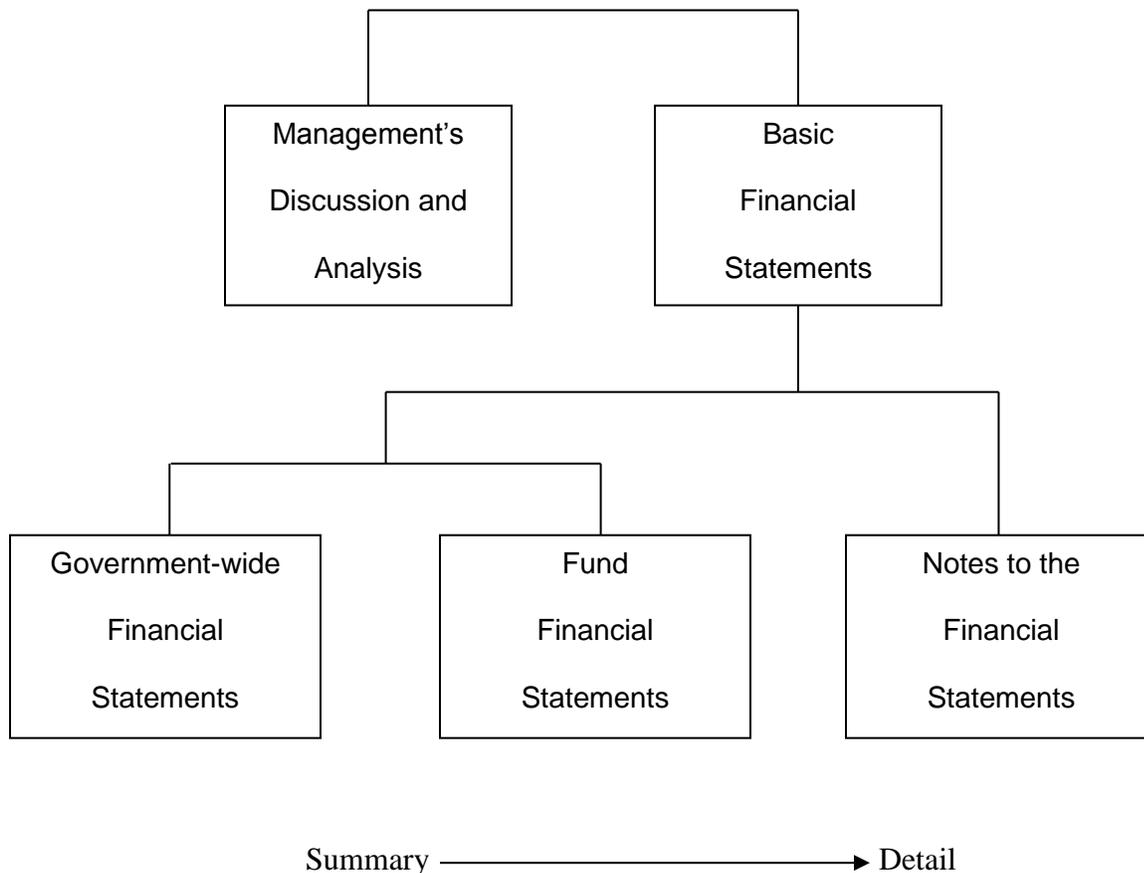
The City is a trustee responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. All of the City’s fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. We exclude these activities from the City’s other financial statements 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, 2012 are presented in accordance with GASB Statement (GASBS) No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments.

Required Components of Annual Financial Report

Figure 1



The City’s combined net assets increased slightly by 3.1% this year to \$527 million from \$511 million. Given that the prior year’s change was a decrease of \$8 million (1.5%) from FY2010’s total of \$519 million, it is a testament to City Council’s fiscal policies, priority-based budgeting, and prudent management during this economic recession that the City emerges these trying times as a stronger and leaner local government. 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 for the City increased from \$511 million to \$527 million during FY2011-2012. The net assets for governmental activities increased slightly as compared to the prior fiscal year. We believe this results from a combination of several factors which contributed to the improving fiscal health of the government. The City continues to invest heavily in capital spending with its continuing emphasis on infrastructure using long-term debt proceeds issued in prior fiscal years. The investment of debt proceeds into capital assets did outpace the recognition of depreciation expense on our governmental assets. In addition, the City refunded some of the outstanding long term bonds, ultimately resulting in issuing less debt than was previously outstanding without extending terms. The most significant factor however was realizing revenues which exceeded fiscal controls on expenditures for both governmental and business-type activities. Restricted and unrestricted net assets combined for a small net decrease.

Table 1
Net Assets
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
					Primary Government	
	2012	2011	2012	2011	2012	2011
Assets						
Current and other assets	\$ 95,480	\$ 90,413	\$162,750	\$160,735	\$258,230	\$251,148
Capital Assets (net)	211,723	208,067	387,496	390,075	599,219	598,142
Total assets	<u>307,203</u>	<u>298,480</u>	<u>550,246</u>	<u>550,810</u>	<u>857,449</u>	<u>849,290</u>
Liabilities						
Liabilities and payables	13,477	11,622	17,647	19,817	31,124	31,439
Long-term liabilities	93,593	92,811	205,737	213,446	299,330	306,257
Total liabilities	<u>107,070</u>	<u>104,433</u>	<u>223,384</u>	<u>233,263</u>	<u>330,454</u>	<u>337,696</u>
Net Assets						
Invested in capital assets, net of debt	155,448	149,270	210,314	214,399	365,762	363,669
Restricted	36,444	35,440	1,412	466	37,856	35,906
Unrestricted	8,241	9,337	115,136	102,682	123,377	112,019
Total net assets	<u>\$200,133</u>	<u>\$194,047</u>	<u>\$326,862</u>	<u>\$317,547</u>	<u>\$526,995</u>	<u>\$511,594</u>

The net assets of our business-type activities also increased slightly (\$327 million compared to \$317 million) in 2012 as increasing revenues outpaced increases in operating expenses which allowed steady funding on major infrastructure projects to repair, replace and improve the water and sewer and electric infrastructure. The City will use the unrestricted net assets to finance the continuing operations of the enterprise operations of the City (Water, Sewer, Electric, Mass Transit, Parking, Landfill, and Storm Water), and their related capital investments. Unrestricted net assets in the governmental activities—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—decreased to \$8,240,950 as compared to \$9,336,675. This is not cause for concern however as this decrease is associated with a corresponding increase in restricted net assets for stabilization by state statute. 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 as the City emerges from the unusually tough economic period we and the surrounding region have experienced the last few years.

Revenues and Expenses

The City's total revenues (excluding transfers and special items) increased 2.4 percent (\$7.0 million) over the previous fiscal year. This is especially rewarding when we consider the FY2011 included \$6.6 million (or a 37.5% reduction for FY2012) in revenues from the American Recovery and Reinvestment Act (ARRA) programs that were not received in the FY2012 year. The City had completed and received a majority of the ARRA-related project revenues in the FY2011 year. This reduction was partially offset by a \$5.0 million increase in capital grants and contributions from recognition of donated roads infrastructure from developers during the 2011-2012 fiscal year. In addition, charges for services in both the City's governmental and business-type activities experienced modest revenue increases. Furthermore, property taxes and sales and occupancy taxes also posted revenue increases when compared to the prior fiscal year. We will discuss these areas in more detail later in this analysis.

Table 2
Changes in Net Assets
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
City Revenues						
Program revenue:						
Charges for services	\$ 10,454	\$ 10,330	\$169,831	\$167,077	\$180,285	\$177,407
Operating grants and contributions	10,988	17,579	4,201	2,913	15,189	20,492
Capital grants and contributions	5,007	154	2,221	3,430	7,228	3,584
General revenue:						
Property taxes	61,297	58,338	-	-	61,297	58,338
Sales & occupancy taxes	16,671	14,998	-	-	16,671	14,998
Grants, contributions not restricted to specific programs	16,795	16,161	-	-	16,795	16,161
Other	741	415	1,001	848	1,742	1,263
Total City revenues	<u>121,953</u>	<u>117,975</u>	<u>177,254</u>	<u>174,268</u>	<u>299,207</u>	<u>292,243</u>
City Expenses						
General Government	19,867	20,257	-	-	19,867	20,257
Public safety	42,659	42,046	-	-	42,659	42,046
Public and Environmental Services	21,934	40,389	-	-	21,934	40,389
Planning and Community Development	9,221	10,974	-	-	9,221	10,974
Cultural and Recreation	19,306	18,179	-	-	19,306	18,179
Interest expense and related debt service	3,778	4,064	-	-	3,778	4,064
Water and Sewer	-	-	42,637	42,433	42,637	42,433
Electric	-	-	112,303	107,966	112,303	107,966
Mass Transit	-	-	3,694	3,469	3,694	3,469
Parking	-	-	602	599	602	599
Landfill	-	-	5,436	7,257	5,436	7,257
Storm Water	-	-	2,369	2,288	2,369	2,288
Total City expenses	<u>116,765</u>	<u>135,909</u>	<u>167,041</u>	<u>164,012</u>	<u>283,806</u>	<u>299,921</u>
Increase (decrease) in net assets before transfers	5,188	(17,934)	10,213	10,256	15,401	(7,678)
Transfers in (out)	898	879	(898)	(879)	-	-
Increase (decrease) in net assets	6,086	(17,055)	9,315	9,377	15,401	(7,678)
Net assets, beginning	<u>194,047</u>	<u>211,102</u>	<u>317,547</u>	<u>308,170</u>	<u>511,594</u>	<u>519,272</u>
Net assets, ending	<u>\$200,133</u>	<u>\$194,047</u>	<u>\$326,862</u>	<u>\$317,547</u>	<u>\$526,995</u>	<u>\$511,594</u>

The total cost of all programs and services decreased 5.4 percent (\$16.1 million). The City continued its intentional hold on the cost of City operations in response to the protracted economic recovery. Results

of operations show that governmental functions and the business-type activities of water and sewer, mass transit, parking, and storm water were comparatively the same as last fiscal year. The most significant decrease in governmental activities is from the budgeted and expected reductions from the City's waning participation in the ARRA and NCDOT programs and as the City wraps up all but a couple transportation bond projects. The only real changes in the business-type activities were increases in electric and decreases in landfill operations. These changes will be explained in more detail later in this analysis.

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 exceeding a tax collection rate of 97%.
- ◆ The net assets for business-type operations increased this year by \$9.3 million as the City increased rates for water and sewer as well as electric services. These revenues are being utilized to continue efforts to improve and replace the water and sewer, and electric system infrastructure and distribution system while holding operating expenses, with an exception for wholesale power costs, fairly constant. Additionally, the target level of net assets are being 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 future required water and sewer rate increases.

Governmental Activities

Property tax revenues increased by \$2.9 million compared to the prior year, primarily because the City did approve a property tax rate increase of 2.9 cents in the current fiscal year to sustain existing services as well as to offset the projected loss of sales tax revenues due to the allocation formula used by Guilford County. Sales and occupancy taxes also stabilized and grew slightly in addition to the effect produced from the additional property tax rate increase. The obvious positive news in both these significant revenue sources is that not only has the decline stopped but that we are seeing slight improvement monthly and throughout the fiscal year ended.

The total cost of all governmental activities this year decreased over \$19 million to \$117 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 \$90 million, a decrease of \$18 million from the prior year because much more of the cost was paid by those who directly benefited from the programs (\$10 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$16 million). The City paid for the remaining "public benefit" portion of governmental activities with almost \$16 million in sales and other taxes and \$17 million in other general revenues.

Table 3
Governmental Activities

	Total Cost of Services	Net Cost of Services
General Government	\$ 19,866,571	\$ 15,450,062
Public Safety	42,659,230	39,689,318
Public and Environmental Services	21,934,140	10,626,965
Planning and Community Development	9,221,189	5,443,913
Cultural and Recreation	19,305,989	15,327,423
Interest on long-term debt	3,777,961	3,777,961
Total	\$ 116,765,080	\$ 90,315,642

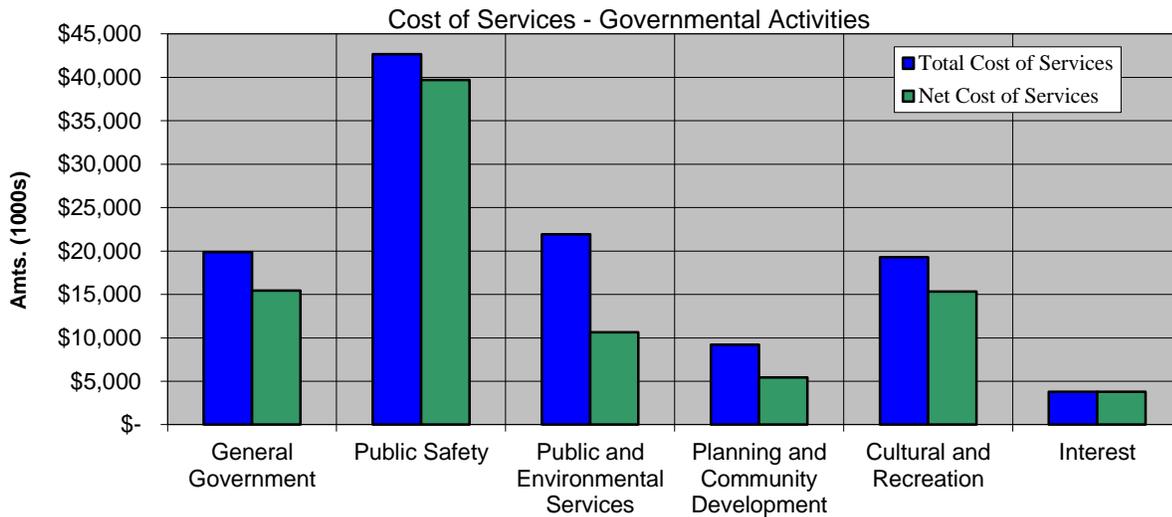


Table 3 presents the cost of each of the City’s programs—general government, public safety, public and environmental services, planning and community development, cultural and recreation—as well as each program’s net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City’s taxpayers by each of these functions.

Business-type Activities

Charges for services of the City’s business-type activities (see Table 2) increased slightly over the past fiscal year (\$170 million in 2012 compared to \$167 million in 2011). This was mainly due to an 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 over \$1.5 million when coupled with increased consumption. The average increase in the combined water and sewer rates averaged 4.9 percent for the fiscal year.

Revenues increased by \$1.6 million in the Electric Fund primarily from an increase in retail rates which was partially offset by a decrease in electric consumption, especially from the moderately mild winter and early summer. Electric rates were increased by 5.0% at the beginning of the fiscal year to generate the revenues required to cover the wholesale power costs increase of 5.0%.

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 \$77 million, a \$3.1 million increase over the prior fiscal year. Of the total fund balances reported, \$23.1 million was available to finance future expenditures, including \$2.2 million committed formally by City Council for economic development and furniture market development and \$7.0 million assigned for various purposes as explained in the Notes to the Financial Statements (Note 1.F.12).

The General Fund is the primary operating fund of the City of High Point. At the end of the current fiscal year, total fund balance of the General Fund was \$30,988,033. The City Council has determined that the

City should maintain a minimum available fund balance (that is, total fund balance remaining after removing restrictions, commitments, and previous assignments) of 10% of the General Fund's expenditures in the event the City had an unforeseen need or opportunity, in addition to providing for cash flow needs. At June 30, 2012, unassigned fund balance amounted to 12.0% of the fiscal year 2012 General Fund budget (exclusive of amounts included in the budget that are assigned and/or restricted for benefits and wellness, and economic and market development).

The 2012-2013 Annual Budget appropriated a total of \$5,166,175 of the reported General Fund's spendable, unrestricted fund balance to finance operations and capital improvements in the next fiscal year, leaving a balance of unassigned fund balance for future fiscal years of \$13,274,662.

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

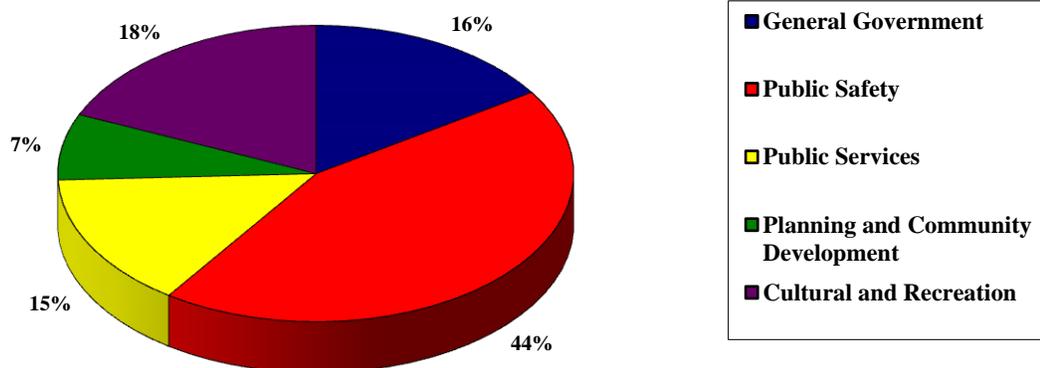
Revenue Sources	Actual Amount	Percent of Total	Increase (Decrease) from 2011
Property taxes.....	\$ 57,947,007	56.7%	\$ 2,851,077
Sales and use taxes.....	16,671,040	16.3%	1,671,847
Intergovernmental revenues.....	13,095,729	12.8%	110,840
Licenses and Permits.....	3,432,136	3.3%	(177,928)
Charges for services.....	4,563,760	4.5%	(317)
Interest on investments.....	318,343	0.3%	91,068
Miscellaneous revenues.....	6,212,995	6.1%	(70,100)
	<u>\$ 102,241,010</u>	<u>100.0%</u>	<u>\$ 4,476,487</u>

The most significant component in General Fund revenues remains to be property taxes which increased from collected revenues, primarily because of the tax rate increase. In addition, sales and use taxes show positive improvement over the prior fiscal year as local economic conditions stabilized and the City received the benefit from changing the base of the county's allocation formula.

The most significant change in General Fund expenditures when compared to the previous fiscal year occurred in public safety. During FY2012, the City authorized two new fire trucks to be funded through an installment financing contract. Payments for the trucks under construction totaling \$608,563 contributed to the majority of the increase while the balance was attributable to operational increases in both the Police and Fire departments.

General Fund Expenditures on the Governmental Fund Basis

Functions	Amount	Percent of Total	Increase (Decrease) from 2011
General Government.....	\$ 14,654,125	15.8%	\$ 308,823
Public Safety	40,790,967	43.9%	1,150,225
Public Services.....	13,632,342	14.6%	311,431
Planning and Community Dev.....	6,689,354	7.2%	155,926
Cultural and Recreation.....	17,183,579	18.5%	(14,819)
	<u>\$ 92,950,367</u>	<u>100.0%</u>	<u>\$ 1,911,586</u>



Other Governmental Funds

The General Capital Projects Fund continues to be shown as a major fund in the current fiscal year. This presentation is not required for the FY 2012; however, the City's decision to show this fund as major is allowed. This is primarily due to the continued level of expenditures in future years that will require presentation as major. These future planned expenditures 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 2012, the City had \$1.30 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 \$30.7 million, or 2.4 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	
	2012	2011	2012	2011	2012	2011
	Land and land improvements	\$ 17,666	\$ 17,294	\$ 11,835	\$ 11,650	\$ 29,501
Intangibles	317	317	2,573	2,573	2,890	2,890
Construction in progress	12,804	9,476	33,229	28,870	46,033	38,346
Buildings and related improvements	68,781	64,296	97,993	97,386	166,774	161,682
Equipment	59,860	57,913	36,649	36,185	96,509	94,098
Infrastructure	504,228	498,258	451,282	442,299	955,510	940,557
Total capital assets	<u>\$ 663,656</u>	<u>\$ 647,554</u>	<u>\$ 633,561</u>	<u>\$ 618,963</u>	<u>\$ 1,297,217</u>	<u>\$ 1,266,517</u>

The City's fiscal year 2012-2013 capital pay-as-you-go budget calls for spending another \$10.5 million for capital projects, principally for the electrical system improvements and water and sewer improvements.

These capital projects are budgeted as follows:

General Fund.....	\$ 262,500
Water and Sewer Fund.....	3,965,000
Electric.....	4,089,000
Landfill.....	1,760,000
Miscellaneous.....	410,200
Total.....	<u>\$ 10,486,700</u>

Debt

At year-end, the City had approximately \$274 million in bonds and notes outstanding versus \$282 million last year—a decrease of 2.8 percent—as shown in Table 5. New debt resulted from the issuance of installment contracts for \$1,350,000 for the two new fire trucks discussed earlier and \$675,000 for new computer network electronic storage equipment. In addition, the City issued \$5.785 million bonds allowed as two-thirds general obligation bonds for additional downtown transportation improvement purposes.

Table 5
Outstanding Debt
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
	General obligation bonds	\$ 76,614	\$ 75,192	\$ 49,833	\$ 54,215	\$ 126,447
Revenue bonds	-	-	129,100	131,874	129,100	131,874
Notes payable and installment contracts	8,583	9,787	10,013	10,787	18,596	20,574
Total outstanding debt	<u>\$ 85,197</u>	<u>\$ 84,979</u>	<u>\$ 188,946</u>	<u>\$ 196,876</u>	<u>\$ 274,143</u>	<u>\$ 281,855</u>

While the City was issuing these bonds, we also completed an advance refunding of a portion of the outstanding water and sewer general obligation bonds and a portion of the outstanding public improvement bonds which will save our citizens about \$1.2 million in interest payments over the next 14

years. Finally, the City also completed an advance refunding of a portion of the outstanding water and sewer revenue bonds which will save the City's ratepayers about \$4.2 million over the next 20 years.

The City's general obligation bond rating continues to carry high and stable ratings from the three national rating agencies at June 30, 2012. Standard & Poor's rates the City's credit at AAA, the highest available. Moody's and Fitch rates the City's credit at Aa1 and AA+ respectively. The City's bond ratings are a clear indication of the sound financial management practices and solid financial condition of the City of High Point as affirmed by their reports in June 2012. These high financial credit ratings are a primary factor in keeping interest costs low on the City's outstanding debt. 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 \$739 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 2012-2013 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 lingering impact of the recession on our corporate and residential citizens. Importantly, property in Guilford County was revalued effective January 1, 2012 to bring property values to estimated market values. This was the first revaluation since 2004. The City of High Point property values decreased an average of 3.3% as a result of the 2012 revaluation coming off the declines experienced from the Great Recession. In addition to the decrease in total valuation, commercial and residential permits issued were finally beginning to recover but were still well below the 10-year average growth, and electric load growth continued to be essentially flat for the 4th consecutive year.

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 2.1% for fiscal year 2013 compared with the national rate of 3 percent.

In adopting the Annual Budget for fiscal year 2012-2013, 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 \$105.5 million, which is an increase of 2.4 percent over the adopted 2012 budget of \$103 million. A proposed revenue neutral tax rate of 68.54 cents was reduced by City Council to an approved rate of 67.5 cents. The revenues from property taxes and additional use of fund balances was approved to sustain existing services as well as offset the anticipated loss of sales tax revenues due to the allocation formula used by Guilford County and the risk of loss on intergovernmental reimbursements from the State. The City continued to maintain the strategic reductions employed during the last three fiscal years to hold operating costs in check. 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 the City's economy will improve slowly.

The City's business-type activities are also expected to maintain their strength or improve based on the following factors in the adoption of the Annual Budget for fiscal year 2013:

- Water and sewer rates were not increased for the first time in 15 years to provide our ratepayers some respite based on staff's analysis of our rate study update. The fund is expected to maintain commitments for pay-as-you-go infrastructure and debt funded projects.
- Electric rates were increased 4.9% to cover the wholesale power rate increase of 5.0%.
- 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, P.O. Box 230, High Point, NC 27261-0230.

CITY OF HIGH POINT, NORTH CAROLINA

STATEMENT OF NET ASSETS

June 30, 2012

	PRIMARY GOVERNMENT			COMPONENT UNIT
	Governmental Activities	Business-type Activities	TOTAL	HIGH POINT ABC BOARD
ASSETS				
Cash and investments.....	\$ 29,013,672	\$ 127,504,424	\$ 156,518,096	\$ 2,012,874
Receivables:				
Taxes (net).....	2,538,169	-	2,538,169	-
Accounts receivable and accrued revenue (net).....	7,716,556	11,902,687	19,619,243	-
Assessments (net).....	17,497	71,421	88,918	-
Notes.....	4,896,994	-	4,896,994	-
Accrued interest.....	74,897	184,887	259,784	-
Internal balances.....	(306,043)	306,043	-	-
Interfund loan.....	(963,351)	963,351	-	-
Due from component unit.....	214,809	-	214,809	-
Inventory.....	115,602	5,574,912	5,690,514	950,973
Prepaid Items.....	31,778	251,579	283,357	60,246
Restricted Assets:				
Prepaid pension assets.....	6,613	-	6,613	-
Cash and investments.....	52,123,033	13,699,458	65,822,491	-
Deferred charges.....	-	2,291,281	2,291,281	-
Capital Assets:				
Land, non-depreciable improvements, and construction in progress.....	30,585,582	45,064,292	75,649,874	-
Other capital assets, net of related depreciation.....	181,137,238	342,431,431	523,568,669	2,505,864
Total capital assets.....	211,722,820	387,495,723	599,218,543	2,505,864
TOTAL ASSETS	307,203,046	550,245,766	857,448,812	5,529,957
LIABILITIES				
Accounts payable and accrued expenses.....	6,787,559	12,184,275	18,971,834	607,725
Accrued interest payable.....	810,691	1,373,430	2,184,121	-
Due to City of High Point.....	-	-	-	214,809
Due to other governments.....	-	-	-	9,937
Deposits and other liabilities.....	247,072	899,543	1,146,615	-
Unearned revenue.....	5,631,212	3,189,110	8,820,322	-
Long-term liabilities:				
Due in one year.....	10,834,166	10,672,019	21,506,185	-
Due in more than one year.....	82,758,923	195,065,387	277,824,310	-
TOTAL LIABILITIES	107,069,623	223,383,764	330,453,387	832,471
NET ASSETS				
Invested in capital assets, net of related debt.....	155,448,461	210,314,084	365,762,545	2,505,864
Restricted for:				
Stabilization by State Statute.....	17,512,316	-	17,512,316	-
Debt service.....	18,192,792	-	18,192,792	-
Grant programs.....	237,495	1,411,589	1,649,084	-
Transportation.....	494,796	-	494,796	-
Pension benefits.....	6,613	-	6,613	-
High Point ABC Board Working Capital.....	-	-	-	400,426
Unrestricted.....	8,240,950	115,136,329	123,377,279	1,791,196
TOTAL NET ASSETS	\$ 200,133,423	\$ 326,862,002	\$ 526,995,425	\$ 4,697,486

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, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General Government.....	\$ 19,866,571	\$ 3,866,247	\$ 550,262	\$ -
Public Safety.....	42,659,230	809,186	2,160,726	-
Public and Environmental Services.....	21,934,140	1,123,573	5,176,946	5,006,656
Planning/Community and Economic Development...	9,221,189	1,206,444	2,570,832	-
Cultural and Recreation.....	19,305,989	3,448,944	529,622	-
Interest and Fiscal Charges.....	3,777,961	-	-	-
Total governmental activities.....	<u>116,765,080</u>	<u>10,454,394</u>	<u>10,988,388</u>	<u>5,006,656</u>
Business-type activities:				
Water and Sewer	42,637,179	44,005,968	1,089,693	1,868,126
Electric.....	112,303,220	114,759,646	1,025,834	-
Mass Transit.....	3,693,499	937,237	2,014,466	352,718
Parking.....	602,286	357,994	-	-
Landfill.....	5,435,978	7,319,319	71,547	-
Stormwater.....	2,368,895	2,450,655	-	-
Total business-type activities.....	<u>167,041,057</u>	<u>169,830,819</u>	<u>4,201,540</u>	<u>2,220,844</u>
Total primary government.....	<u>\$ 283,806,137</u>	<u>\$ 180,285,213</u>	<u>\$ 15,189,928</u>	<u>\$ 7,227,500</u>
Component unit:				
High Point ABC Board.....	\$ 10,068,786	\$ 10,451,529	\$ -	\$ -
Total component unit.....	<u>\$ 10,068,786</u>	<u>\$ 10,451,529</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	
\$ (15,450,062)	\$ -	\$ (15,450,062)	\$ -
(39,689,318)	-	(39,689,318)	-
(10,626,965)	-	(10,626,965)	-
(5,443,913)	-	(5,443,913)	-
(15,327,423)	-	(15,327,423)	-
(3,777,961)	-	(3,777,961)	-
<u>(90,315,642)</u>	<u>-</u>	<u>(90,315,642)</u>	<u>-</u>
-	4,326,608	4,326,608	-
-	3,482,260	3,482,260	-
-	(389,078)	(389,078)	-
-	(244,292)	(244,292)	-
-	1,954,888	1,954,888	-
-	81,760	81,760	-
-	9,212,146	9,212,146	-
<u>\$ (90,315,642)</u>	<u>\$ 9,212,146</u>	<u>\$ (81,103,496)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 382,743
\$ -	\$ -	\$ -	\$ 382,743
\$ 61,296,936	\$ -	\$ 61,296,936	\$ -
14,930,500	-	14,930,500	-
1,740,540	-	1,740,540	-
16,795,265	-	16,795,265	1,515
251,912	35,851	287,763	-
489,126	964,868	1,453,994	11,026
95,504,279	1,000,719	96,504,998	12,541
898,163	(898,163)	-	-
96,402,442	102,556	96,504,998	12,541
6,086,800	9,314,702	15,401,502	395,284
194,046,623	317,547,300	511,593,923	4,302,202
<u>\$ 200,133,423</u>	<u>\$ 326,862,002</u>	<u>\$ 526,995,425</u>	<u>\$ 4,697,486</u>

CITY OF HIGH POINT, NORTH CAROLINA

Balance Sheet
Governmental Funds
June 30, 2012

	Major Funds			Total Governmental Funds
	General Fund	General Capital Projects Fund	Non-Major Governmental Funds	
ASSETS				
Cash and investments.....	\$ 26,015,910	\$ 21,675	\$ -	\$ 26,037,585
Receivables (net):				
Taxes.....	2,538,169	-	-	2,538,169
Accounts receivable and accrued revenue.....	5,759,642	967,413	946,639	7,673,694
Assessments.....	17,497	-	-	17,497
Notes.....	-	-	4,896,994	4,896,994
Accrued interest.....	48,287	-	26,610	74,897
Due from component unit.....	214,809	-	-	214,809
Prepaid items.....	31,778	-	-	31,778
Restricted assets:				
Cash and investments.....	3,423,352	28,156,203	20,543,478	52,123,033
TOTAL ASSETS	\$ 38,049,444	\$ 29,145,291	\$ 26,413,721	\$ 93,608,456
LIABILITIES AND FUND BALANCES				
Accounts payable and accrued expenses.....	\$ 3,433,381	\$ 1,674,456	\$ 851,052	\$ 5,958,889
Due to other funds.....	-	963,351	-	963,351
Deposits and other liabilities.....	247,072	-	-	247,072
Unearned revenue.....	734,218	-	4,896,994	5,631,212
Deferred revenue.....	2,646,740	708,156	459,718	3,814,614
TOTAL LIABILITIES	7,061,411	3,345,963	6,207,764	16,615,138
FUND BALANCES				
Fund balances:				
Non-spendable:				
Prepaid items.....	31,778	-	-	31,778
Restricted:				
Stabilization by state statute.....	7,846,711	7,872,800	1,792,805	17,512,316
Grant programs.....	-	-	237,495	237,495
Transportation.....	494,796	-	-	494,796
Debt service.....	-	-	18,192,792	18,192,792
Capital projects.....	-	17,417,702	-	17,417,702
Committed:				
Economic development.....	2,148,511	-	-	2,148,511
Market development.....	10,303	-	-	10,303
Benefits and Wellness.....	193,048	-	-	193,048
Capital projects.....	-	508,826	-	508,826
Assigned:				
Subsequent years' expenditures.....	5,166,175	-	-	5,166,175
General government.....	148,426	-	-	148,426
Public safety.....	5,980	-	-	5,980
Culture & recreation.....	398,397	-	-	398,397
Planning & economic development.....	124,059	-	-	124,059
Public services and transportation.....	1,145,187	-	-	1,145,187
Unassigned	13,274,662	-	(17,135)	13,257,527
TOTAL FUND BALANCES	30,988,033	25,799,328	20,205,957	76,993,318
TOTAL LIABILITIES AND FUND BALANCES	\$ 38,049,444	\$ 29,145,291	\$ 26,413,721	\$ 93,608,456
Fund balances as reported above				\$ 76,993,318
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.				195,782,060
Prepaid pension assets in governmental activities are not financial resources and therefore are not reported in the funds.				6,613
Internal service funds used to allocate costs among the funds are included in the statement of net assets.				16,813,061
Internal service funds profit/loss is allocated to the business-type funds in the statement of net assets.				(222,889)
Some liabilities are not payable in the current period and are therefore not reported in the funds.				(93,053,354)
Receivables that are not available to pay for current-period expenditures are reported as revenue deferred in the funds.				3,814,614
Net assets of governmental activities				<u>\$ 200,133,423</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, 2012

	Major Funds			Total Governmental Funds
	General Fund	General Capital Projects Fund	Non-Major Governmental Funds	
Revenues				
Property taxes.....	\$ 57,947,007	\$ -	\$ 3,054,308	\$ 61,001,315
Sales taxes.....	14,930,500	-	-	14,930,500
Occupancy and other local taxes.....	1,740,540	-	-	1,740,540
Intergovernmental.....	13,095,729	572,169	5,799,571	19,467,469
Licenses and permits.....	3,432,136	-	-	3,432,136
Charges for services.....	4,563,760	-	-	4,563,760
Interest on investments.....	318,343	-	170,783	489,126
Sale of capital assets.....	37,752	-	-	37,752
Administrative reimbursements.....	5,780,534	180,000	-	5,960,534
Miscellaneous.....	394,709	10,000	607,120	1,011,829
Total revenues.....	<u>102,241,010</u>	<u>762,169</u>	<u>9,631,782</u>	<u>112,634,961</u>
Expenditures				
General government.....	14,654,125	19,625	305,626	14,979,376
Public safety.....	40,790,967	808,789	1,419,848	43,019,604
Public services - transportation.....	7,762,874	5,655,181	1,417,100	14,835,155
Public services - environmental services.....	5,869,468	-	-	5,869,468
Community and economic development.....	6,689,354	-	2,443,907	9,133,261
Cultural and recreation.....	17,183,579	1,653,909	79,829	18,917,317
Debt service:				
Principal retirement.....	1,054,998	-	6,187,874	7,242,872
Interest and fiscal charges.....	82,693	38,564	3,738,190	3,859,447
Total expenditures.....	<u>94,088,058</u>	<u>8,176,068</u>	<u>15,592,374</u>	<u>117,856,500</u>
Excess (deficiency) of revenue over (under) expenditures	<u>8,152,952</u>	<u>(7,413,899)</u>	<u>(5,960,592)</u>	<u>(5,221,539)</u>
Other financing sources (uses)				
Bond issuance premium.....	-	-	262,272	262,272
Issuance of general obligation bonds.....	-	5,785,000	-	5,785,000
Proceeds from installment purchases.....	1,375,000	-	-	1,375,000
Transfers in.....	1,160,000	162,500	7,524,384	8,846,884
Transfers in related to payments in lieu of taxes.....	785,500	-	-	785,500
Transfers out.....	(6,862,243)	(877,128)	(963,044)	(8,702,415)
Total other financing sources (uses).....	<u>(3,541,743)</u>	<u>5,070,372</u>	<u>6,823,612</u>	<u>8,352,241</u>
Net change in fund balances.....	4,611,209	(2,343,527)	863,020	3,130,702
Fund balances, beginning.....	26,376,824	28,142,855	19,342,937	73,862,616
Fund balances, ending.....	<u>\$ 30,988,033</u>	<u>\$ 25,799,328</u>	<u>\$ 20,205,957</u>	<u>\$ 76,993,318</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, 2012

Net change in fund balances - total governmental funds	\$ 3,130,702
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 11-12 in the funds but recorded / accrued in FY 10-11 on the Statement of Activities	157,556
Principal payments are reported as decreases in liabilities in the Statement of Activities, but reported as expenditures in the funds	7,242,872
Capital outlays are reported as increases in assets in the Statement of Activities, but reported as an expenditure in the funds	9,184,938
Depreciation is recognized as an expense in the Statement of Activities, but is not reported in the funds	(11,825,097)
Infrastructure contributed by developers is considered capital contribution for the Statement of Activities, but is not reported in the funds	5,006,656
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	(438,077)
Proceeds from bond and installment purchase issuances are reported as increases in liabilities in the Statement of Activities, but reported as revenues in the funds	(7,160,000)
Gain on refunding is recorded in the Statements of Activities	271,802
Gain (loss) on the disposal of capital assets is recorded in the Statement of Activities (excludes internal service fund gain/loss)	18,386
Proceeds from the sale of capital assets are included in the Gain/Loss on disposal in the Statement of Activities, but reported as revenues in the funds	(37,752)
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.	757,703
Internal service funds current year profit/loss is allocated to the business-type funds in the Statement of Activities	<u>(222,889)</u>
Change in net assets of governmental activities	<u>\$ 6,086,800</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, 2012

	Budget		Actual	Variance From
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Taxes.....	\$ 57,187,197	\$ 57,187,197	\$ 57,947,007	\$ 759,810
Sales taxes.....	13,188,815	13,188,815	14,930,500	1,741,685
Occupancy and other local taxes.....	1,475,000	1,504,500	1,740,540	236,040
Intergovernmental.....	12,738,442	12,993,527	13,095,729	102,202
Licenses and permits.....	3,304,900	3,346,400	3,432,136	85,736
Charges for services.....	4,809,806	4,809,806	4,563,760	(246,046)
Interest on investments.....	300,000	300,000	318,343	18,343
Sale of capital assets.....	-	-	37,752	37,752
Administrative reimbursements.....	5,780,534	5,780,534	5,780,534	-
Miscellaneous.....	68,500	211,454	394,709	183,255
Total revenues.....	<u>98,853,194</u>	<u>99,322,233</u>	<u>102,241,010</u>	<u>2,918,777</u>
Expenditures				
General government.....	16,982,720	17,413,563	14,654,125	2,759,438
Public safety.....	42,155,803	42,360,647	41,130,933	1,229,714
Public Services - Transportation.....	9,137,653	10,550,251	7,762,874	2,787,377
Public Services - Environmental services.....	6,538,698	6,782,165	6,617,193	164,972
Community and economic development.....	7,319,590	7,587,893	6,689,354	898,539
Cultural and recreation.....	17,955,120	18,684,478	17,183,579	1,500,899
Total expenditures.....	<u>100,089,584</u>	<u>103,378,997</u>	<u>94,038,058</u>	<u>9,340,939</u>
Revenues over (under) expenditures.....	<u>(1,236,390)</u>	<u>(4,056,764)</u>	<u>8,202,952</u>	<u>12,259,716</u>
Other financing sources (uses):				
Proceeds from installment purchases.....	1,375,000	1,375,000	1,375,000	-
Transfers in.....	2,860,000	2,860,000	1,160,000	(1,700,000)
Transfers in related to payment in lieu of tax...	785,500	785,500	785,500	-
Transfers out.....	(6,959,312)	(6,941,165)	(6,912,243)	28,922
Appropriated fund balance.....	3,175,202	5,977,429	-	(5,977,429)
Total other financing sources (uses).....	<u>1,236,390</u>	<u>4,056,764</u>	<u>(3,591,743)</u>	<u>(7,648,507)</u>
Net change in fund balance.....	<u>\$ -</u>	<u>\$ -</u>	<u>4,611,209</u>	<u>\$ 4,611,209</u>
Fund balances, beginning.....			<u>26,376,824</u>	
Fund balances, ending.....			<u>\$ 30,988,033</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, 2012

	Major Funds	
	Business-type Activities -Enterprise Funds	
	WATER AND SEWER	ELECTRIC
ASSETS		
Current assets		
Cash and investments.....	\$ 43,161,793	\$ 44,210,727
Receivables:		
Accounts and grants (net).....	3,000,947	7,433,488
Assessments (net).....	71,421	-
Accrued interest.....	61,910	66,089
Inventory.....	-	5,497,569
Prepaid expenses.....	-	25,000
Total current assets	46,296,071	57,232,873
Noncurrent assets		
Restricted assets:		
Cash and investments.....	10,393,434	1,709,836
Deferred charges.....	2,251,797	-
Due from other fund.....	-	-
Capital assets:		
Land.....	7,488,038	758,364
Buildings and other improvements.....	73,896,890	154,965
Machinery and equipment.....	12,917,467	15,024,636
Infrastructure.....	342,658,953	100,211,750
Intangibles.....	-	2,573,325
Construction in progress.....	16,606,761	3,135,176
Less accumulated depreciation.....	(150,711,347)	(68,567,596)
Total capital assets (net of accumulated depreciation).....	302,856,762	53,290,620
Total noncurrent assets.....	315,501,993	55,000,456
Total Assets	\$ 361,798,064	\$ 112,233,329
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses.....	\$ 1,180,919	\$ 10,303,321
Current maturities of long-term debt.....	9,462,969	-
Current maturities of compensated absences.....	363,965	299,985
Accrued interest payable.....	1,248,347	-
Deposits.....	210,096	684,002
Total current liabilities	12,466,296	11,287,308
Noncurrent liabilities		
Accrued closure/postclosure costs.....	-	-
Other liabilities.....	-	-
Loans payable.....	8,609,361	-
Other post employment benefits accrual.....	566,086	547,334
General obligation bonds payable.....	32,417,491	-
Revenue bonds payable.....	125,024,901	-
Obligation under installment purchases.....	-	-
Compensated absences.....	97,294	119,197
Unearned revenue.....	134,587	1,098,401
Total Noncurrent liabilities	166,849,720	1,764,932
Total Liabilities	179,316,016	13,052,240
Net assets		
Invested in capital assets, net of related debt.....	137,525,378	53,290,620
Restricted for capital projects.....	-	1,025,834
Restricted for grant programs.....	-	-
Unrestricted.....	44,956,670	44,864,635
Total Net Assets	182,482,048	99,181,089
Total Liabilities and Net Assets	\$ 361,798,064	\$ 112,233,329

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	
\$ 40,131,904	\$ 127,504,424	\$ 2,976,087	
1,468,252	11,902,687	42,862	
-	71,421	-	
56,888	184,887	-	
77,343	5,574,912	115,602	
226,579	251,579	-	
<u>41,960,966</u>	<u>145,489,910</u>	<u>3,134,551</u>	
1,596,188	13,699,458	-	
39,484	2,291,281	-	
963,351	963,351	-	
3,588,895	11,835,297	87,740	
23,941,535	97,993,390	13,434,461	
8,707,154	36,649,257	32,292,033	
8,411,367	451,282,070	-	
-	2,573,325	-	
13,487,058	33,228,995	487,379	
(26,787,668)	(246,066,611)	(30,360,853)	
<u>31,348,341</u>	<u>387,495,723</u>	<u>15,940,760</u>	
<u>33,947,364</u>	<u>404,449,813</u>	<u>15,940,760</u>	
<u>\$ 75,908,330</u>	<u>\$ 549,939,723</u>	<u>\$ 19,075,311</u>	
\$ 700,035	\$ 12,184,275	\$ 828,670	
342,191	9,805,160	272,431	
202,909	866,859	104,365	
125,083	1,373,430	-	
5,445	899,543	-	
<u>1,375,663</u>	<u>25,129,267</u>	<u>1,205,466</u>	
13,919,864	13,919,864	-	
-	-	-	
-	8,609,361	-	
577,289	1,690,709	127,130	
13,088,757	45,506,248	-	
-	125,024,901	-	
-	-	830,833	
97,813	314,304	15,667	
1,956,122	3,189,110	-	
<u>29,639,845</u>	<u>198,254,497</u>	<u>973,630</u>	
<u>31,015,508</u>	<u>223,383,764</u>	<u>2,179,096</u>	
19,498,086	210,314,084	14,837,496	
-	1,025,834	-	
385,755	385,755	-	
25,008,981	114,830,286	2,058,719	
44,892,822	326,555,959	16,896,215	
<u>\$ 75,908,330</u>	<u>\$ 549,939,723</u>	<u>\$ 19,075,311</u>	
	\$ 326,555,959		
	306,043		
	<u>\$ 326,862,002</u>		

CITY OF HIGH POINT, NORTH CAROLINA

Statement of Revenues, Expenses and Changes in Fund Net Assets

Proprietary Funds

For the Year Ended June 30, 2012

	Major Funds	
	Business-type - Enterprise Funds	
	WATER AND SEWER	ELECTRIC
Operating revenues		
Charges for services.....	\$ 43,314,099	\$ 112,805,454
Licenses and permits.....	-	-
Intergovernmental.....	435,938	-
Miscellaneous.....	664,704	112,823
Total operating revenues.....	<u>44,414,741</u>	<u>112,918,277</u>
Operating expenses		
Management and administration.....	2,169,125	773,841
Maintenance and distribution.....	7,474,086	9,999,741
Power purchases.....	-	90,788,214
Treatment plants.....	8,511,882	-
Other services and charges.....	337,928	4,249,962
Depreciation and amortization.....	11,904,681	3,973,016
Total operating expenses.....	<u>30,397,702</u>	<u>109,784,774</u>
Operating income.....	<u>14,017,039</u>	<u>3,133,503</u>
Nonoperating revenues (expenses)		
Interest on investments.....	337,721	305,526
Miscellaneous and other nonoperating.....	27,165	11,761
Interest expense and fiscal charges.....	(7,943,781)	-
Amortization of financing costs.....	51,924	-
Reimbursements from other funds.....	-	1,829,608
Intergovernmental revenues.....	653,755	-
Developer contributions.....	-	1,025,834
Reimbursements to other funds.....	(4,425,656)	(2,587,905)
Gain (loss) on disposal of capital assets.....	35,851	-
Total nonoperating revenues (expenses).....	<u>(11,263,021)</u>	<u>584,824</u>
Income (loss) before capital contributions and transfers	2,754,018	3,718,327
Capital contributions.....	1,868,126	-
Transfers in.....	-	-
Transfers out.....	(189,149)	(2,024,047)
Change in net assets.....	4,432,995	1,694,280
Total net assets - beginning.....	178,049,053	97,486,809
Total net assets - ending.....	<u>\$ 182,482,048</u>	<u>\$ 99,181,089</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	TOTAL	INTERNAL SERVICE FUND	
\$ 10,703,505	\$ 166,823,058	\$ 12,100,464	
353,458	353,458	-	
2,086,013	2,521,951	-	
5,925	783,452	13,422	
<u>13,148,901</u>	<u>170,481,919</u>	<u>12,113,886</u>	
9,700,039	12,643,005	8,582,968	
-	17,473,827	-	
-	90,788,214	-	
-	8,511,882	-	
-	4,587,890	-	
1,301,627	17,179,324	3,074,634	
<u>11,001,666</u>	<u>151,184,142</u>	<u>11,657,602</u>	
<u>2,147,235</u>	<u>19,297,777</u>	<u>456,284</u>	
321,621	964,868	-	
2,317	41,243	121,455	
(581,454)	(8,525,235)	(21,756)	
(1,626)	50,298	-	
-	1,829,608	-	
-	653,755	-	
-	1,025,834	-	
(591,306)	(7,604,867)	-	
-	35,851	232,261	
<u>(850,448)</u>	<u>(11,528,645)</u>	<u>331,960</u>	
1,296,787	7,769,132	788,244	
352,718	2,220,844	1,265	
1,360,091	1,360,091	-	
(45,058)	(2,258,254)	(31,806)	
<u>2,964,538</u>	<u>9,091,813</u>	<u>757,703</u>	
41,928,284	317,464,146	16,138,512	
<u>\$ 44,892,822</u>	<u>\$ 326,555,959</u>	<u>\$ 16,896,215</u>	
	\$ 9,091,813		
	222,889		
	<u>\$ 9,314,702</u>		

CITY OF HIGH POINT, NORTH CAROLINA

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Major Funds	
	Business-Type - Enterprise Funds	
	WATER AND SEWER	ELECTRIC
Cash Flows From Operating Activities		
Receipts from customers and users.....	\$ 45,517,091	\$ 113,584,490
Receipts from interfund services provided.....	-	-
Payments to employees and related fringe benefits.....	(7,475,514)	(6,896,790)
Payments to suppliers and operating costs.....	(11,224,136)	(99,796,843)
Net Cash provided by Operating Activities	26,817,441	6,890,857
Cash Flows From Non Capital Financing Activities		
Transfers in.....	-	-
Transfers out.....	(189,149)	(2,024,047)
Advances and reimbursements from other funds.....	-	-
Miscellaneous and other nonoperating.....	27,165	11,761
Reimbursements (to) from other funds.....	(4,425,656)	(758,297)
Net Cash provided (used) by Non-Capital Financing activities	(4,587,640)	(2,770,583)
Cash Flows From Financing Activities		
Proceeds from issuance of long-term debt	42,792,879	-
Payment to trustee for refunded bonds.....	(42,270,653)	-
Capital contributions.....	-	1,025,834
Principal payments on long-term debt.....	(8,353,007)	-
Interest payments and fiscal charges on long-term debt.....	(8,631,501)	-
Proceeds collected on the sale of capital assets.....	37,100	-
Acquisition and construction of capital assets.....	(4,252,337)	(896,348)
Net Cash used by Financing Activities	(20,677,519)	129,486
Cash Flows From Investing Activities		
Interest earned on investments.....	339,751	313,699
Net Cash provided by Investing Activities	339,751	313,699
Net increase (decrease) in cash and investments	1,892,033	4,563,459
Cash and investments at the beginning of the year	51,663,194	41,357,104
Cash and investments at the end of the year	\$ 53,555,227	\$ 45,920,563
Operating income.....	\$ 14,017,039	\$ 3,133,503
Adjustments to reconcile Operating Income to		
Net Cash Provided by (used in) Operating Activities:.....		
Depreciation and amortization.....	11,904,681	3,973,016
Change in net assets		
(Increase) decrease in Accounts Receivable.....	1,055,824	(359,122)
(Increase) decrease in Inventories.....	-	(471,203)
(Increase) decrease in Prepaid Expenses.....	-	(25,000)
Increase (decrease) in Payables and Accrued Expenses.....	(274,812)	(499,218)
Increase (decrease) in Deposits.....	8,681	23,676
Increase (decrease) in OPEB Liability.....	89,688	96,587
Increase (decrease) in Vacation Leave Accrual.....	(21,505)	16,959
Increase (decrease) in Unearned Revenue.....	37,845	1,001,659
Total adjustments.....	12,800,402	3,757,354
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	\$ 26,817,441	\$ 6,890,857
NONCASH FINANCING ACTIVITIES		
Capital assets contributed by developers and other funds.....	\$ 1,868,126	\$ -
Forgiveness of ARRA loan principal.....	\$ 653,755	

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
\$ 13,319,258	\$ 172,420,839	\$ 15,177
-	-	12,100,464
(4,960,450)	(19,332,754)	(2,202,602)
(5,842,308)	(116,863,287)	(5,887,068)
<u>2,516,500</u>	<u>36,224,798</u>	<u>4,025,971</u>
1,360,091	1,360,091	-
(45,058)	(2,258,254)	(31,806)
141,436	141,436	-
2,317	41,243	121,455
(591,306)	(5,775,259)	-
<u>867,480</u>	<u>(6,490,743)</u>	<u>89,649</u>
3,712,277	46,505,156	675,000
(3,652,663)	(45,923,316)	-
-	1,025,834	-
(314,399)	(8,667,406)	(102,788)
(656,314)	(9,287,815)	(21,755)
-	37,100	369,944
(7,231,413)	(12,380,098)	(4,519,593)
<u>(8,142,512)</u>	<u>(28,690,545)</u>	<u>(3,599,192)</u>
334,151	987,601	-
<u>334,151</u>	<u>987,601</u>	<u>-</u>
(4,424,381)	2,031,111	516,428
46,152,473	139,172,771	2,459,659
<u>\$ 41,728,092</u>	<u>\$ 141,203,882</u>	<u>\$ 2,976,087</u>
<u>\$ 2,147,235</u>	<u>\$ 19,297,777</u>	<u>\$ 456,284</u>
1,301,627	17,179,324	3,074,634
103,286	799,988	1,755
(5,087)	(476,290)	15,873
(128,619)	(153,619)	-
(1,042,798)	(1,816,828)	461,081
(40)	32,317	-
67,563	253,838	16,891
6,222	1,676	(547)
67,111	1,106,615	-
<u>369,265</u>	<u>16,927,021</u>	<u>3,569,687</u>
<u>\$ 2,516,500</u>	<u>\$ 36,224,798</u>	<u>\$ 4,025,971</u>
<u>\$ 352,718</u>	<u>\$ 2,220,844</u>	<u>\$ -</u>
	<u>\$ 653,755</u>	

CITY OF HIGH POINT, NORTH CAROLINA

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

ASSETS	GENERAL AGENCY FUND	PENSION TRUST FUND	PRIVATE PURPOSE TRUST FUND
Cash and cash equivalents.....	\$ 228,180	\$ 310,031	\$ 892,814
Accounts receivable.....	66	-	-
Accrued interest.....	-	450	8
	\$ 228,246	\$ 310,481	\$ 892,822
LIABILITIES			
Accounts payable.....	\$ 228,246	\$ -	\$ -
	228,246	-	-
NET ASSETS			
Held in trust for pension benefits.....	\$ -	\$ 310,481	\$ 892,822

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, 2012

	<u>PENSION TRUST FUND</u>	<u>PRIVATE PURPOSE TRUST FUND</u>
Additions:		
Employer contributions.....	\$ 50,000	\$ -
Transfer of assets from prior custodian.....	-	946,438
Investment earnings (net).....	2,104	410
Total additions.....	<u>52,104</u>	<u>946,848</u>
Deductions:		
Benefits.....	-	53,550
Administrative expenses.....	-	476
Total deductions.....	<u>-</u>	<u>54,026</u>
Change in net assets.....	52,104	892,822
Net assets, beginning of year.....	258,377	-
Net assets, end of year.....	<u>\$ 310,481</u>	<u>\$ 892,822</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, 2012

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 107,157. 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 General 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. General Capital Projects Fund. The General 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, the Law Enforcement Officers (LEO) Pension Trust Fund and the High Point Firefighters Pension & Disability Trust Fund.

The General Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of the results of operations. The Agency Fund is used to account for assets the City holds on behalf of others.

Pension trust funds are 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. The City maintains a pension trust fund and a private purpose pension trust fund. The LEO Pension Trust Fund accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, public employee retiree system.

Private-purpose trust funds are used to account for resources legally held in trust under which the trust's principal and income benefit individual, private organizations, or other governments. The City assumed the financial trustee responsibilities of the High Point Firefighters Pension and Disability Trust as of November 1, 2011. The High Point Firefighters Pension and Disability Fund accounts for the

supplemental pension benefits provided to eligible retired firefighters by the local board of trustees who administer the 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 may elect to report funds as major even if the minimum criteria set forth by GASB No. 34 is not met due to the public interest of the funds.

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, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary, and fiduciary 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. Non-exchange 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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the primary activities of the proprietary funds. For the City of High Point, these operating revenues are charges to customers for sales and 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 for these enterprise funds include the costs of sales and providing services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 installment financing contracts 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, Davidson, and Forsyth 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 2011 through February 2012 apply to the fiscal year ended June 30, 2012. 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. The NCCMT Term Portfolio's securities are valued at fair value.

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.

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 and capital project fund because their use is completely restricted to the purposes for which the bonds were issued. In addition, customer utility deposits in the enterprise funds and surety deposits on erosion control and subdivision requirements in the General Fund are restricted. In the Mass Transit Fund, proceeds from sale of assets where proceeds exceed a certain threshold are restricted by the granting agency for a specific purchase in a future year.

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, 2011. 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 \$.662. 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, Randolph, Davidson and Forsyth counties 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, 2012, was \$.628 per \$100, which means that the City has a tax margin of \$.872 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 cost of more than a certain amount and estimated useful life of more than three years. The minimum capitalization cost for all capital assets excluding infrastructure and land is \$5,000. Infrastructure has a capitalization threshold of \$50,000. All land is capitalized, regardless of cost. The City's purchased capital assets are recorded at 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 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:

Buildings	25-50 years
Infrastructure	10-40 years
Improvements	10-20 years
Machinery and equipment	3-20 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.

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 allocated 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, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance

This classification includes amounts that cannot be spent because they are (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Prepaid items – represents that portion of fund balance in the governmental funds for prepaid items, such as postage and other prepaid expenses.

Restricted Fund Balance

This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization 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, interfund receivables that have not been offset by deferred revenues, and encumbrances as shown in Note 2.B.6.

Restricted for transportation – portion of fund balance restricted by revenue source for sidewalk and turn lane construction improvements. This amount does not include any balance of unexpended Powell Bill funds which would be disclosed with its own fund balance component.

Restricted for debt service – portion of fund balance of the General Debt Service Fund restricted by revenue source to service the debt service payments of general government debt.

Restricted for grant programs – portion of fund balance restricted by various granting agencies for expenditures for public safety, planning and community development, and culture and recreation.

Restricted for capital projects – portion of fund balance restricted by revenue source for certain capital project purposes as defined by applicable bond and other debt instruments.

Committed Fund Balance

This classification of fund balance can only be used for specific purposes imposed by a majority vote by quorum of the City of High Point's City Council (the highest level of decision making authority). Any changes or removal of specific purpose requires a similar majority action by the governing body.

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

Committed for benefits and wellness – portion of fund balance available for appropriation that has been committed by City Council for employee healthcare improvement purposes.

Committed for market development purposes – portion of fund balance available for appropriation that has been committed by City Council for Market Authority development.

Committed for capital projects – portion of fund balance available for appropriation that has been committed by City Council for specific capital projects.

Assigned Fund Balance

This classification of fund balance has been designated to use for specific purposes. Fiscal policies adopted by the City Council allow the governing body to make informal action to assign a portion of fund balance for a particular purpose or program and extends similar authority to the City Manager. Assigned fund balances lapse at the end of the fiscal year unless these assignments are extended.

Assigned for subsequent year's expenditures - portion of fund balance that is appropriated in the adopted 2012-2013 budget ordinance that is not already classified in restricted or committed.

Assigned for general government – portion of fund balance that has been budgeted for downtown streetscape improvements and human resources and financial services projects.

Assigned for public safety – portion of fund balance that has been budgeted for High Point Police Community Day activities.

Assigned for culture and recreation - portion of fund balance that has been budgeted for lighting system improvements at the High Point Theatre; portion of fund balance assigned in support of the Baldwin Museum; portion of fund balance that has been budgeted by the City Council for capital improvements at High Point Parks and Recreation Department facilities.

Assigned for planning and community development – portion of fund balance that has been budgeted by the City Council for enhancements to the base mapping project; portion of fund balance that has been budgeted by the City Council for implementation of the core city project.

Assigned for public services and transportation – portion of fund balance that has been budgeted by the City Council for various future transportation and public services capital projects.

Assigned fund balances	<u>June 30, 2012</u>
Subsequent years' expenditures	\$ 5,166,175
General government (StreetScape)	98,403
General government (Human Resources)	10,023
General government (Financial Services)	40,000
Public safety	5,980
Culture and recreation (Theatre)	52,937
Culture and recreation (Museum)	10,000
Culture and recreation (Parks and Rec.)	335,460
Planning and comm. dev. (Base Mapping)	95,763
Planning and comm. dev. (Core City)	28,296
Public services and Transportation (Trans.)	535,694
Public services and Transportation (Pub. Svcs.)	609,493
Total assigned fund balances	<u>\$ 6,988,224</u>

Unassigned Fund Balance

This is that portion of fund balance which has not been restricted, committed or assigned to specific purposes or other funds.

The City of High Point has a revenue spending policy for programs and activities with multiple revenue sources. The Financial Services Director will use resources in the following hierarchy: federal funds, state funds, bond and/or installment contract proceeds, local non-city funds, city funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The Financial Services Director and City Manager have the authority to deviate from this policy where it is in the best interest of the City.

The City of High Point has also adopted a minimum fund balance policy for the General Fund which provides that the City will maintain an available fund balance at least equal to or greater than 10% of budgeted expenditures.

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, 2012, the City's deposits had a carrying amount of \$31,650,849 and a bank balance of \$32,198,650. The carrying amount of deposits for the ABC Board was \$1,999,224 and the bank balance was \$1,862,040. Of the bank balances, the City and the ABC Board had \$1,670,120 and \$550,000 respectively covered by federal depository insurance and the remainder of \$30,528,530 and \$1,312,040

respectively was covered by collateral held under the pooling method. At June 30, 2012 the City and the ABC Board held petty cash funds of \$20,025 and \$13,650 respectively.

2. Investments

At June 30, 2012, the City's investment balances were as follows:

	Fair Value	Maturity	Rating
U.S. Treasuries & Agencies	\$ 48,106,334	1 to 5 Years	
Commercial Paper	3,996,247	10/15/2012	A1P1
NC Capital Management Trust - Cash Portfolio	134,990,462	N/A	AAAm
NC Capital Management Trust - Term Portfolio	5,007,695	0.17 Years	Unrated
	\$ 192,100,738		

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. At June 30, 2012 the investments in the U.S. Treasuries were 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, 2012. The City's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments permitted under NC General Statutes 159-30 as amended.

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 installment financing contract proceeds at year end are held by the respective lending institution's trust department in an escrow account 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 National Mortgage Association (7.6%), Federal Home Loan Mortgage Corporation (7.0%), and Federal Farm Credit Bank (6.8%) 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:

<u>Fund</u>	
General Fund:	
Taxes receivable	\$ 2,177,337
Accounts receivable	523,519
Assessments receivable	<u>9,849</u>
Total General Fund	2,710,705
Water and Sewer Fund:	
Accounts receivable	464,109
Assessments receivable	<u>206,030</u>
Total Water and Sewer Fund	670,139
Electric Fund:	
Accounts receivable	1,413,746
Landfill Fund:	
Accounts receivable	88,340
Storm Water Fund:	
Accounts receivable	<u>23,701</u>
Total Allowances	<u><u>\$ 4,906,631</u></u>

4. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2012, follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases & Reclassifications	Decreases & Reclassifications	
Governmental activities:				
Capital assets not being depreciated				
Land and other nondepreciable capital assets..	\$ 17,294,070	\$ 419,459	\$ 48,103	\$ 17,665,426
Intangibles.....	115,889	-	-	115,889
Construction in progress.....	9,475,901	8,001,343	4,672,977	12,804,267
Total capital assets not being depreciated	<u>26,885,860</u>	<u>8,420,802</u>	<u>4,721,080</u>	<u>30,585,582</u>
Capital assets being depreciated				
Buildings and other improvements.....	64,296,374	4,484,880	-	68,781,254
Intangibles.....	200,608	-	-	200,608
Equipment.....	57,913,501	4,725,593	2,778,781	59,860,313
Infrastructure.....	498,257,563	5,970,278	-	504,227,841
Total capital assets being depreciated	<u>620,668,046</u>	<u>15,180,751</u>	<u>2,778,781</u>	<u>633,070,016</u>
Less accumulated depreciation for:				
Buildings and other improvements.....	32,781,400	2,028,685	-	34,810,085
Intangibles.....	19,414	25,885	-	45,299
Equipment.....	37,710,237	4,253,022	2,639,833	39,323,426
Infrastructure.....	368,975,706	8,778,262	-	377,753,968
Total accumulated depreciation	<u>439,486,757</u>	<u>15,085,854</u>	<u>2,639,833</u>	<u>451,932,778</u>
Total capital assets being depreciated (net)....	<u>181,181,289</u>			<u>181,137,238</u>
Governmental activities capital assets, net.....	<u>\$ 208,067,149</u>			<u>\$ 211,722,820</u>
Business-type activities:				
<i>Water & Sewer Fund</i>				
Capital assets not being depreciated				
Land and other nondepreciable capital assets..	\$ 7,482,680	\$ 7,977	\$ 2,619	\$ 7,488,038
Construction in progress.....	<u>16,057,423</u>	<u>3,526,195</u>	<u>2,976,857</u>	<u>16,606,761</u>
Total capital assets not being depreciated....	<u>23,540,103</u>	<u>3,534,172</u>	<u>2,979,476</u>	<u>24,094,799</u>
Capital assets being depreciated				
Buildings and other improvements.....	73,203,070	693,820	-	73,896,890
Equipment.....	12,833,424	84,043	-	12,917,467
Infrastructure.....	337,872,297	4,786,656	-	342,658,953
Capital assets being depreciated.....	<u>423,908,791</u>	<u>5,564,519</u>	<u>-</u>	<u>429,473,310</u>
Less accumulated depreciation for:				
Buildings and other improvements.....	34,335,053	1,747,632	-	36,082,685
Equipment.....	6,515,231	482,609	-	6,997,840
Infrastructure.....	97,956,382	9,674,440	-	107,630,822
Total accumulated depreciation.....	<u>138,806,666</u>	<u>11,904,681</u>	<u>-</u>	<u>150,711,347</u>
Total capital assets being depreciated(net)....	<u>285,102,125</u>			<u>278,761,963</u>
Water & Sewer fund capital assets, net.....	<u>\$ 308,642,228</u>			<u>\$ 302,856,762</u>

	Primary Government			
	Beginning Balance	Increases & Reclassifications	Decreases & Reclassifications	Ending Balance
<i>Electric Fund</i>				
Capital assets not being depreciated				
Land and other nondepreciable capital assets..	\$ 758,364	\$ -	\$ -	\$ 758,364
Construction in progress.....	2,238,828	896,348	-	3,135,176
Total capital assets not being depreciated.....	<u>2,997,192</u>	<u>896,348</u>	<u>-</u>	<u>3,893,540</u>
Capital assets being depreciated				
Buildings and other improvements.....	154,965	-	-	154,965
Intangibles.....	2,573,325	-	-	2,573,325
Equipment.....	115,236,386	-	100,211,750	15,024,636
Infrastructure.....	-	100,211,750	-	100,211,750
Capital assets being depreciated.....	<u>117,964,676</u>	<u>100,211,750</u>	<u>100,211,750</u>	<u>117,964,676</u>
Less accumulated depreciation for:				
Buildings and other improvements.....	153,938	1,027	-	154,965
Intangibles.....	771,998	257,333	-	1,029,331
Equipment.....	63,668,644	110,666	49,187,249	14,592,061
Infrastructure.....	-	52,791,239	-	52,791,239
Total accumulated depreciation.....	<u>64,594,580</u>	<u>53,160,265</u>	<u>49,187,249</u>	<u>68,567,596</u>
Total capital assets being depreciated(net).....	<u>53,370,096</u>			<u>49,397,080</u>
Electric fund capital assets, net.....	<u>\$ 56,367,288</u>			<u>\$ 53,290,620</u>
<i>Mass Transit Fund</i>				
Capital assets not being depreciated				
Land and other nondepreciable capital assets..	\$ 495,843	\$ 85,553	\$ -	\$ 581,396
Construction in progress.....	-	73,544	-	73,544
Total capital assets not being depreciated.....	<u>495,843</u>	<u>159,097</u>	<u>-</u>	<u>654,940</u>
Capital assets being depreciated				
Buildings and other improvements.....	1,661,035	-	85,553	1,575,482
Equipment.....	4,930,039	375,093	-	5,305,132
Capital assets being depreciated.....	<u>6,591,074</u>	<u>375,093</u>	<u>85,553</u>	<u>6,880,614</u>
Less accumulated depreciation for:				
Buildings and other improvements.....	513,930	44,804	-	558,734
Equipment.....	3,354,094	507,146	-	3,861,240
Total accumulated depreciation.....	<u>3,868,024</u>	<u>551,950</u>	<u>-</u>	<u>4,419,974</u>
Total capital assets being depreciated(net).....	<u>2,723,050</u>			<u>2,460,640</u>
Mass Transit fund capital assets, net.....	<u>\$ 3,218,893</u>			<u>\$ 3,115,580</u>

	Primary Government			
	Beginning Balance	Increases & Reclassifications	Decreases & Reclassifications	Ending Balance
<i>Parking Fund</i>				
Capital assets not being depreciated				
Land and other nondepreciable capital assets.....	\$ 898,720	\$ -	\$ -	\$ 898,720
Capital assets being depreciated				
Buildings and other improvements.....	8,690,140	-	-	8,690,140
Equipment.....	416,962	-	-	416,962
Capital assets being depreciated.....	9,107,102	-	-	9,107,102
Less accumulated depreciation for:				
Buildings and other improvements.....	6,251,927	242,822	-	6,494,749
Equipment.....	414,875	2,087	-	416,962
Total accumulated depreciation.....	6,666,802	244,909	-	6,911,711
Total capital assets being depreciated(net).....	2,440,300			2,195,391
Parking fund capital assets, net.....	\$ 3,339,020			\$ 3,094,111
<i>Landfill Facilities Fund</i>				
Capital assets not being depreciated				
Land and other nondepreciable capital assets.....	\$ 1,676,600	\$ 1	\$ -	\$ 1,676,601
Construction in progress.....	5,186,596	1,443,107	-	6,629,703
Total capital assets not being depreciated.....	6,863,196	1,443,108	-	8,306,304
Capital assets being depreciated				
Buildings and other improvements.....	13,675,913	-	-	13,675,913
Equipment.....	2,841,404	5,530	-	2,846,934
Capital assets being depreciated.....	16,517,317	5,530	-	16,522,847
Less accumulated depreciation for:				
Buildings and other improvements.....	12,244,973	133,703	-	12,378,676
Equipment.....	2,153,743	78,760	-	2,232,503
Total accumulated depreciation.....	14,398,716	212,463	-	14,611,179
Total capital assets being depreciated(net).....	2,118,601			1,911,668
Landfill facilities fund capital assets, net.....	\$ 8,981,797			\$ 10,217,972

	Primary Government			
	Beginning Balance	Increases & Reclassifications	Decreases & Reclassifications	Ending Balance
<i>Storm Water Fund</i>				
Capital assets not being depreciated				
Land and other nondepreciable capital assets...	\$ 337,943	\$ 94,235	\$ -	\$ 432,178
Construction in progress.....	<u>5,387,361</u>	<u>5,477,434</u>	<u>4,080,984</u>	<u>6,783,811</u>
Total capital assets not being depreciated.....	<u>5,725,304</u>	<u>5,571,669</u>	<u>4,080,984</u>	<u>7,215,989</u>
Capital assets being depreciated				
Equipment.....	138,126	-	-	138,126
Infrastructure.....	<u>4,215,195</u>	<u>4,196,172</u>	-	<u>8,411,367</u>
Capital assets being depreciated.....	<u>4,353,321</u>	<u>4,196,172</u>	-	<u>8,549,493</u>
Less accumulated depreciation for:				
Equipment.....	97,544	13,633	-	111,177
Infrastructure.....	<u>454,955</u>	<u>278,672</u>	-	<u>733,627</u>
Total accumulated depreciation.....	<u>552,499</u>	<u>292,305</u>	-	<u>844,804</u>
Total capital assets being depreciated(net).....	<u>3,800,822</u>			<u>7,704,689</u>
Storm water fund capital assets, net.....	<u>9,526,126</u>			<u>14,920,678</u>
Business-type activities capital assets, net...	<u>\$ 390,075,352</u>			<u>\$ 387,495,723</u>

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

Governmental activities:	
General Government	\$ 4,257,090
Public Safety.....	782,060
Public Services and Transportation.....	8,362,517
Planning and Community Development.....	-
Culture and Recreation.....	<u>1,498,064</u>
Total governmental activities depreciation expense	<u>\$ 14,899,731</u>
Business-type activities:	
Water and Sewer.....	\$ 11,904,681
Electric.....	3,973,016
Mass Transit.....	551,950
Parking Facilities.....	244,909
Landfill Facilities.....	212,463
Storm Water Facilities.....	<u>292,305</u>
Total business-type activities depreciation expense	<u>\$ 17,179,324</u>

During the fiscal year, a reclassification between equipment and infrastructure in the amount of \$100,211,750 was completed in the Electric Fund. A related reclassification was made in accumulated depreciation of \$49,187,249 along with the current fiscal year depreciation.

During the fiscal year, assets were transferred between governmental activities in the amount of \$187,388. The related amounts in accumulated depreciation of \$186,123 was made along with the current fiscal year depreciation expense.

A summary of capital assets for the ABC Board at June 30, 2012 follows:

	<u>Assets</u>
Land and buildings	\$ 3,582,051
Equipment	863,367
Leasehold improvements	34,741
Accumulated depreciation	<u>(1,974,295)</u>
Total ABC Board	<u>\$ 2,505,864</u>

B. Liabilities

1. Accounts payable and accrued expenses as of June 30, 2012, consisted of the following:

	<u>Accounts Payable</u>	<u>Accrued Payroll and expenses</u>	<u>Total</u>
Governmental Activities			
General	\$ 911,490	\$ 2,521,891	\$ 3,433,381
General Capital Projects	137,908	1,536,548	1,674,456
Other non-major governmental funds .	821,529	29,523	851,052
Internal Service Fund	<u>741,291</u>	<u>87,379</u>	<u>828,670</u>
Total governmental	<u>2,612,218</u>	<u>4,175,341</u>	<u>6,787,559</u>
Business -Type Activities			
Water and Sewer	725,386	455,533	1,180,919
Electric	9,949,703	353,618	10,303,321
Other non-major enterprise funds	<u>192,114</u>	<u>507,921</u>	<u>700,035</u>
Total enterprise funds	<u>10,867,203</u>	<u>1,317,072</u>	<u>12,184,275</u>
Total Primary Government	<u>\$ 13,479,421</u>	<u>\$ 5,492,413</u>	<u>\$ 18,971,834</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 6.96% and 7.05%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 7.07% 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, 2012, 2011 and 2010 were \$4,389,753, \$4,116,077, and \$3,207,552, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2012, 2011 and 2010 were \$58,448, \$53,678, and \$42,421, 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, 2011, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits.....	43
Active plan members.....	<u>225</u>
Total.....	<u>268</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, 2012 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, 2011 actuarial valuation using the projected unit credit actuarial cost method. The

actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. 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, 2011 was nineteen years. The assumptions did not include postemployment benefit increases.

4. Annual Pension Cost and Net Pension Obligation/(Asset).

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

Annual required contribution.....	\$ 671,100
Interest on net pension obligation.....	3,876
Adjustment to annual required contribution.....	<u>(4,625)</u>
Annual pension cost.....	670,351
Contributions made.....	<u>754,490</u>
Decrease in net pension obligation.....	(84,139)
Net pension obligation, beginning of year.....	<u>77,526</u>
Net pension obligation (asset), end of year.....	<u><u>\$ (6,613)</u></u>

3-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation/(Asset)
6/30/2010	\$ 595,438	119.05%	\$ 98,709
6/30/2011	707,490	102.99%	77,526
6/30/2012	670,351	112.55%	(6,613)

5. Funded Status and Funding Progress.

As of December 31, 2011, the most recent actuarial valuation date, the plan was 4.00% 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 \$7,113,478, and the actuarial value of assets was \$284,204, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,829,274. The covered payroll (annual payroll of active employees covered by the plan) was \$11,800,801 and the ratio of the UAAL to the covered payroll was 57.87%.

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, 2012 were \$1,580,999, which consisted of \$600,160 from the City and \$980,839 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. The City has recognized on-behalf expenditures of \$64,965 and corresponding revenues for those payments made by the State of North Carolina for the year ended June 30, 2012. 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, 2010, the date of the latest actuarial valuation and in the ABC Board's Plan at June 30, 2012, the alternative measurement valuation date consisted of the following:

	City	ABC Board
Active Employees	1,357	25
Retired Employees	93	4
Total	1,450	29

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

The current annual required contribution (ARC) rate is 1.73% of annual covered payroll. For the current year, the City contributed \$918,295, including retiree contributions, or 1.43% of annual covered payroll. The City obtains healthcare coverage through private insurers. There were no contributions made by employees and retirees contributed \$728,795 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, 2012, the ABC Board contributed \$40,416 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 \$918,295, which resulted in a net increase in the OPEB obligation of \$927,565 as of June 30, 2012. 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)	\$1,111,107	\$54,500
Interest on net OPEB obligation	133,314	405
Adjustment to ARC	(127,356)	(405)
Annual OPEB Cost (pay-as-you-go)	1,117,065	54,500
Contributions made	(189,500)	(40,416)
Increase in net OPEB obligation	927,565	14,084
Net OPEB obligation, beginning of year	4,829,132	13,492
Net OPEB obligation, end of year	\$5,756,697	\$27,576

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	Annual OPEB Cost Contributed	Obligation
2010	\$ 1,608,698	6.99%	\$ 3,332,844
2011	1,608,698	6.99%	4,829,132
2012	1,117,065	16.96%	5,756,697

Funded Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$11,909,711. The covered payroll (annual payroll of active employees covered by the plan) was \$64,204,395, and the ratio of the UAAL to the covered payroll was 18.5%.

The ABC Board's Plan was not funded as of June 30, 2012, the date of the alternative measurement method which showed an accrued liability for benefits of \$27,576. The covered payroll for the Board's Plan was \$957,803, and the ratio of the unfunded alternative measurement method accrued liability to the covered payroll was 2.9%.

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, 2010 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 3.00 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, 2010, was 30 years.

In the ABC Board's June 30, 2012 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 2.0 percent maximum per Board policy, and the expected

returns for the discount rate were 3.0 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, 2012, 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 \$13,919,864 reported as landfill closure and postclosure care liability at June 30, 2012 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 90% 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 2012. 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 one year. Construction for Phase IV was started in FY 2009-2010 and continued during FY 2011-2012.

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, 2012, the City has accumulated \$13,919,864 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/Unearned 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	Major Enterprise Funds	Non-Major Enterprise Funds
Prepaid privilege and showroom licenses (unearned)	\$ 516,913	\$ -	\$ -	\$ -	\$ -
Miscellaneous receivables (net) (unavailable).....	91,074	-	-	-	-
Prepaid property taxes (unearned).....	217,305	-	-	-	-
Taxes receivable (net) (unavailable).....	2,538,169	-	-	-	-
Assessments (net) (unavailable).....	17,497	-	-	-	-
Notes (unearned).....	-	-	4,896,994	-	-
Grants (unavailable).....	-	708,156	459,718	-	-
Grants (unearned).....	-	-	-	-	6,939
Developer contributions (unearned).....	-	-	-	974,166	-
Prepaid utility collections (unearned).....	-	-	-	258,822	-
Unexpended pond maintenance funds (unearned)....	-	-	-	-	1,949,183
Total.....	\$ 3,380,958	\$ 708,156	\$ 5,356,712	\$ 1,232,988	\$ 1,956,122

6. Commitments

Commitments for the purchase of goods and services and for the construction and acquisition of assets are as follows at June 30, 2012:

General Fund	\$ 1,915,047
Special Revenue	1,279,273
General Capital Projects	7,613,543
Proprietary Funds	4,165,525
	<u>\$ 14,973,388</u>

Amounts shown above for the General, Special Revenue, and General Capital Project funds represent encumbrances and are components of restricted fund balances as described in Note 1.F.12.

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 amounts for material claims that have been incurred but are not reported (IBNRs), based on actuarial computations. At June 30, 2012, the City did not have any material IBNRs reported in liabilities. 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 \$250 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, 2012, 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. Installment Purchase Contracts

The City has entered into installment purchase agreements to acquire certain equipment. The majority of these contracts are for a five-year term with quarterly or semi-annual payments. The principal sources of funding for these installment financing contracts are the General Fund and Internal Service Fund.

Future annual debt service payments on installment purchase contracts as of June 30, 2012, including interest of \$542,466 is as follows:

Year Ending <u>June 30,</u>	Governmental <u>Activities Principal</u>	Governmental <u>Activities Interest</u>
2013	\$ 2,918,964	\$ 233,302
2014	2,802,297	146,001
2015	1,135,633	63,081
2016	742,746	43,189
2017	482,925	27,718
2018-2020	500,000	29,175
TOTAL	\$ 8,582,565	\$ 542,466

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 2032. Principal and interest requirements will be provided by appropriation in the year in which they become due.

Bonds payable at June 30, 2012 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%	\$ 966,457
\$14,815,000 Series 2005 Public Improvement bonds for transportation, public buildings, recreation, library and firefighting facilities maturing serially on March 1 through 2015 with interest semiannually September 1 and March 1 at rates varying 3.75% - 5.0%	859,500
\$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%	10,593,781
\$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 between 4.0% - 5.0%	10,719,343
\$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 between 4.0% - 4.75%	3,720,000
\$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 between 4.0% - 5.0%	10,644,244
\$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 between 3.25% - 4.25%	9,443,684
\$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 between 3.0% - 4.0%	4,350,000
\$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, 2018 through 2030 with interest semiannually December 1 and June 1 at rates varying between 3.798% - 5.675%	13,315,000
\$5,785,000 Series 2012 Public Improvement bonds for streets and sidewalks maturing serially on March 1 through 2032 with interest semiannually September 1 and March 1 at rates varying between 2.0% - 5.0%	5,785,000
\$6,217,425 Series 2012 Refunding 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 between 2.0% - 5.0%	6,217,425
Total serviced by governmental funds	<u>76,614,434</u>

Serviced by Enterprise Funds:

Water & Sewer Fund

\$12,500,000 Series 2003 water and sewer bonds maturing serially on April 1 through 2013 with interest semiannually October 1 and April 1 at rates varying between 3.0% - 4.25%	\$ 630,000
\$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%	751,209
\$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%	13,951,219
\$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%	14,595,000
\$6,036,114 Series 2012 Refunding bonds for water and sewer maturing serially on March 1, 2013 through 2026 with interest semiannually September 1 and March 1 at rates varying between 2.0% - 5.0%	<u>6,036,114</u>
Total serviced by Water & Sewer Fund	<u>35,963,542</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%	52,334
\$5,020,000 Series 2005 Public Improvement bonds for storm water facilities maturing serially on March 1 through 2015 with interest semiannually September 1 and March 1 at rates varying 3.75% - 5.0%	440,500
\$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 between 4.0% - 5.0%	1,490,658
\$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 between 4.0% - 5.0%	2,525,760
\$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 between 3.25% - 4.25%	2,271,316
\$3,265,000 Series 2010B Public Improvement (Taxable-Build America) bonds for storm water facilities maturing serially on June 1, 2018 through 2030 with interest semiannually December 1 and June 1 at rates varying between 3.798% - 5.675%	3,265,000
\$3,186,461 Series 2012 Refunding bonds for storm water facilities maturing serially on March 1, 2013 through 2026 with interest semiannually September 1 and March 1 at rates varying between 2.0% - 5.0%	<u>3,186,461</u>
Total serviced by Storm Water Fund	<u>13,232,029</u>

Deferred gain and discount on advance refundings (net)	<u>637,448</u>
Total general obligation bonds, net of deferred gain and discount on advance refundings	<u>\$ 126,447,453</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
2013	\$ 4,543,323	\$ 3,488,312	\$ 4,289,485	\$ 1,796,917	\$ 342,191	\$ 697,476
2014	4,585,207	3,440,004	4,029,280	1,442,183	430,513	726,463
2015	5,367,959	3,253,415	4,038,672	1,265,684	633,369	710,489
2016	5,244,665	2,726,148	4,622,870	1,086,258	537,464	528,600
2017	5,207,420	2,494,667	4,924,342	880,494	648,239	507,871
2018-2022	23,243,340	9,284,339	12,457,993	1,829,787	4,813,668	1,998,454
2023-2027	20,723,900	4,466,375	1,600,900	105,612	4,370,205	919,541
2028-2032	<u>7,698,620</u>	<u>706,378</u>	<u>-</u>	<u>-</u>	<u>1,456,380</u>	<u>136,817</u>
Total	<u>\$ 76,614,434</u>	<u>\$ 29,859,638</u>	<u>\$ 35,963,542</u>	<u>\$ 8,406,935</u>	<u>\$ 13,232,029</u>	<u>\$ 6,225,711</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%	\$ 3,490,000
\$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%	28,065,000
\$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%	40,230,000
\$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
\$32,125,000 Series 2012A Enterprise System Revenue Refunding Bonds for water and sewer maturing serially beginning November 1, 2012 through 2030 and term bonds maturing on November 1, 2029 and 2031. The bonds pay interest semiannually November 1 and May 1 at rates varying 2.00% - 5.00%	<u>32,125,000</u>
Total serviced by Water & Sewer Fund	127,120,000
Deferred gain on advance refunding and premiums (net)	<u>1,979,806</u>
Total revenue bonds, net of deferred gain on advance refunding and premiums	<u>\$ 129,099,806</u>

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
2013	\$ 3,770,000	\$ 6,970,577
2014	3,605,000	7,041,496
2015	3,740,000	6,900,271
2016	3,975,000	5,202,291
2017	4,130,000	5,043,203
2018-2022	25,330,000	22,380,311
2023-2027	31,775,000	16,001,209
2028-2032	39,510,000	7,667,570
2033-2036	11,285,000	941,794
Total	<u>\$ 127,120,000</u>	<u>\$ 78,148,722</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 and Enterprise System Refunding Revenue Bonds Series 2012 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, 2012, is as follows:

Prior Year Unrestricted Net Assets	\$ 38,814,116
Operating revenue	44,414,741
Operating expenses, excluding depreciation, bond interest and accrued OPEB	18,493,021
Income available for debt service	25,921,720
Parity debt service requirement	8,907,951
Total debt service requirement	16,723,587
Coverage on parity debt including 15% prior year unrestricted net assets	356%
Coverage on total debt excluding 15% prior year unrestricted net assets	155%

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, 2012, a total of \$2,599,678 had been drawn-down and principal payments of \$1,948,083 had been made leaving an outstanding balance of \$651,595. Interest expense was \$27,094 for the year ended June 30, 2012.

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, 2012, \$7,137,854 had been drawn-down and principal payments of \$5,961,338 had been made, leaving an outstanding balance of \$1,176,516. Interest expense was \$47,610 for the year ended June 30, 2012.

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, 2012, \$15,000,000 had been drawn-down and principal payments of \$7,500,000 have been made, leaving an outstanding balance of \$7,500,000. Interest expense was \$210,375 for the year ended June 30, 2012.

A federal revolving loan was executed October 17, 2011 for sewer projects under the stimulus provisions of the American Recovery and Reinvestment Act of 2009. The loan provided 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%. As of June 30, 2012, \$1,307,509 had been drawn-down and principal forgiveness of \$653,755 granted. In addition principal payments of \$66,788 have been made, leaving an outstanding balance of \$586,966.

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, 2012 was \$97,768. Interest expense was \$5,367 for the year ended June 30, 2012.

Annual Debt Service Requirements:

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

Business Activities-Loans and Notes Payable							
Water and Sewer							
Year Ending June 30,	State Clean Water Bond Loan		Federal Revolving Loans		Watershed Note Payable		
	Principal	Interest	Principal	Interest	Principal	Interest	
2013	\$ 130,935	\$ 22,522	\$ 1,174,781	\$ 226,957	\$ 97,768	\$ 4,907	
2014	130,935	17,958	1,174,781	195,930	-	-	
2015	130,935	13,395	1,174,781	164,902	-	-	
2016	130,935	8,827	782,609	133,875	-	-	
2017	127,855	4,385	782,609	114,750	-	-	
2018-2022	-	-	3,913,046	286,875	-	-	
2023-2027	-	-	163,046	-	-	-	
2028-2030	-	-	97,829	-	-	-	
Total	\$ 651,595	\$ 67,087	\$ 9,263,482	\$ 1,123,289	\$ 97,768	\$ 4,907	

On June 1, 2012, the City issued \$15,440,000 in general obligation refunding bonds with interest rates from 2.00% to 5.00% with yields from 0.22% to 2.765%. The City issued the bonds to advance refund \$6,300,000 of the outstanding Series 2003 Water and Sewer Bonds with interest rates ranging from 3.50% to 4.25% and \$9,815,000 of the outstanding Series 2005 General Obligation Bonds with interest rates ranging from 4.125% to 5.00%. 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 2003 and 2005 series bonds. The advance refunding reduced total debt service payments in the water and sewer fund and the general debt service fund and storm water fund over the next 11 and 14 years respectively by \$1,391,241. This resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,216,718.

On June 1, 2012, the City issued \$32,125,000 in combined enterprise system revenue refunding bonds with interest rates from 2.00% to 5.00% with yields from 0.28% to 3.43%. The City issued the bonds to advance refund \$31,710,000 of the outstanding Series 2004 Combined Enterprise System Revenue Bonds with interest rates ranging from 3.50% to 5.00%. 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 2004 series bonds. The advance refunding reduced total debt service payments in the water and sewer fund over the next 20 years by \$4,172,632. This resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$3,262,209.

As a result, that portion of the series 2003 and series 2005 general obligation bonds and the series 2004 revenue bonds are now considered defeased, and the City has removed the liabilities 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, 2012</u>
May 1, 2003	Water and Sewer Bonds, Series 2003	3.50%-4.25%	\$ 6,300,000
October 1, 2005	General Obligation Public Improvement Bonds, Series 2005	4.125%-5.00%	9,815,000
November 1, 2004	Combined Enterprise System Revenue Bonds, Series 2004	3.50%-5.00%	31,710,000

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, 2012, the City of High Point had authorized bonds of \$21,560,000 and a legal debt margin of \$659,127,304. There are limitations and restrictions contained in the various bond indentures.

Changes in Long-term Liabilities

	Beginning Balance	Additions & Adjustments	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities:					
Bonds and notes payable:					
General obligation bonds.....	\$ 75,192,672	\$ 12,002,425	\$ 10,580,663	\$ 76,614,434	\$ 4,543,323
Installment purchase agreements.....	9,786,789	2,050,000	3,254,224	8,582,565	2,918,964
Total bonds and notes payable.....	<u>84,979,461</u>	<u>14,052,425</u>	<u>13,834,887</u>	<u>85,196,999</u>	<u>7,462,287</u>
Other liabilities:					
Compensated absences.....	4,362,029	3,290,124	3,322,049	4,330,104	3,371,879
Other post employment benefits.....	3,392,259	673,727	-	4,065,986	-
Pension liabilities.....	<u>77,526</u>	<u>-</u>	<u>77,526</u>	<u>-</u>	<u>-</u>
Total other liabilities:.....	<u>7,831,814</u>	<u>3,963,851</u>	<u>3,399,575</u>	<u>8,396,090</u>	<u>3,371,879</u>
Governmental activities long-term liabilities.....	<u>\$ 92,811,275</u>	<u>\$ 18,016,276</u>	<u>\$ 17,234,462</u>	<u>\$ 93,593,089</u>	<u>\$ 10,834,166</u>
Business-type Activities:					
Bonds and notes payable					
Water and Sewer General Obligation Bonds.....	\$ 40,446,592	\$ 6,036,115	\$ 10,519,165	\$ 35,963,542	\$ 4,289,485
Water and Sewer Revenue Bonds.....	129,445,000	32,125,000	34,450,000	127,120,000	3,770,000
Add deferred gain on refunding.....	-	762,955	-	762,955	-
Premium on Water and Sewer Revenue Bonds...	<u>2,428,909</u>	<u>(1,062,816)</u>	<u>149,242</u>	<u>1,216,851</u>	<u>-</u>
Total Water and Sewer Revenue Bonds.....	<u>131,873,909</u>	<u>31,825,139</u>	<u>34,599,242</u>	<u>129,099,806</u>	<u>3,770,000</u>
Storm Water General Obligation Bonds.....	13,685,733	3,186,468	3,640,172	13,232,029	342,191
Notes and loans payable.....	10,787,112	1,273,331	2,047,598	10,012,845	1,403,484
Less discount on refunding.....	(319,424)	14,519	-	(304,905)	-
Add deferred gain on refunding.....	<u>402,047</u>	<u>575,730</u>	<u>35,424</u>	<u>942,353</u>	<u>-</u>
Total bonds and notes payable.....	<u>196,875,969</u>	<u>42,911,302</u>	<u>50,841,601</u>	<u>188,945,670</u>	<u>9,805,160</u>
Other liabilities					
Landfill closure and post-closure	13,919,864	-	-	13,919,864	-
Capital leases.....	-	-	-	-	-
Other post employment benefits.....	1,436,871	253,838	-	1,690,709	-
Compensated absences.....	<u>1,179,487</u>	<u>855,724</u>	<u>854,048</u>	<u>1,181,163</u>	<u>866,859</u>
Total other liabilities.....	<u>16,536,222</u>	<u>1,109,562</u>	<u>854,048</u>	<u>16,791,736</u>	<u>866,859</u>
Business-type activities long-term liabilities.....	<u>\$ 213,412,191</u>	<u>\$ 44,020,864</u>	<u>\$ 51,695,649</u>	<u>\$ 205,737,406</u>	<u>\$ 10,672,019</u>

Compensated absences for governmental activities have typically been liquidated in the General Fund.

Note 3. Interfund Balances and Activity

A schedule of interfund transfers for the year ended June 30, 2012 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	\$ 1,895,500	\$ -	\$ -	\$ 1,945,500
General Capital Projects Fund...	162,500	-	-	-	-	-	-	162,500
Non-major governmental funds	6,254,973	877,128	47,723	139,149	128,547	45,058	31,806	7,524,384
Non-major enterprise funds.....	<u>444,770</u>	-	<u>915,321</u>	-	-	-	-	<u>1,360,091</u>
Total.....	<u>\$ 6,862,243</u>	<u>\$ 877,128</u>	<u>\$ 963,044</u>	<u>\$ 189,149</u>	<u>\$ 2,024,047</u>	<u>\$ 45,058</u>	<u>\$ 31,806</u>	<u>\$ 10,992,475</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 at that time. 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 \$ 963,351

Note 4. On-Behalf Payments for Fringe Benefits and Salaries

During the fiscal year ended June 30, 2012, the City has recognized on-behalf payments for pensions contributions made by the state as a revenue and an expenditure of \$64,965 for the 170 participating employed firefighters. The employees elected to be members of the Firemen and Rescue Worker's Pension Fund, a cost-sharing, multiple employer public employee retirement system established and administered by the State of North Carolina. The Plan is funded by a \$10 monthly contribution paid by each member, investment income, and a State appropriation.

Note 5. Joint Ventures

- A. The North Carolina Municipal Power Agency Number 1 (Agency) is a joint venture organized and existing pursuant to Chapter 159B of the General Statutes of North Carolina to enable municipalities owning electric

distributions systems, through the organization of the Agency, to finance, construct, own, operate and maintain electric generation and transmission facilities. The Agency has nineteen members (participants), which receive power from the Agency. The Agency has entered into a Project Power Sales Agreement and a Supplemental Power Sales Agreement with each participant. These agreements provide for each participant to purchase from the Agency its all-requirements bulk power supply, in excess of power allotments from the Southeastern Power Administration (SEPA), which includes its total share of project output (as defined by the Project Power Sales Agreement). The Agency is obligated to provide all electric power required by each participant at the respective delivery points. Each participant is obligated to pay its share of the operating and debt service costs of the project.

The City began purchase of power from the Agency under the power sales agreement dated July 1, 1983.

Each municipality may appoint one commissioner to serve on the Agency's board. The board elects its own officers and is responsible for the selection of management to run the daily operations of the Agency. The Agency is responsible for budgeting and receiving its financing.

Summary financial information for the Agency for the year ended December 31, 2011 is presented below (in thousands of dollars):

	Total
Current and other assets.....	\$ 1,146,060
Capital assets.....	1,100,583
Total assets.....	<u>\$ 2,246,643</u>
Current and other liabilities.....	\$ 156,639
Long term debt & other non-current liabilities.....	2,001,554
Fund equity.....	88,450
Total liabilities and fund equity.....	<u>\$ 2,246,643</u>
Total revenues.....	\$ 532,772
Total expenses.....	519,499
Net increase in fund equity.....	<u>\$ 13,273</u>

As of December 31, 2011, the Agency had outstanding \$1,541,085,000 of bonds.

The following is a summary of debt service requirements for bonds outstanding at December 31, 2011 (in thousands of dollars):

Year	Principal	Interest	Total
2012	\$ 170,780	\$ 75,799	\$ 246,579
2013	123,655	71,230	194,885
2014	127,215	64,804	192,019
2015	138,290	58,149	196,439
2016	149,595	51,012	200,607
2017-2021	583,740	135,320	719,060
2022-2026	109,130	55,300	164,430
2027-2031	138,680	24,886	163,566
	<u>\$ 1,541,085</u>	<u>\$ 536,500</u>	<u>\$ 2,077,585</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, 2012 totaled \$90,696,017. 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 completed the construction for a water treatment plant and a raw water pump station, transmission lines, and a finished water pump station during FY 2010-2011. The Piedmont Triad Regional Water Authority is operating and maintaining these facilities under an interlocal agreement among the members. The City's allocable portion of capacity and distributable water is 19% or approximately 9 MGD at full operational limits. The City's financial involvement includes membership dues for the allocated administrative costs of the agency and the water purchases under a water sales agreement. The City paid \$295,535 for member dues and \$732,290 for water purchases during the fiscal year ended June 30, 2012. Complete financial statements for the Piedmont Triad Regional Water Authority may be obtained from Piedmont Triad Regional Water Authority, P.O. Box 1326, Randleman, NC 27317.
- 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 6. Jointly Governed Organizations

- A. The City in conjunction with 6 counties and 25 other municipalities established the Piedmont Triad Regional Council (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 \$27,876 to the Council during the fiscal year ended June 30, 2012.
- 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 through the Airport Authority, 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 \$1,307,504 to the Bureau during the fiscal year ended June 30, 2012. The City has no other financial obligation or investment in the operation of the Bureau.

Note 7. Related Organization

The eight-member board of the City of High Point Housing Authority includes seven members appointed by the Mayor of the City of High Point and one Council member liaison. The City is accountable for the Housing Authority because it appoints the governing board; however, the City is not financially accountable for the Housing Authority. The City of High Point is also disclosed as a related organization in the notes to the financial statements for the City of High Point Housing Authority. 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 8. 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, 2012, 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 potential balance of \$1,875,000.

During fiscal year ended June 30, 2012, the City approved a specific reimbursement commitment with a second 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, 2017. As of June 30, 2012, the company had not received any monies under this incentive program. The maximum amount of reimbursements available to the company over the term of the program is \$2,400,000.

Note 9. 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 may have been reclassified in order to be consistent with the current year's presentation.

Note 10. New GASB Pronouncements

The GASB has issued several pronouncements prior to June 30, 2012, that have effective dates which may impact future financial presentations. Management is evaluating what, if any, impact implementation of the following statements may have on the financial statements of the City.

- GASB Statement No. 60: Accounting and Financial Reporting for Service Concession Arrangements. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a facility) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This Statement is effective for periods beginning after December 15, 2011 (the City's 2012-2013 fiscal year).
- GASB Statement No. 61: The Financial Reporting Entity: Omnibus. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of

relationships that generally should be considered in making the determination. This Statement is effective for periods beginning after June 15, 2012 (the City's 2012-2013 fiscal year).

- GASB Statement No. 62: Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The requirements in this Statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. This effort brings the authoritative accounting and financial reporting literature together in one place, with that guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users. It will eliminate the need for financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to state and local governments, thereby resulting in a more consistent application of applicable guidance in financial statements of state and local governments. This Statement is effective for periods beginning after December 15, 2011 (the City's 2012-2013 fiscal year).
- GASB Statement No. 63: Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards did not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. This Statement is effective for periods beginning after December 15, 2011 (the City's 2012-2013 fiscal year).
- GASB Statement No. 65: Items Previously Reported as Assets and Liabilities. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4. This Statement also provides other financial reporting guidance related to the effect of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. This Statement is effective for periods beginning after December 15, 2012 (the City's 2013-2014 fiscal year).
- GASB Statement No. 66: Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. This Statement amends Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement No. 54 and Statement No. 34, Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments. This Statement also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, Accounting for Operating Leases with Scheduled Rent Increases, and result in guidance that is consistent with the requirements in Statement No. 48, Sales and Pledges of

Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, respectively. This Statement is effective for periods beginning after December 15, 2012 (the City's 2013-2014 fiscal year).

- GASB Statement No. 67: Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. This Statement is effective for periods beginning after June 15, 2013 (the City's 2013-2014 fiscal year).
- GASB Statement No. 68: Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement is effective for periods beginning after June 15, 2014 (the City's 2014-2015 fiscal year).

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
12/31/2006	\$ -	\$ 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%
12/31/2010	231,913	7,007,549	6,775,636	3.31%	12,219,352	55.45%
12/31/2011	284,204	7,113,478	6,829,274	4.00%	11,800,801	57.87%

CITY OF HIGH POINT, NORTH CAROLINA

Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2007	\$ 460,684	110.0%
2008	494,926	120.8%
2009	544,003	129.1%
2010	593,421	119.1%
2011	707,840	103.0%
2012	671,100	112.6%

NOTES TO THE REQUIRED SCHEDULES:

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

Valuation date	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	19 Years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	4.25 - 7.85%
Includes inflation at	3.00%
Cost-of-living adjustments	None

CITY OF HIGH POINT, NORTH CAROLINA

Healthcare Benefits Plan
 Required Supplementary Information
 Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)- Projected Unit Credit	Unfunded AAL (UAAL) Obligation	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2006	\$ -	\$ 11,171,206	\$ 11,171,206	0.00%	\$ 59,414,265	18.80%
12/31/2008	-	15,830,416	15,830,416	0.00%	64,419,181	24.57%
12/31/2010	-	11,909,711	11,909,711	0.00%	64,204,395	18.55%

CITY OF HIGH POINT, NORTH CAROLINA

Healthcare Benefits Plan
 Required Supplementary Information
 Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Percentage Contributed
2008	\$ 1,033,786	8.28%
2009	1,033,786	14.07%
2010	1,608,698	6.99%
2011	1,608,698	6.99%
2012	1,111,107	17.06%

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	12/31/2010
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	2018
Includes inflation at	3.00%



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, 2012

	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	PRIOR YEAR ACTUAL
Revenues:				
Taxes				
Property taxes	\$ 56,953,147	\$ 57,642,453	\$ 689,306	\$ 54,817,905
Tax interest	234,050	304,554	70,504	278,025
Total taxes	<u>57,187,197</u>	<u>57,947,007</u>	<u>759,810</u>	<u>55,095,930</u>
Sales and use taxes				
Sales tax	13,188,815	14,930,500	1,741,685	13,356,891
Room occupancy tax	1,404,500	1,612,226	207,726	1,521,558
Rental vehicle tax	100,000	128,314	28,314	120,744
Total sales taxes	<u>14,693,315</u>	<u>16,671,040</u>	<u>1,977,725</u>	<u>14,999,193</u>
Intergovernmental revenues				
Utility franchise tax	4,850,000	4,790,130	(59,870)	4,794,791
Powell bill	2,680,500	2,778,678	98,178	2,667,681
Video programming	1,100,000	1,004,691	(95,309)	1,061,310
Guilford County	1,334,740	1,367,810	33,070	1,332,317
Hold harmless tax reimbursement	859,000	757,800	(101,200)	874,906
ABC Board revenues	718,170	825,678	107,508	744,551
DOT signal reimbursement	320,000	343,674	23,674	374,171
Housing authority	224,000	208,671	(15,329)	246,065
Highway maintenance	220,000	220,000	-	220,000
Beer and wine tax	425,000	454,017	29,017	450,506
Other intergovernmental revenues	262,117	344,580	82,463	218,591
Total intergovernmental revenues	<u>12,993,527</u>	<u>13,095,729</u>	<u>102,202</u>	<u>12,984,889</u>
Licenses and permits				
Privilege licenses	2,391,500	2,361,488	(30,012)	2,360,455
Fines and forfeitures	100,000	72,272	(27,728)	72,403
Inspection fees and permits	854,400	998,030	143,630	1,176,880
Other licenses and fees	500	346	(154)	326
Total licenses and permits	<u>3,346,400</u>	<u>3,432,136</u>	<u>85,736</u>	<u>3,610,064</u>
Charges for services				
Self-sustaining recreation programs	2,648,767	2,418,864	(229,903)	2,495,033
Recycling and environmental services charges	598,500	600,140	1,640	635,182
Sales and rentals	1,306,539	1,290,604	(15,935)	1,414,266
Other charges and services	256,000	254,152	(1,848)	266,395
Total charges for services	<u>4,809,806</u>	<u>4,563,760</u>	<u>(246,046)</u>	<u>4,810,876</u>
Interest income and miscellaneous revenues				
Interest income	300,000	318,343	18,343	227,275
Miscellaneous	211,454	394,709	183,255	393,090
Sale of capital assets	-	37,752	37,752	5,337
Administrative reimbursements	5,780,534	5,780,534	-	5,637,869
Total miscellaneous revenues	<u>6,291,988</u>	<u>6,531,338</u>	<u>239,350</u>	<u>6,263,571</u>
Total revenues	<u>99,322,233</u>	<u>102,241,010</u>	<u>2,918,777</u>	<u>97,764,523</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, 2012

	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	PRIOR YEAR ACTUAL
Expenditures:				
General government				
Governing body	443,358	358,366	84,992	394,759
Administration and general	4,305,041	3,113,517	1,191,524	3,360,514
Human resources	1,757,380	1,488,556	268,824	1,190,391
Financial services	1,881,469	1,700,555	180,914	1,784,869
Engineering services	1,521,786	1,440,144	81,642	1,479,399
Communications	2,139,904	2,140,879	(975)	2,060,489
Systems project administration	341,814	251,244	90,570	250,933
Information services	4,043,489	3,802,466	241,023	3,471,560
Public services administration	359,322	358,398	924	352,388
Contingency	620,000	-	620,000	-
Total general government	<u>17,413,563</u>	<u>14,654,125</u>	<u>2,759,438</u>	<u>14,345,302</u>
Public safety				
Police	22,557,609	22,106,015	451,594	21,958,927
Fire	19,803,038	19,024,918	778,120	18,021,782
Total public safety	<u>42,360,647</u>	<u>41,130,933</u>	<u>1,229,714</u>	<u>39,980,709</u>
Transportation				
Administration	786,448	678,673	107,775	669,557
Signs and signals	3,792,939	3,677,133	115,806	3,551,056
Streets maintenance	5,970,864	3,407,068	2,563,796	3,579,832
Total transportation	<u>10,550,251</u>	<u>7,762,874</u>	<u>2,787,377</u>	<u>7,800,445</u>
Environmental services				
Environmental services	6,555,345	6,392,324	163,021	6,037,109
Cemeteries	226,820	224,869	1,951	231,081
Total environmental service	<u>6,782,165</u>	<u>6,617,193</u>	<u>164,972</u>	<u>6,268,190</u>
Total public service	<u>17,332,416</u>	<u>14,380,067</u>	<u>2,952,349</u>	<u>14,068,635</u>
Community and economic development				
Planning	1,164,734	999,790	164,944	1,075,872
Housing	66,876	66,738	138	65,913
Building inspections	1,897,787	1,829,150	68,637	1,859,808
Furniture market authority	2,846,000	2,881,070	(35,070)	2,844,718
Core city development	257,051	223,783	33,268	150,572
Economic development	1,355,445	688,823	666,622	536,545
Total community and economic development	<u>7,587,893</u>	<u>6,689,354</u>	<u>898,539</u>	<u>6,533,428</u>
Cultural and recreation				
Parks and recreation	10,587,748	9,832,648	755,100	9,946,124
Library	4,358,812	4,068,425	290,387	4,247,925
Museum	739,179	615,531	123,648	579,781
Theatre	1,348,676	1,169,297	179,379	1,004,688
Special appropriations - agencies	1,650,063	1,497,678	152,385	1,430,176
Total cultural and recreation and spec approp.	<u>18,684,478</u>	<u>17,183,579</u>	<u>1,500,899</u>	<u>17,208,694</u>
Total expenditures	<u>103,378,997</u>	<u>94,038,058</u>	<u>9,340,939</u>	<u>92,136,768</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,056,764)</u>	<u>8,202,952</u>	<u>12,259,716</u>	<u>5,627,755</u>

(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, 2012

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Other financing sources (uses):				
Proceeds from issuance of installment purchases	1,375,000	1,375,000	-	-
Transfers from (to) other funds:				
General Debt Service Fund	(5,903,420)	(5,903,420)	-	(4,666,739)
Special Grants Fund	-	-	-	218,532
Special Grants Fund	(255,525)	(226,603)	28,922	(33,088)
Community Development Fund	(124,950)	(124,950)	-	(124,590)
General Capital Projects Fund	(162,500)	(162,500)	-	1,535,936
Central Services Fund	200,000	-	(200,000)	800,000
Water/Sewer Fund	1,550,000	50,000	(1,500,000)	50,000
Electric Fund	1,110,000	1,110,000	-	1,110,000
Mass Transit Fund	(348,817)	(348,817)	-	(342,196)
Parking Facilities Fund	(95,953)	(95,953)	-	(106,685)
LEO Pension Trust Fund	(50,000)	(50,000)	-	(50,000)
Transfers in related to payment in lieu of taxes	785,500	785,500	-	820,000
Fund balance appropriated	<u>5,977,429</u>	<u>-</u>	<u>(5,977,429)</u>	<u>-</u>
Total other financing sources (uses)	<u>4,056,764</u>	<u>(3,591,743)</u>	<u>(7,648,507)</u>	<u>(788,830)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	4,611,209	<u>\$ 4,611,209</u>	4,838,925
Fund balance, beginning of year		<u>26,376,824</u>		<u>21,537,899</u>
Fund balance, end of year		<u>\$ 30,988,033</u>		<u>\$ 26,376,824</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, 2012

	<u>PROJECT AUTHORIZATION</u>	<u>PRIOR YEAR</u>	<u>ACTUAL CURRENT YEAR</u>	<u>TOTAL TO DATE</u>
Revenues:				
Restricted intergovernmental.....	\$ 1,850,479	\$ -	\$ 572,169	\$ 572,169
Miscellaneous.....	300,000	-	10,000	10,000
Administrative reimbursements.....	180,000	-	180,000	180,000
Total revenues.....	<u>2,330,479</u>	<u>-</u>	<u>762,169</u>	<u>762,169</u>
Expenditures:				
General government.....	40,000	-	19,625	19,625
Public safety.....	4,165,160	3,217,039	808,789	4,025,828
Public services-transportation.....	37,109,000	6,256,504	5,655,181	11,911,685
Cultural and recreation.....	4,847,590	1,324,501	1,653,909	2,978,410
Interest expense.....	180,000	-	38,564	38,564
Total expenditures.....	<u>46,341,750</u>	<u>10,798,044</u>	<u>8,176,068</u>	<u>18,974,112</u>
Other financing sources (uses):				
General obligation bonds.....	43,122,479	37,337,479	5,785,000	43,122,479
Transfer from General Fund.....	1,765,920	1,603,420	162,500	1,765,920
Transfer to General Debt Service Fund.....	(877,128)	-	(877,128)	(877,128)
Total other financing sources (uses)	<u>44,011,271</u>	<u>38,940,899</u>	<u>5,070,372</u>	<u>44,011,271</u>
Excess of revenues and financing sources over (under) expenditures.....	<u>\$ -</u>	<u>\$ 28,142,855</u>	(2,343,527)	<u>\$ 25,799,328</u>
Fund Balance, beginning of year.....			<u>28,142,855</u>	
Fund Balance, end of year.....			<u>\$ 25,799,328</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, 2012

	SPECIAL REVENUE	DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS			
Restricted cash.....	\$ 2,227,881	\$ 18,315,597	\$ 20,543,478
Receivables:			
Accounts and grants.....	944,309	2,330	946,639
Notes and loans.....	4,896,994	-	4,896,994
Accrued interest.....	-	26,610	26,610
TOTAL ASSETS	\$ 8,069,184	\$ 18,344,537	\$ 26,413,721
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued expenses.....	\$ 728,247	\$ 122,805	\$ 851,052
Unearned revenue.....	4,896,994	-	4,896,994
Deferred revenue.....	459,718	-	459,718
TOTAL LIABILITIES	6,084,959	122,805	6,207,764
Fund balances:			
Restricted:			
Stabilization by state statute.....	1,763,865	28,940	1,792,805
Grant programs.....	237,495	-	237,495
Debt service.....	-	18,192,792	18,192,792
Unassigned.....	(17,135)	-	(17,135)
TOTAL FUND BALANCES	1,984,225	18,221,732	20,205,957
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,069,184	\$ 18,344,537	\$ 26,413,721

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, 2012

	SPECIAL REVENUE	GENERAL DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:			
Property taxes.....	\$ -	\$ 3,054,308	\$ 3,054,308
Restricted intergovernmental.....	5,507,872	-	5,507,872
Unrestricted intergovernmental.....	-	291,699	291,699
Interest on investments.....	10,013	160,770	170,783
Miscellaneous.....	342,935	264,185	607,120
Total revenues.....	<u>5,860,820</u>	<u>3,770,962</u>	<u>9,631,782</u>
Expenditures:			
General government.....	305,626	-	305,626
Public safety.....	1,419,848	-	1,419,848
Public services.....	1,417,100	-	1,417,100
Planning and community development.....	2,443,907	-	2,443,907
Cultural and recreation.....	79,829	-	79,829
Debt service:			
Principal retirement.....	-	6,187,874	6,187,874
Interest and fiscal charges.....	-	3,738,190	3,738,190
Total expenditures.....	<u>5,666,310</u>	<u>9,926,064</u>	<u>15,592,374</u>
Excess (deficiency) of revenues over (under) expenditures	<u>194,510</u>	<u>(6,155,102)</u>	<u>(5,960,592)</u>
Other financing sources (uses):			
Bond issuance premium.....	-	262,272	262,272
Transfers in	351,553	7,172,831	7,524,384
Transfers out.....	(47,723)	(915,321)	(963,044)
Total other financing sources (uses).....	<u>303,830</u>	<u>6,519,782</u>	<u>6,823,612</u>
Net change in fund balances.....	498,340	364,680	863,020
Fund balances, beginning of year.....	1,485,885	17,857,052	19,342,937
Fund balances, end of year.....	<u>\$ 1,984,225</u>	<u>\$ 18,221,732</u>	<u>\$ 20,205,957</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, 2012

	<u>SPECIAL GRANTS</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>TOTAL</u>
Assets:			
Restricted cash.....	\$ 1,880,172	\$ 347,709	\$ 2,227,881
Receivables:			
Accounts and grants.....	525,447	418,862	944,309
Notes and loans	-	4,896,994	4,896,994
Total Assets	<u>\$ 2,405,619</u>	<u>\$ 5,663,565</u>	<u>\$ 8,069,184</u>
Liabilities and fund balances:			
Liabilities:			
Accounts payable and accrued expenses.....	\$ 374,394	\$ 353,853	\$ 728,247
Unearned revenue.....	-	4,896,994	4,896,994
Deferred revenue.....	275,953	183,765	459,718
Total Liabilities	<u>650,347</u>	<u>5,434,612</u>	<u>6,084,959</u>
Fund balances:			
Restricted:			
Stabilization by state statute.....	1,517,777	246,088	1,763,865
Grant programs.....	237,495	-	237,495
Unassigned.....	-	(17,135)	(17,135)
Total Fund Balances	<u>1,755,272</u>	<u>228,953</u>	<u>1,984,225</u>
Total Liabilities and Fund Balances	<u>\$ 2,405,619</u>	<u>\$ 5,663,565</u>	<u>\$ 8,069,184</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, 2012

	<u>SPECIAL GRANTS</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>TOTAL</u>
Revenues:			
Restricted intergovernmental.....	\$ 3,559,457	\$ 1,948,415	\$ 5,507,872
Interest on investments.....	10,013	-	10,013
Miscellaneous.....	46,040	296,895	342,935
Total revenues.....	<u>3,615,510</u>	<u>2,245,310</u>	<u>5,860,820</u>
Expenditures:			
General government.....	305,626	-	305,626
Public safety.....	1,419,848	-	1,419,848
Public services.....	1,417,100	-	1,417,100
Planning and community development.....	104,145	2,339,762	2,443,907
Cultural and recreation.....	79,829	-	79,829
Total expenditures.....	<u>3,326,548</u>	<u>2,339,762</u>	<u>5,666,310</u>
Excess (deficiency) of revenues over (under) expenditures	<u>288,962</u>	<u>(94,452)</u>	<u>194,510</u>
Other financing sources (uses):			
Transfers in	226,603	124,950	351,553
Transfers out	(47,723)	-	(47,723)
Total other financing sources (uses).....	<u>178,880</u>	<u>124,950</u>	<u>303,830</u>
Net change in fund balances.....	467,842	30,498	498,340
Fund balances, beginning of year.....	<u>1,287,430</u>	<u>198,455</u>	<u>1,485,885</u>
Fund balances, end of year.....	<u>\$ 1,755,272</u>	<u>\$ 228,953</u>	<u>\$ 1,984,225</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, 2012

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Restricted intergovernmental:				
Federal grants.....	\$ 3,435,789	\$ 1,951,075	\$ (1,484,714)	\$ 2,004,342
State grants.....	1,399,218	1,131,865	(267,353)	213,134
State 911.....	443,675	443,675	-	394,569
Contributions from other agencies.....	55,116	32,842	(22,274)	23,740
Interest on investments.....	5,211	5,211	-	6,528
Interest on investments - State 911.....	4,802	4,802	-	5,035
Miscellaneous.....	121,157	46,040	(75,117)	95,470
Total revenues.....	<u>5,464,968</u>	<u>3,615,510</u>	<u>(1,849,458)</u>	<u>2,742,818</u>
Expenditures:				
General government.....	833,274	305,626	527,648	694,493
Public safety - State 911.....	1,028,987	276,161	752,826	309,369
Public safety.....	2,563,805	1,143,687	1,420,118	855,623
Public services.....	2,252,216	1,417,100	835,116	745,470
Planning and community development.....	573,774	104,145	469,629	95,239
Cultural and recreation.....	102,052	79,829	22,223	90,365
Total expenditures.....	<u>7,354,108</u>	<u>3,326,548</u>	<u>4,027,560</u>	<u>2,790,559</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,889,140)</u>	<u>288,962</u>	<u>2,178,102</u>	<u>(47,741)</u>
Other financing sources (uses):				
Transfer from General Fund.....	255,525	226,603	(28,922)	33,088
Transfer to General Fund.....	-	-	-	(218,532)
Transfer to General Debt Service Fund - State 911.....	(47,723)	(47,723)	-	(47,723)
Appropriated bund balance.....	1,681,338	-	(1,681,338)	-
Total other financing sources (uses).....	<u>1,889,140</u>	<u>178,880</u>	<u>(1,710,260)</u>	<u>(233,167)</u>
Net change in fund balance	<u>\$ -</u>	<u>467,842</u>	<u>\$ 467,842</u>	<u>(280,908)</u>
Fund balance, beginning of year.....		<u>1,287,430</u>		<u>1,568,338</u>
Fund balance, end of year.....		<u>\$ 1,755,272</u>		<u>\$ 1,287,430</u>

Note: The City transferred \$47,723 of eligible 911 funds to the General Debt Service Fund for debt service payment 8 of 10 for the upgrade to the console system that houses the 911 equipment.

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, 2012

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Restricted intergovernmental.....	\$ 10,049,625	\$ 1,948,415	\$ (8,101,210)	\$ 3,918,260
Miscellaneous.....	24,809	296,895	272,086	203,836
Total revenues.....	<u>10,074,434</u>	<u>2,245,310</u>	<u>(7,829,124)</u>	<u>4,122,096</u>
Expenditures:				
Community development block grant.....	976,439	860,323	116,116	956,771
Home program.....	1,430,773	468,283	962,490	522,292
Lead based paint.....	3,119,576	551,171	2,568,405	1,359,886
Shelter care.....	151,959	65,572	86,387	62,639
Neighborhood stabilization program.....	755,153	394,413	360,740	1,354,844
Section 108 loan guarantee program.....	3,907,935	-	3,907,935	-
Total planning and community development expenditures....	<u>10,341,835</u>	<u>2,339,762</u>	<u>8,002,073</u>	<u>4,256,432</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(267,401)</u>	<u>(94,452)</u>	<u>172,949</u>	<u>(134,336)</u>
Other financing sources (uses):				
Transfer from General Fund.....	124,950	124,950	-	124,590
Appropriated fund balance.....	142,451	-	(142,451)	-
Total other financing sources (uses).....	<u>267,401</u>	<u>124,950</u>	<u>(142,451)</u>	<u>124,590</u>
Net change in fund balance.....	<u>\$ -</u>	<u>30,498</u>	<u>\$ 30,498</u>	<u>(9,746)</u>
Fund balance, beginning of year.....		<u>198,455</u>		<u>208,201</u>
Fund balance, end of year.....		<u>\$ 228,953</u>		<u>\$ 198,455</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

General Debt Service Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Fiscal Year Ended June 30, 2012

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Property taxes.....	\$ 3,057,427	\$ 3,054,308	\$ (3,119)	\$ 3,050,281
Interest on investments.....	145,000	160,770	15,770	176,586
Unrestricted intergovernmental.....	291,699	291,699	-	268,201
Miscellaneous.....	264,185	264,185	-	-
Total Revenues.....	<u>3,758,311</u>	<u>3,770,962</u>	<u>12,651</u>	<u>3,495,068</u>
Expenditures:				
Debt service:				
Principal.....	6,148,490	6,148,487	3	6,154,454
Principal (public safety - State 911).....	39,387	39,387	-	39,387
Interest.....	3,684,441	3,584,438	100,003	3,773,484
Interest (public safety - State 911).....	8,336	8,336	-	8,336
Fiscal charges.....	130,480	145,416	(14,936)	83,250
Total Expenditures.....	<u>10,011,134</u>	<u>9,926,064</u>	<u>85,070</u>	<u>10,058,911</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,252,823)</u>	<u>(6,155,102)</u>	<u>97,721</u>	<u>(6,563,843)</u>
Other financing sources (uses):				
Bond issuance premium	-	262,272	262,272	-
Transfer from General Fund.....	5,903,420	5,903,420	-	4,666,739
Transfer from Special Grants Fund (State 911).....	47,723	47,723	-	47,723
Transfer from General Capital Projects Fund.....	877,128	877,128	-	914,256
Transfer from Central Services Fund.....	31,805	31,806	1	31,805
Transfer from Water and Sewer Fund.....	139,150	139,149	(1)	139,149
Transfer from Electric Fund.....	128,547	128,547	-	128,547
Transfer from Mass Transit Fund.....	1,325	1,325	-	1,325
Transfer from Parking Fund.....	10,602	10,602	-	10,602
Transfer from Landfill Facilities Fund.....	23,893	27,830	3,937	27,830
Transfer from Storm Water Fund.....	4,551	5,301	750	5,301
Transfer to Storm Water Fund.....	(915,321)	(915,321)	-	(965,181)
Appropriated fund balance.....	-	-	-	-
Total other financing sources (uses).....	<u>6,252,823</u>	<u>6,519,782</u>	<u>266,959</u>	<u>5,008,096</u>
Net change in fund balance.....	<u>\$ -</u>	<u>364,680</u>	<u>\$ 364,680</u>	<u>(1,555,747)</u>
Fund balance, beginning of year.....		<u>17,857,052</u>		<u>19,412,799</u>
Fund balance, end of year.....		<u>\$ 18,221,732</u>		<u>\$ 17,857,052</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, 2012

ASSETS	MASS TRANSIT	PARKING FACILITIES	LANDFILL FACILITIES	STORM WATER	TOTAL
Current assets:					
Cash and investments.....	\$ 1,322,474	\$ 258,534	\$ 31,435,540	\$ 7,115,356	\$ 40,131,904
Receivables:					
Accounts and grants (net).....	695,798	159	631,974	140,321	1,468,252
Accrued interest.....	661	409	45,569	10,249	56,888
Inventory.....	77,343	-	-	-	77,343
Prepaid expenses.....	226,579	-	-	-	226,579
Total current assets.....	2,322,855	259,102	32,113,083	7,265,926	41,960,966
Noncurrent assets:					
Restricted assets:					
Cash and investments.....	10,050	5,445	-	1,580,693	1,596,188
Deferred charges.....	-	-	-	39,484	39,484
Interfund loan receivable.....	-	-	963,351	-	963,351
Capital assets:					
Land.....	581,396	898,720	1,676,601	432,178	3,588,895
Buildings and other improvements.....	1,575,482	8,690,140	13,675,913	-	23,941,535
Machinery and equipment.....	5,305,132	416,962	2,846,934	138,126	8,707,154
Infrastructure.....	-	-	-	8,411,367	8,411,367
Construction in progress.....	73,544	-	6,629,703	6,783,811	13,487,058
Accumulated depreciation.....	(4,419,974)	(6,911,711)	(14,611,179)	(844,804)	(26,787,668)
Total capital assets.....	3,115,580	3,094,111	10,217,972	14,920,678	31,348,341
TOTAL ASSETS.....	\$ 5,448,485	\$ 3,358,658	\$ 43,294,406	\$ 23,806,781	\$ 75,908,330
LIABILITIES AND NET ASSETS					
Liabilities :					
Current liabilities:					
Accounts payable and accrued expenses.....	\$ 124,223	\$ 6,219	\$ 265,713	\$ 303,880	\$ 700,035
Current maturities of long-term debt.....	-	-	-	342,191	342,191
Current maturities of compensated absences.....	64,398	5,513	88,394	44,604	202,909
Accrued interest payable.....	-	-	-	125,083	125,083
Deposits.....	-	5,445	-	-	5,445
Total current liabilities	188,621	17,177	354,107	815,758	1,375,663
Long-term liabilities:					
Accrued closure/post closure costs.....	-	-	13,919,864	-	13,919,864
Other post employment benefits accrual.....	175,242	426	221,825	179,796	577,289
General obligation bonds payable.....	-	-	-	13,088,757	13,088,757
Compensated absences.....	28,223	2,593	40,701	26,296	97,813
Unearned revenue.....	6,939	-	-	1,949,183	1,956,122
Total long-term liabilities.....	210,404	3,019	14,182,390	15,244,032	29,639,845
Total liabilities.....	399,025	20,196	14,536,497	16,059,790	31,015,508
Net assets:					
Invested in capital assets, net of related debt.....	3,115,580	3,094,111	10,217,972	3,070,423	19,498,086
Restricted	385,755	-	-	-	385,755
Unrestricted.....	1,548,125	244,351	18,539,937	4,676,568	25,008,981
Total Net assets.....	5,049,460	3,338,462	28,757,909	7,746,991	44,892,822
TOTAL LIABILITIES AND NET ASSETS.....	\$ 5,448,485	\$ 3,358,658	\$ 43,294,406	\$ 23,806,781	\$ 75,908,330

CITY OF HIGH POINT, NORTH CAROLINA

Combining Statement of Revenues, Expenses and Changes in Net Assets
All Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2012

	MASS TRANSIT	PARKING FACILITIES	LANDFILL FACILITIES	STORM WATER	TOTAL NONMAJOR ENTERPRISE FUNDS
OPERATING REVENUES:					
Charges for services.....	\$ 582,012	\$ 357,994	\$ 7,313,344	\$ 2,450,155	\$ 10,703,505
Licenses and permits.....	353,458	-	-	-	353,458
Intergovernmental.....	2,014,466	-	71,547	-	2,086,013
Miscellaneous.....	-	-	5,925	-	5,925
Total operating revenues.....	<u>2,949,936</u>	<u>357,994</u>	<u>7,390,816</u>	<u>2,450,155</u>	<u>13,148,901</u>
OPERATING EXPENSES:					
Management and administration.....	3,152,130	357,474	4,681,353	1,509,082	9,700,039
Depreciation and amortization.....	551,950	244,909	212,463	292,305	1,301,627
Total operating expenses.....	<u>3,704,080</u>	<u>602,383</u>	<u>4,893,816</u>	<u>1,801,387</u>	<u>11,001,666</u>
Operating income (loss).....	<u>(754,144)</u>	<u>(244,389)</u>	<u>2,497,000</u>	<u>648,768</u>	<u>2,147,235</u>
Nonoperating revenues (expenses):					
Interest on investments.....	7,740	1,627	263,424	48,830	321,621
Miscellaneous and other nonoperating.....	1,767	-	50	500	2,317
Interest expense and fiscal charges.....	-	-	-	(581,454)	(581,454)
Amortization of financing costs.....	-	-	-	(1,626)	(1,626)
Reimbursements to other funds.....	-	-	(591,306)	-	(591,306)
Total nonoperating revenues (expenses).....	<u>9,507</u>	<u>1,627</u>	<u>(327,832)</u>	<u>(533,750)</u>	<u>(850,448)</u>
Income (loss) before capital contributions and transfers.....	<u>(744,637)</u>	<u>(242,762)</u>	<u>2,169,168</u>	<u>115,018</u>	<u>1,296,787</u>
Capital contributions.....	352,718	-	-	-	352,718
Transfers in.....	348,817	95,953	-	915,321	1,360,091
Transfers out.....	(1,325)	(10,602)	(27,830)	(5,301)	(45,058)
Total transfers.....	<u>700,210</u>	<u>85,351</u>	<u>(27,830)</u>	<u>910,020</u>	<u>1,667,751</u>
Change in net assets.....	(44,427)	(157,411)	2,141,338	1,025,038	2,964,538
Net assets, beginning of the year.....	5,093,887	3,495,873	26,616,571	6,721,953	41,928,284
Net assets, ending of the year.....	<u>\$ 5,049,460</u>	<u>\$ 3,338,462</u>	<u>\$ 28,757,909</u>	<u>\$ 7,746,991</u>	<u>\$ 44,892,822</u>

City of High Point, North Carolina

Combining Statement of Cash Flows
All Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2012

	Business-Type - Enterprise Funds				
		PARKING	LANDFILL		
	MASS TRANSIT	FACILITIES	FACILITIES	STORM WATER	TOTAL
Cash Flows From Operating Activities					
Receipts from customers and users.....	\$ 3,020,114	\$ 358,028	\$ 7,443,590	\$ 2,497,526	\$ 13,319,258
Payments to employees and related fringe benefits.....	(1,772,461)	(206,920)	(1,976,418)	(1,004,651)	(4,960,450)
Payments to suppliers and operating costs.....	(1,567,994)	(155,844)	(2,722,487)	(1,395,983)	(5,842,308)
Net cash provided by (used in) by operating activities	(320,341)	(4,736)	2,744,685	96,892	2,516,500
Cash Flows From Non Capital Financing Activities					
Transfers in.....	348,817	95,953	-	915,321	1,360,091
Transfers out.....	(1,325)	(10,602)	(27,830)	(5,301)	(45,058)
Advances from other funds.....	-	-	141,436	-	141,436
Miscellaneous and other nonoperating.....	1,767	-	50	500	2,317
Reimbursements to other funds.....	-	-	(591,306)	-	(591,306)
Net Cash provided by (used in) noncapital financing activities	349,259	85,351	(477,650)	910,520	867,480
Cash Flows From Financing Activities					
Proceeds from issuance of long-term debt	-	-	-	3,712,277	3,712,277
Payment to trustee for refunded bonds.....	-	-	-	(3,652,663)	(3,652,663)
Principal payments on long-term debt.....	-	-	-	(314,399)	(314,399)
Interest payments on long-term debt.....	-	-	-	(656,314)	(656,314)
Acquisition and construction of capital assets.....	(95,919)	-	(1,448,637)	(5,686,857)	(7,231,413)
Net cash provided by (used in) noncapital financing activities	(95,919)	-	(1,448,637)	(6,597,956)	(8,142,512)
Cash Flows From Investing Activities					
Interest earned on investments.....	8,737	1,548	272,897	50,969	334,151
Net cash provided by investing activities	8,737	1,548	272,897	50,969	334,151
Net increase (decrease) in cash and investments	(58,264)	82,163	1,091,295	(5,539,575)	(4,424,381)
Cash and investments, beginning of the year	1,390,788	181,816	30,344,245	14,235,624	46,152,473
Cash and investments end of the year	\$ 1,332,524	\$ 263,979	\$ 31,435,540	\$ 8,696,049	\$ 41,728,092
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss).....	\$ (754,144)	\$ (244,389)	\$ 2,497,000	\$ 648,768	\$ 2,147,235
Adjustments to Reconcile Operating Income (Loss) to					
Net Cash Provided by (Used in) Operating Activities:					
Depreciation and amortization.....	551,950	244,909	212,463	292,305	1,301,627
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivables.....	63,239	74	52,774	(12,801)	103,286
(Increase) Decrease in Inventories.....	(5,087)	-	-	-	(5,087)
(Increase) Decrease in Prepaid Expenses and Deferred Charges.....	(128,619)	-	-	-	(128,619)
Increase (Decrease) in Payables and Accrued Expenses.....	(86,515)	(48)	(43,711)	(912,524)	(1,042,798)
Increase (Decrease) in Deposits.....	-	(40)	-	-	(40)
Increase (Decrease) in OPEB Liability.....	24,979	(6,661)	33,544	15,701	67,563
Increase (Decrease) in Vacation Leave Accrual.....	6,917	1,419	(7,385)	5,271	6,222
Increase (Decrease) in Unearned Revenue.....	6,939	-	-	60,172	67,111
Total adjustments.....	433,803	239,653	247,685	(551,876)	369,265
Net cash provided by (used in) operating activities.....	\$ (320,341)	\$ (4,736)	\$ 2,744,685	\$ 96,892	\$ 2,516,500

CITY OF HIGH POINT, NORTH CAROLINA

Water and Sewer Fund
 Schedule of Revenues, Expenditures, and Changes in Net Assets
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2012

	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	PRIOR YEAR ACTUAL
Operating revenues:				
Charges for services.....	\$ 42,781,130	\$ 43,314,099	\$ 532,969	\$ 42,432,009
Miscellaneous.....	20,000	664,704	644,704	759,910
Intergovernmental.....	435,938	435,938	-	73,781
Total operating revenues.....	<u>43,237,068</u>	<u>44,414,741</u>	<u>1,177,673</u>	<u>43,265,700</u>
Operating expenditures:				
Management and administration.....	2,386,736	2,081,314	305,422	1,903,765
System maintenance and distribution.....	6,454,766	5,864,847	589,919	5,975,755
Treatment plants.....	9,029,386	8,521,100	508,286	8,386,208
Other services and charges.....	892,934	337,928	555,006	334,608
Total operating expenditures.....	<u>18,763,822</u>	<u>16,805,189</u>	<u>1,958,633</u>	<u>16,600,336</u>
Operating income	<u>24,473,246</u>	<u>27,609,552</u>	<u>3,136,306</u>	<u>26,665,364</u>
Nonoperating revenues (expenditures):				
Interest on investments.....	218,000	302,358	84,358	288,411
Miscellaneous and other nonoperating.....	-	27,165	27,165	34,158
Proceeds from disposal of capital assets.....	-	37,100	37,100	259
Interest expense and fiscal charges.....	(8,435,354)	(8,370,580)	64,774	(7,364,108)
Payment of debt principal.....	(8,358,819)	(8,353,007)	5,812	(8,274,571)
Reimbursement to General Fund.....	(2,681,323)	(2,681,323)	-	(2,640,767)
Reimbursement to Electric Fund.....	(1,744,333)	(1,744,333)	-	(1,711,400)
Total non-operating revenues (expenditures).....	<u>(21,001,829)</u>	<u>(20,782,620)</u>	<u>219,209</u>	<u>(19,668,018)</u>
Income before other financing sources (uses)	<u>3,471,417</u>	<u>6,826,932</u>	<u>3,355,515</u>	<u>6,997,346</u>
Other financing sources (uses):				
Proceeds from general obligation refunding bonds.....	-	7,032,151	7,032,151	-
Proceeds from revenue refunding bonds.....	-	35,760,728	35,760,728	-
Payment to trustee for refunded bonds.....	-	(42,270,653)	(42,270,653)	-
Transfer to General Fund.....	(750,000)	(50,000)	700,000	(50,000)
Transfer to General Debt Service Fund.....	(139,149)	(139,149)	-	(139,149)
Transfer to Water & Sewer Capital Projects Fund.....	(3,587,000)	(3,587,000)	-	(2,900,000)
Appropriated net assets.....	1,004,732	-	(1,004,732)	-
Total other financing sources (uses).....	<u>(3,471,417)</u>	<u>(3,253,923)</u>	<u>217,494</u>	<u>(3,089,149)</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>3,573,009</u>	<u>\$ 3,573,009</u>	<u>3,908,197</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Water & Sewer Capital Project Ordinance Fund.....		(2,278,421)		(9,934,959)
Water Capital Reserve Fund.....		16,909		12,334
Sewer Capital Reserve Fund.....		11,889		8,672
Capital additions.....		4,252,337		10,390,371
Capital contributions.....		1,868,126		3,430,019
Depreciation expense.....		(11,904,681)		(11,363,683)
Compensated absences expense.....		21,505		7,679
OPEB expense.....		(89,688)		(149,872)
Gain (loss) on disposal of property.....		(1,249)		(18,440)
Financing costs deferred.....		426,799		-
Amortization of financing costs.....		51,924		51,924
General obligation refunding bonds proceeds.....		(7,032,151)		-
Revenue refunding bonds proceeds.....		(35,760,728)		-
Bond proceeds used in defeasance of bonds.....		42,270,653		-
Intergovernmental note proceeds.....		653,755		(169,877)
Bond principal payments.....		8,353,007		8,274,571
Change in net assets - full accrual basis.....		<u>\$ 4,432,995</u>		<u>\$ 4,446,936</u>

CITY OF HIGH POINT, NORTH CAROLINA

Water & Sewer Capital Projects Ordinance Fund
 Schedule of Revenues, Expenditures, and Changes in Net Assets
 Budget and Actual (Non-GAAP)
 From Inception and for the Fiscal Year Ended June 30, 2012

	PROJECT AUTHORIZATION	PRIOR YEAR	ACTUAL CURRENT YEAR	TOTAL TO DATE
Revenues:				
Interest on investments.....	\$ -	\$ 4,249,445	\$ 6,565	\$ 4,256,010
Total revenues.....	-	4,249,445	6,565	4,256,010
Expenditures:				
System maintenance and improvements.....	42,915,566	17,201,195	5,871,986	23,073,181
Other financing sources:				
Proceeds from revenue bonds.....	26,977,052	21,521,205	-	21,521,205
Transfer from Water and Sewer Fund	15,938,514	12,351,514	3,587,000	15,938,514
Total other financing sources.....	42,915,566	33,872,719	3,587,000	37,459,719
Change in net assets.....	\$ -	\$ 20,920,969	\$ (2,278,421)	\$ 18,642,548

CITY OF HIGH POINT, NORTH CAROLINA

Water Capital Reserve Fund
 Schedule of Revenues, Expenditures, and Changes in Net Assets
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2012

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Interest on investments.....	\$ -	\$ 16,909	\$ 16,909	\$ 12,334
Change in net assets.....	<u>\$ -</u>	<u>\$ 16,909</u>	<u>\$ 16,909</u>	<u>\$ 12,334</u>

CITY OF HIGH POINT, NORTH CAROLINA

Sewer Capital Reserve Fund
 Schedule of Revenues, Expenditures, and Changes in Net Assets
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2012

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Interest on investments.....	\$ -	\$ 11,889	\$ 11,889	\$ 8,672
Change in net assets.....	<u>\$ -</u>	<u>\$ 11,889</u>	<u>\$ 11,889</u>	<u>\$ 8,672</u>

CITY OF HIGH POINT, NORTH CAROLINA

Electric Fund
 Schedule of Revenues, Expenditures, and Changes in Net Assets
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2012

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating revenues:				
Charges for services.....	\$ 116,736,991	\$ 112,805,453	\$ (3,931,538)	\$ 112,831,059
Miscellaneous.....	30,706	112,823	82,117	291,302
Total operating revenues.....	<u>116,767,697</u>	<u>112,918,276</u>	<u>(3,849,421)</u>	<u>113,122,361</u>
Operating expenditures:				
Management and administration.....	779,854	676,796	103,058	618,539
Maintenance and distribution.....	2,767,285	2,495,251	272,034	1,911,275
Power purchases.....	91,559,043	90,788,214	770,829	87,263,830
System improvements.....	24,545,178	8,863,637	15,681,541	9,461,919
Other services and charges.....	4,795,857	4,241,864	553,993	4,363,387
Total operating expenditures.....	<u>124,447,217</u>	<u>107,065,762</u>	<u>17,381,455</u>	<u>103,618,950</u>
Operating income (loss):	<u>(7,679,520)</u>	5,852,514	13,532,034	9,503,411
Nonoperating revenues (expenditures):				
Interest on investments.....	215,000	305,526	90,526	267,448
Miscellaneous and other nonoperating.....	-	11,761	11,761	-
Developer contributions.....	1,025,833	1,025,834	1	-
Reimbursement from General Fund.....	85,275	85,275	-	83,970
Reimbursement from Water and Sewer Fund.....	1,744,333	1,744,333	-	1,711,400
Reimbursement to General Fund.....	(2,507,905)	(2,507,905)	-	(2,403,653)
Reimbursement to General Capital Projects Fund.....	(80,000)	(80,000)	-	(80,000)
Total nonoperating revenues (expenditures).....	<u>482,536</u>	<u>584,824</u>	<u>102,288</u>	<u>(420,835)</u>
Income (loss) before other financing sources (uses)	<u>(7,196,984)</u>	6,437,338	13,634,322	9,082,576
Other financing sources (uses):				
Transfer to General Fund.....	(1,110,000)	(1,110,000)	-	(1,110,000)
Transfer to General Fund for Payments in Lieu of Taxes.....	(785,500)	(785,500)	-	(820,000)
Transfer to General Debt Service Fund.....	(128,547)	(128,547)	-	(128,547)
Appropriated net assets.....	9,221,031	-	(9,221,031)	-
Total other financing sources (uses).....	<u>7,196,984</u>	<u>(2,024,047)</u>	<u>(9,221,031)</u>	<u>(2,058,547)</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	4,413,291	<u>\$ 4,413,291</u>	7,024,029
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Capital additions.....		896,348		941,718
Depreciation expense.....		(3,973,016)		(4,302,682)
Compensated absences expense.....		(16,959)		12,573
Increase (decrease) in inventory valuation.....		471,203		(142,433)
OPEB expense.....		(96,587)		(188,150)
Change in net assets - full accrual basis.....		<u>\$ 1,694,280</u>		<u>\$ 3,345,055</u>

CITY OF HIGH POINT, NORTH CAROLINA

Mass Transit Fund
 Schedule of Revenues, Expenditures, and Changes in Net Assets
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2012

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating revenues:				
Charges for services.....	\$ 498,000	\$ 582,012	\$ 84,012	\$ 508,772
Licenses and permits.....	340,000	353,458	13,458	347,280
Intergovernmental.....	2,808,026	2,014,466	(793,560)	2,010,385
Total operating revenues.....	<u>3,646,026</u>	<u>2,949,936</u>	<u>(696,090)</u>	<u>2,866,437</u>
Operating expenditures:				
Management and administration.....	3,351,250	3,142,609	208,641	2,956,954
Terminal improvements.....	850,000	73,544	776,456	-
Total operating expenses.....	<u>4,201,250</u>	<u>3,216,153</u>	<u>985,097</u>	<u>2,956,954</u>
Operating income (loss)	<u>(555,224)</u>	<u>(266,217)</u>	<u>289,007</u>	<u>(90,517)</u>
Nonoperating revenues:				
Interest on investments.....	-	6,996	6,996	15,440
Miscellaneous and other nonoperating.....	-	1,767	1,767	11,239
Proceeds from disposal of capital assets.....	-	-	-	10,833
Total non-operating revenues.....	<u>-</u>	<u>8,763</u>	<u>8,763</u>	<u>37,512</u>
Income (loss) before other financing sources (uses)	<u>(555,224)</u>	<u>(257,454)</u>	<u>297,770</u>	<u>(53,005)</u>
Other financing sources (uses):				
Transfer from General Fund.....	348,817	348,817	-	342,196
Transfer from Mass Transit Capital Reserve Fund.....	77,464	77,464	-	-
Transfer to General Debt Service Fund.....	(1,325)	(1,325)	-	(1,325)
Appropriated net assets.....	130,268	-	(130,268)	-
Total other financing sources (uses).....	<u>555,224</u>	<u>424,956</u>	<u>(130,268)</u>	<u>340,871</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	167,502	<u>\$ 167,502</u>	287,866
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Mass Transit Capital Projects Ordinance Fund.....		455,891		-
Mass Transit Capital Reserve Fund.....		(532,611)		3,949
Capital additions.....		95,919		86,584
Capital contributions.....		352,718		-
Compensated absences expense.....		(6,917)		(5,650)
Depreciation expense.....		(551,950)		(535,493)
OPEB expense.....		(24,979)		(68,707)
Change in net assets - full accrual basis.....		<u>\$ (44,427)</u>		<u>\$ (231,451)</u>

CITY OF HIGH POINT, NORTH CAROLINA

Mass Transit Capital Projects Ordinance Fund
 Schedule of Revenues, Expenditures, and Changes in Net Assets
 Budget and Actual (Non-GAAP)
 From Inception and for the Fiscal Year Ended June 30, 2012

	PROJECT AUTHORIZATION	PRIOR YEAR	ACTUAL CURRENT YEAR	TOTAL TO DATE
Revenues:				
Interest on investments.....	\$ -	\$ -	\$ 744	\$ 744
Total revenues.....	<u>-</u>	<u>-</u>	<u>744</u>	<u>744</u>
Expenditures:				
System maintenance and improvements.....	455,148	-	-	-
Other financing sources (uses):				
Transfer from Mass Transit Capital Reserve Fund.....	455,148	-	455,147	455,147
Total other financing sources (uses).....	<u>455,148</u>	<u>-</u>	<u>455,147</u>	<u>455,147</u>
Change in net assets.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 455,891</u>	<u>\$ 455,891</u>

CITY OF HIGH POINT, NORTH CAROLINA

Mass Transit Capital Reserve Fund
 Schedule of Revenues, Expenditures, and Changes in Net Assets
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2012

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Interest on investments.....	\$ -	\$ -	\$ -	\$ 3,949
Total revenues.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,949</u>
Other financing sources (uses):				
Transfer to Mass Transit Fund.....	(77,464)	(77,464)	-	-
Transfer to Mass Transit Capital Projects Ordinance Fund.....	(455,148)	(455,147)	1	-
Appropriated net assets.....	<u>532,612</u>	<u>-</u>	<u>(532,612)</u>	<u>-</u>
Total other financing sources (uses).....	<u>-</u>	<u>(532,611)</u>	<u>(532,611)</u>	<u>-</u>
Change in net assets.....	<u>\$ -</u>	<u>\$ (532,611)</u>	<u>\$ (532,611)</u>	<u>\$ 3,949</u>

CITY OF HIGH POINT, NORTH CAROLINA

Parking Facilities Fund
 Schedule of Revenues, Expenditures, and Changes in Net Assets
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2012

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating revenues:				
Charges for services.....	\$ 280,000	\$ 357,994	\$ 77,994	\$ 340,535
Operating expenditures:				
Management and administration.....	366,351	362,716	3,635	345,459
Operating income (loss)	<u>(86,351)</u>	<u>(4,722)</u>	<u>81,629</u>	<u>(4,924)</u>
Nonoperating revenues (expenditures):				
Interest on investments.....	1,000	1,627	627	1,043
Income (loss) before other financing sources (uses)	<u>(85,351)</u>	<u>(3,095)</u>	<u>82,256</u>	<u>(3,881)</u>
Other financing sources (uses):				
Transfer from General Fund.....	95,953	95,953	-	106,685
Transfer to General Debt Service Fund.....	<u>(10,602)</u>	<u>(10,602)</u>	<u>-</u>	<u>(10,602)</u>
Total other financing sources (uses)	<u>85,351</u>	<u>85,351</u>	<u>-</u>	<u>96,083</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	82,256	<u>\$ 82,256</u>	92,202
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Depreciation expense.....		(244,909)		(248,547)
Compensated absences expense.....		(1,419)		236
OPEB expense.....		<u>6,661</u>		<u>(5,242)</u>
Change in net assets - full accrual basis.....		<u>\$ (157,411)</u>		<u>\$ (161,351)</u>

CITY OF HIGH POINT, NORTH CAROLINA

Landfill Facilities Fund
 Schedule of Revenues, Expenditures, and Changes in Net Assets
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 20112

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating revenues:				
Charges for services.....	\$ 7,190,000	7,313,344	\$ 123,344	\$ 7,759,570
Miscellaneous.....	-	5,925	5,925	5,803
Intergovernmental.....	65,000	71,547	6,547	69,288
Total operating revenues.....	<u>7,255,000</u>	<u>7,390,816</u>	<u>135,816</u>	<u>7,834,661</u>
Operating expenditures:				
Management and administration.....	<u>10,344,466</u>	<u>6,103,831</u>	<u>4,240,635</u>	<u>6,635,924</u>
Operating income (loss)	<u>(3,089,466)</u>	<u>1,286,985</u>	<u>4,376,451</u>	<u>1,198,737</u>
Nonoperating revenues (expenditures):				
Interest on investments.....	89,000	75,389	(13,611)	68,531
Reimbursement to General Fund.....	(591,306)	(591,306)	-	(593,449)
Miscellaneous and other nonoperating.....	-	50	50	2,188
Proceeds from disposal of capital assets.....	-	-	-	35,559
Total nonoperating revenues (expenditures).....	<u>(502,306)</u>	<u>(515,867)</u>	<u>(13,561)</u>	<u>(487,171)</u>
Income (loss) before other financing sources (uses)	<u>(3,591,772)</u>	<u>771,118</u>	<u>4,362,890</u>	<u>711,566</u>
Other financing sources (uses):				
Transfer to General Debt Service Fund.....	(27,830)	(27,830)	-	(27,830)
Transfer to Landfill Maintenance Reserve Fund.....	(1,620,000)	(1,671,635)	(51,635)	(1,669,862)
Transfer from Landfill Maintenance Reserve Fund.....	150,000	150,000	-	-
Appropriated net assets.....	5,089,602	-	(5,089,602)	-
Total other financing sources (uses).....	<u>3,591,772</u>	<u>(1,549,465)</u>	<u>(5,141,237)</u>	<u>(1,697,692)</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>(778,347)</u>	<u>\$ (778,347)</u>	<u>(986,126)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Landfill closure and postclosure reserve fund.....		1,709,670		1,843,697
Landfill closure and postclosure expense.....		-		(1,878,000)
Capital additions.....		1,448,637		2,200,116
Compensated absences expense.....		7,385		8,259
Depreciation expense.....		(212,463)		(219,765)
OPEB expense.....		(33,544)		(64,126)
Gain (loss) on disposal of property.....		-		(99,313)
Change in net assets - full accrual basis.....		<u>\$ 2,141,338</u>		<u>\$ 804,742</u>

CITY OF HIGH POINT, NORTH CAROLINA

Landfill Closure and Postclosure Reserve Fund
 Schedule of Revenues, Expenditures, and Changes in Net Assets
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2012

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Interest on investments.....	\$ -	\$ 188,035	\$ 188,035	\$ 173,835
Income (loss) before other financing sources (uses)	<u>-</u>	<u>188,035</u>	<u>188,035</u>	<u>173,835</u>
Other financing sources (uses):				
Transfer from Landfill Facilities Fund.....	-	1,671,635	1,671,635	1,669,862
Transfer to Landfill Facilities Fund.....	-	(150,000)	(150,000)	-
Total other financing sources (uses).....	<u>-</u>	<u>1,521,635</u>	<u>1,521,635</u>	<u>1,669,862</u>
Change in net assets.....	<u>\$ -</u>	<u>\$ 1,709,670</u>	<u>\$ 1,709,670</u>	<u>\$ 1,843,697</u>

CITY OF HIGH POINT, NORTH CAROLINA

Storm Water Fund
 Schedule of Revenues, Expenditures, and Changes in Net Assets
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2012

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating revenues:				
Charges for services.....	\$ 2,454,257	\$ 2,450,155	\$ (4,102)	\$ 2,446,993
Operating expenditures:				
Management and administration.....	2,707,282	1,689,977	1,017,305	2,753,667
Operating income (loss)	<u>(253,025)</u>	<u>760,178</u>	<u>1,013,203</u>	<u>(306,674)</u>
Nonoperating revenues (expenditures):				
Interest on investments.....	41,000	48,830	7,830	44,953
Miscellaneous and other nonoperating.....	-	500	500	-
Interest expense and fiscal charges.....	(621,711)	(616,060)	5,651	(630,566)
Payment of debt principal.....	<u>(314,400)</u>	<u>(314,399)</u>	<u>1</u>	<u>(323,419)</u>
Total nonoperating revenues (expenditures).....	<u>(895,111)</u>	<u>(881,129)</u>	<u>13,982</u>	<u>(909,032)</u>
Income (loss) before other financing sources (uses)	<u>(1,148,136)</u>	<u>(120,951)</u>	<u>1,027,185</u>	<u>(1,215,706)</u>
Other financing sources (uses):				
Proceeds from general obligation refunding bonds.....	-	3,712,277	3,712,277	-
Payment to trustee for refunded bonds.....	-	(3,652,663)	(3,652,663)	-
Transfer from General Debt Service Fund.....	915,321	915,321	-	965,181
Transfer to General Debt Service Fund.....	(5,301)	(5,301)	-	(5,301)
Transfer to Storm Water Capital Projects Fund.....	(158,028)	-	158,028	-
Appropriated net assets.....	<u>396,144</u>	<u>-</u>	<u>(396,144)</u>	<u>-</u>
Total other financing sources (uses).....	<u>1,148,136</u>	<u>969,634</u>	<u>(178,502)</u>	<u>959,880</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>848,683</u>	<u>\$ 848,683</u>	<u>(255,826)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Storm Water Facilities Capital Projects Ordinance Fund		(5,484,990)		(2,198,351)
Capital additions.....		5,686,857		3,577,851
Depreciation expense.....		(292,305)		(212,467)
Compensated absences expense.....		(5,271)		(38)
OPEB expense.....		(15,701)		(19,401)
General obligation refunding bonds proceeds.....		(3,712,277)		-
Bond principal payments.....		314,399		323,419
Bond proceeds used in defeasance of bonds.....		3,652,663		-
Financing costs deferred.....		34,606		-
Gain (loss) on disposal of property.....		-		(46,348)
Amortization of financing costs.....		<u>(1,626)</u>		<u>(1,626)</u>
Change in net assets - full accrual basis.....		<u>\$ 1,025,038</u>		<u>\$ 1,167,213</u>

CITY OF HIGH POINT, NORTH CAROLINA

Storm Water Facilities Capital Projects Ordinance Fund
 Schedule of Revenues, Expenditures, and Changes in Net Assets
 Budget and Actual (Non-GAAP)
 From Inception and for the Fiscal Year Ended June 30, 2012

	<u>PROJECT AUTHORIZATION</u>	<u>PRIOR YEAR</u>	<u>ACTUAL CURRENT YEAR</u>	<u>TOTAL TO DATE</u>
Expenditures:				
Maintenance and distribution.....	\$ 11,457,136	\$ 4,460,104	\$ 5,484,990	\$ 9,945,094
Other financing sources:				
General obligation bonds.....	11,457,136	11,457,136	-	11,457,136
Change in net assets.....	\$ -	\$ 6,997,032	\$ (5,484,990)	\$ 1,512,042



NORTH CAROLINA'S INTERNATIONAL CITY™

CITY OF HIGH POINT, NORTH CAROLINA

Internal Service Fund

The Internal Service Fund accounts for the financing of goods and services provided by one department to other departments of the City. The following activities were accounted for in the Internal Service Fund:

Fleet Services

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

Radio Repair Shop

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

Facilities Services

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

Computer Replacement

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

CITY OF HIGH POINT, NORTH CAROLINA

Internal Service Fund
 Schedule of Revenues, Expenditures, and Changes in Net Assets
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2012

	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	PRIOR YEAR ACTUAL
Operating revenues:				
Interfund charges - radio repair.....	\$ 937,871	\$ 937,871	\$ -	\$ 939,902
Interfund charges - computer replacement.....	681,168	682,935	1,767	684,185
Interfund charges - facility services.....	1,948,519	1,869,868	(78,651)	1,901,583
Interfund charges - fleet services.....	8,787,210	8,609,790	(177,420)	7,820,773
Other operating.....	-	13,422	13,422	14,129
Total operating revenues.....	<u>12,354,768</u>	<u>12,113,886</u>	<u>(240,882)</u>	<u>11,360,572</u>
Operating expenditures:				
Fleet services.....	9,106,043	9,308,451	(202,408)	7,633,189
Radio repair shop.....	949,041	934,884	14,157	429,725
Facility services.....	1,811,889	1,704,530	107,359	1,726,908
Computer replacement.....	1,433,542	1,122,479	311,063	632,311
Total operating expenditures.....	<u>13,300,515</u>	<u>13,070,344</u>	<u>230,171</u>	<u>10,422,133</u>
Operating income (loss)	<u>(945,747)</u>	<u>(956,458)</u>	<u>(10,711)</u>	<u>938,439</u>
Nonoperating revenues (expenditures):				
Miscellaneous and other nonoperating.....	22,000	121,455	99,455	46,795
Proceeds from disposal of capital assets.....	235,000	369,944	134,944	366,066
Interest and fiscal charges.....	(21,756)	(21,756)	-	(26,708)
Principal retirement.....	<u>(102,788)</u>	<u>(102,788)</u>	<u>-</u>	<u>(125,259)</u>
Total nonoperating revenues (expenditures).....	<u>132,456</u>	<u>366,855</u>	<u>234,399</u>	<u>260,894</u>
Income (loss) before other financing sources (uses)	<u>(813,291)</u>	<u>(589,603)</u>	<u>223,688</u>	<u>1,199,333</u>
Other financing sources (uses):				
Proceeds from issuance of installment purchases	675,000	675,000	-	-
Transfer to the General Debt Service Fund.....	(31,806)	(31,806)	-	(31,805)
Transfer to the General Fund.....	(200,000)	-	200,000	(800,000)
Appropriated net assets.....	370,097	-	<u>(370,097)</u>	<u>-</u>
Total other financing sources (uses).....	<u>813,291</u>	<u>643,194</u>	<u>(170,097)</u>	<u>(831,805)</u>
Change in net assets - budgetary basis.....	<u>\$ -</u>	<u>53,591</u>	<u>\$ 53,591</u>	<u>367,528</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Capital additions.....		4,519,593		2,370,820
Capital contributions.....		1,265		386,445
Installment purchase principal payments.....		102,788		125,259
Installment purchase issuance.....		(675,000)		-
Depreciation expense.....		(3,074,634)		(3,049,368)
Compensated absences expense.....		547		(523)
Increase (decrease) in inventory valuation.....		(15,873)		(10,614)
OPEB expense.....		(16,891)		(40,144)
Gain (loss) on disposal of property.....		<u>(137,683)</u>		<u>(69,322)</u>
Change in net assets - full accrual basis.....		<u>\$ 757,703</u>		<u>\$ 80,081</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, 2012

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
Assets:				
Cash and investments	\$ 203,854	\$ 24,326	\$ -	\$ 228,180
Accounts receivable	501	-	435	66
	<u>501</u>	<u>-</u>	<u>435</u>	<u>66</u>
Total Assets	<u>\$ 204,355</u>	<u>\$ 24,326</u>	<u>\$ 435</u>	<u>\$ 228,246</u>
Liabilities:				
Accounts payable: due to other organizations	<u>\$ 204,355</u>	<u>\$ 24,326</u>	<u>\$ 435</u>	<u>\$ 228,246</u>

CITY OF HIGH POINT, NORTH CAROLINA

SUPPORTING SCHEDULES

- (1) Schedule of Ad Valorem Taxes Receivable June 30, 2012
- (2) Analysis of Current Tax Levy June 30, 2012
- (3) Analysis of Current Tax Levy June 30, 2012 for Secondary Market Disclosure
- (4) Emergency Telephone System Fund-Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual

CITY OF HIGH POINT, NORTH CAROLINA

General Fund and Debt Service Fund
 Schedule of Ad Valorem Taxes Receivable
 June 30, 2012

Fiscal Year	Uncollected Balance June 30, 2011	Current Net Levy	Collections and Credits	Uncollected Balance June 30, 2012
2011-12	\$ -	\$ 61,481,406	\$ 59,769,314	\$ 1,712,092
2010-11	1,592,780	-	1,006,512	586,268
2009-10	481,896	-	158,486	323,410
2008-09	371,362	-	114,964	256,398
2007-08	231,423	-	21,623	209,800
2006-07	160,411	-	11,787	148,624
2005-06	150,362	-	5,815	144,547
2004-05	129,054	-	4,060	124,994
2003-04	112,491	-	1,325	111,166
Prior	1,102,955	-	4,748	1,098,207
	\$ 4,332,734	\$ 61,481,406	\$ 61,098,634	\$ 4,715,506

Less: allowance for uncollectible accounts:

General Fund

2,177,337

Ad valorem taxes receivable - net

\$ 2,538,169

Reconciliation to revenues:

Ad valorem taxes - General Fund and Debt Service Fund

\$ 61,001,315

Vehicle user fees

353,458

Abatements, releases, and other adjustments - prior years

48,415

Subtotal

61,403,188

Less interest collected

304,554

Total collections and credits

\$ 61,098,634

CITY OF HIGH POINT, NORTH CAROLINA

Analysis of Current Tax Levy
 City - Wide Levy
 For the fiscal year ended June 30, 2012

	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	\$ 8,852,742,548	0.662	\$ 58,605,156	\$ 56,976,012	\$ 1,629,144
Registered motor vehicles taxed at prior year's rate	420,782,362	0.633	2,663,552	-	2,663,552
Penalties	-		49,635	49,635	-
Total	<u>9,273,524,910</u>		<u>61,318,343</u>	<u>57,025,647</u>	<u>4,292,696</u>
Discoveries - Current year taxes	<u>32,867,512</u>	0.662	<u>217,583</u>	<u>214,372</u>	<u>3,211</u>
Net Vehicle User Fees	<u>-</u>		<u>380,419</u>	<u>-</u>	<u>380,419</u>
Abatements	<u>(65,700,529)</u>	0.662	<u>(434,938)</u>	<u>(391,259)</u>	<u>(43,679)</u>
Total assessed valuation	<u>\$ 9,240,691,893</u>				
Net levy			61,481,406	56,848,760	4,632,647
Uncollected taxes at June 30			<u>(1,712,092)</u>	<u>(1,063,971)</u>	<u>(648,121)</u>
Current year's taxes collected			<u>\$ 59,769,314</u>	<u>\$ 55,784,789</u>	<u>\$ 3,984,526</u>
Current levy collection percentage			97.29%	98.21%	86.01%

CITY OF HIGH POINT, NORTH CAROLINA

Analysis of Current Tax Levy
City - Wide Levy
For the fiscal year ended June 30, 2012

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio (1)	100%
Real Property	\$ 7,655,916,694
Personal Property	1,455,701,042
Public Service Companies (2)	<u>129,074,157</u>
Total Assessed Valuation	9,240,691,893
City-wide Tax Rate	0.662
Levy (3)	\$ 61,481,406

(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

Emergency Telephone System Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2012

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Restricted intergovernmental.....	\$ 443,675	\$ 443,675	\$ -	\$ 394,569
Interest on investments.....	4,802	4,802	-	5,035
Total revenues.....	<u>448,477</u>	<u>448,477</u>	<u>-</u>	<u>399,604</u>
Expenditures:				
Telephone.....	1,028,987	189,572	839,415	196,679
Furniture.....	-	1,779	(1,779)	11,613
Software.....	-	-	-	1,200
Hardware.....	-	84,810	(84,810)	99,877
Total expenditures.....	<u>1,028,987</u>	<u>276,161</u>	<u>752,826</u>	<u>309,369</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(580,510)</u>	<u>172,316</u>	<u>752,826</u>	<u>90,235</u>
Other financing sources (uses):				
Transfer to General Debt Service Fund (Pmt - 911 Comm Ctr).....	(47,723)	(47,723)	-	(47,723)
Appropriated fund balance.....	628,233	-	(628,233)	-
Total other financing sources (uses).....	<u>580,510</u>	<u>(47,723)</u>	<u>(628,233)</u>	<u>(47,723)</u>
Net change in fund balance	<u>\$ -</u>	124,593	<u>\$ 124,593</u>	42,512
Fund Balance, beginning of year.....		<u>628,233</u>		<u>585,721</u>
Fund Balance, end of year.....		<u>\$ 752,826</u>		<u>\$ 628,233</u>

Note: The City transferred \$47,723 of eligible 911 funds to the General Debt Service Fund for debt service payment 8 of 10 for the upgrade to the console system that houses the 911 equipment.



NORTH CAROLINA'S INTERNATIONAL CITY™

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 - XVIII
<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	XIX - 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 Ten 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 Ten Fiscal Years
 (accrual basis of accounting)

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 239,573,737	\$ 172,482,422	\$ 197,660,324	\$ 170,653,597	\$ 149,269,790	\$ 155,448,461
8,485,692	46,003,788	18,012,097	19,380,291	35,440,158	36,444,012
16,077,362	23,449,079	19,348,796	21,068,067	9,336,675	8,240,950
<u>\$ 264,136,791</u>	<u>\$ 241,935,289</u>	<u>\$ 235,021,217</u>	<u>\$ 211,101,955</u>	<u>\$ 194,046,623</u>	<u>\$ 200,133,423</u>
\$ 205,189,262	\$ 154,916,137	\$ 218,661,759	\$ 217,332,086	\$ 214,399,199	\$ 210,314,084
1,780,548	60,284,877	-	367,613	466,259	1,411,589
81,084,328	90,433,810	83,681,356	90,470,623	102,681,842	115,136,329
<u>\$ 288,054,138</u>	<u>\$ 305,634,824</u>	<u>\$ 302,343,115</u>	<u>\$ 308,170,322</u>	<u>\$ 317,547,300</u>	<u>\$ 326,862,002</u>
\$ 444,762,999	\$ 327,398,559	\$ 416,322,083	\$ 387,985,683	\$ 363,668,989	\$ 365,762,545
10,266,240	106,288,665	18,012,097	19,747,904	35,906,417	37,855,601
97,161,690	113,882,889	103,030,152	111,538,690	112,018,517	123,377,279
<u>\$ 552,190,929</u>	<u>\$ 547,570,113</u>	<u>\$ 537,364,332</u>	<u>\$ 519,272,277</u>	<u>\$ 511,593,923</u>	<u>\$ 526,995,425</u>

CITY OF HIGH POINT, NORTH CAROLINA

**Table II
Changes in Net Assets
Last Ten 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/Community and Economic 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 and Fiscal Charges	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
Stormwater	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/Community and Economic 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 and Environmental Services	2,741,968	5,473,920	4,134,784	4,239,241
Planning/Community and Economic 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/Community and Economic 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
Stormwater	739,599	846,109	1,137,594	1,817,554
Operating grants and contributions:				
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
Electric	-	-	-	-
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 Ten Fiscal Years
(accrual basis of accounting)**

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 28,543,278	\$ 25,941,473	\$ 22,155,751	\$ 19,801,263	\$ 20,256,805	\$ 19,866,571
37,562,840	37,591,692	41,601,246	42,088,245	42,045,942	42,659,230
43,851,774	46,244,845	42,959,675	40,523,136	40,389,457	21,934,140
5,356,419	5,636,936	7,513,814	10,673,496	10,973,509	9,221,189
15,892,000	19,383,650	20,833,203	20,367,904	18,178,971	19,305,989
2,964,267	3,005,580	3,505,011	3,528,704	4,064,372	3,777,961
<u>134,170,578</u>	<u>137,804,176</u>	<u>138,568,700</u>	<u>136,982,748</u>	<u>135,909,056</u>	<u>116,765,080</u>
29,585,248	32,350,433	41,024,490	41,350,423	42,432,789	42,637,179
94,772,144	96,905,034	100,645,320	101,578,236	107,966,570	112,303,220
3,169,756	3,276,113	3,457,983	3,581,111	3,469,145	3,693,499
901,670	883,139	824,324	713,578	599,032	602,286
5,019,471	5,313,245	8,065,953	4,936,142	7,257,148	5,435,978
2,484,244	1,704,600	1,950,821	2,267,179	2,288,522	2,368,895
<u>135,932,533</u>	<u>140,432,564</u>	<u>155,968,891</u>	<u>154,426,669</u>	<u>164,013,206</u>	<u>167,041,057</u>
<u>\$ 270,103,111</u>	<u>\$ 278,236,740</u>	<u>\$ 294,537,591</u>	<u>\$ 291,409,417</u>	<u>\$ 299,922,262</u>	<u>\$ 283,806,137</u>
\$ 4,142,566	\$ 2,843,382	\$ 4,634,362	\$ 2,210,293	\$ 4,357,748	\$ 3,866,247
919,369	101,221	882,767	1,130,736	792,604	809,186
6,477,450	3,633,808	73,854	549,938	1,026,480	1,123,573
2,075,285	1,605,898	829,904	950,498	626,344	1,206,444
2,832,825	3,581,369	3,522,348	3,476,910	3,526,797	3,448,944
703,685	240,067	680,305	550,570	765,517	550,262
2,791,283	455,108	1,301,142	3,235,502	1,887,854	2,160,726
4,239,241	3,510,931	9,261,177	5,863,168	9,743,976	5,176,946
1,729,780	1,559,398	2,697,942	3,209,922	4,517,099	2,570,832
93,141	55,932	896,008	574,478	664,480	529,622
30,339,941	4,574,823	345,646	288,065	153,709	5,006,656
-	-	-	-	-	-
-	400,407	680,000	-	-	-
<u>56,344,566</u>	<u>22,562,344</u>	<u>25,805,455</u>	<u>22,040,080</u>	<u>28,062,608</u>	<u>26,449,438</u>
35,389,889	37,127,800	37,682,405	39,121,632	42,532,355	44,005,968
97,956,590	101,142,084	99,942,110	103,677,042	113,122,360	114,759,646
1,491,025	1,952,804	550,490	543,788	867,291	937,237
429,998	455,650	339,487	333,047	340,535	357,994
6,512,504	6,502,996	6,189,059	6,774,821	7,767,561	7,319,319
1,098,650	2,290,800	2,341,644	2,350,132	2,446,993	2,450,655
-	-	-	-	833,691	1,089,693
-	-	573,143	11,500	-	1,025,834
791,439	312,517	2,952,666	2,315,451	2,010,385	2,014,466
-	-	-	68,588	69,288	71,547
6,194,074	3,254,882	1,881,495	4,411,222	3,430,019	1,868,126
-	305,716	-	-	-	-
-	-	-	-	-	352,718
<u>149,864,169</u>	<u>153,345,249</u>	<u>152,452,499</u>	<u>159,607,223</u>	<u>173,420,478</u>	<u>176,253,203</u>
<u>\$ 206,208,735</u>	<u>\$ 175,907,593</u>	<u>\$ 178,257,954</u>	<u>\$ 181,647,303</u>	<u>\$ 201,483,086</u>	<u>\$ 202,702,641</u>

CITY OF HIGH POINT, NORTH CAROLINA

**Table II
Changes in Net Assets
Last Ten 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	12,378,576	7,248,448	8,038,036	6,702,267
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	14,710,793	9,385,937	12,141,888	10,876,087
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 Ten Fiscal Years
(accrual basis of accounting)**

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ (77,826,012)	\$ (115,241,832)	\$ (112,763,245)	\$ (114,942,668)	\$ (107,846,448)	\$ (90,315,642)
13,931,636	12,912,685	(3,516,392)	5,180,554	9,407,272	9,212,146
<u>\$ (63,894,376)</u>	<u>\$ (102,329,147)</u>	<u>\$ (116,279,637)</u>	<u>\$ (109,762,114)</u>	<u>\$ (98,439,176)</u>	<u>\$ (81,103,496)</u>
\$ 52,944,945	\$ 56,228,819	\$ 57,736,549	\$ 57,834,033	\$ 58,337,793	\$ 61,296,936
17,643,440	17,868,296	16,145,569	14,651,486	14,998,029	16,671,040
22,038,601	15,075,725	16,211,091	16,442,105	16,161,178	16,795,265
-	153,943	12,223,430	447,961	-	251,912
3,318,216	2,747,586	2,217,246	639,747	415,424	489,126
(4,644,030)	965,961	1,315,288	1,008,074	878,692	898,163
<u>91,301,172</u>	<u>93,040,330</u>	<u>105,849,173</u>	<u>91,023,406</u>	<u>90,791,116</u>	<u>96,402,442</u>
-	-	(2,574,677)	-	-	35,851
5,854,162	4,884,104	4,114,648	1,654,727	848,398	964,868
-	749,858	-	-	-	-
4,644,030	(965,961)	(1,315,288)	(1,008,074)	(878,692)	(898,163)
<u>10,498,192</u>	<u>4,668,001</u>	<u>224,683</u>	<u>646,653</u>	<u>(30,294)</u>	<u>102,556</u>
<u>\$ 101,799,364</u>	<u>\$ 97,708,331</u>	<u>\$ 106,073,856</u>	<u>\$ 91,670,059</u>	<u>\$ 90,760,822</u>	<u>\$ 96,504,998</u>
\$ 13,475,160	\$ (22,201,502)	\$ (6,914,072)	\$ (23,919,262)	\$ (17,055,332)	6,086,800
24,429,828	17,580,686	(3,291,709)	5,827,207	9,376,978	9,314,702
<u>\$ 37,904,988</u>	<u>\$ (4,620,816)</u>	<u>\$ (10,205,781)</u>	<u>\$ (18,092,055)</u>	<u>\$ (7,678,354)</u>	<u>\$ 15,401,502</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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund					
Reserved for:					
State Statute	\$ 2,819,357	\$ 2,338,164	\$ 4,450,833	\$ 2,977,521	\$ 3,015,032
Prepaid Items	76,966	102,613	131,928	235,539	147,011
Encumbrances	<u>2,685,021</u>	<u>2,390,579</u>	<u>2,098,653</u>	<u>1,584,105</u>	<u>635,689</u>
Total Reserved, General Fund	<u>5,581,344</u>	<u>4,831,356</u>	<u>6,681,414</u>	<u>4,797,165</u>	<u>3,797,732</u>
Unreserved:					
Designated for Subsequent Year's Expenditures	3,784,838	4,670,022	4,999,246	4,128,876	4,495,500
Designated for Economic Development	598,131	420,043	420,043	580,568	903,937
Designated for Health Insurance	73,035	415,974	751,173	-	941,320
Designated for Market Authority	-	-	-	-	-
Undesignated	<u>13,307,688</u>	<u>12,788,563</u>	<u>10,962,358</u>	<u>13,506,660</u>	<u>14,135,144</u>
Total Unreserved, General Fund	<u>17,763,692</u>	<u>18,294,602</u>	<u>17,132,820</u>	<u>18,216,104</u>	<u>20,475,901</u>
Non Spendable:					
Prepaid Items	-	-	-	-	-
Total Non Spendable	-	-	-	-	-
Restricted:					
Stabilization by State Statute	-	-	-	-	-
Transportation	-	-	-	-	-
Benefits and Wellness	-	-	-	-	-
Total Restricted	-	-	-	-	-
Committed:					
Economic Development	-	-	-	-	-
Market Development	-	-	-	-	-
Benefits and Wellness	-	-	-	-	-
Total Committed	-	-	-	-	-
Assigned:					
Subsequent Years' Expenditures	-	-	-	-	-
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Culture & Recreation	-	-	-	-	-
Planning/Community and Economic Development	-	-	-	-	-
Public Services and Transportation	-	-	-	-	-
Total Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total General Fund	<u>\$ 23,345,036</u>	<u>\$ 23,125,958</u>	<u>\$ 23,814,234</u>	<u>\$ 23,013,269</u>	<u>\$ 24,273,633</u>

CITY OF HIGH POINT, NORTH CAROLINA

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

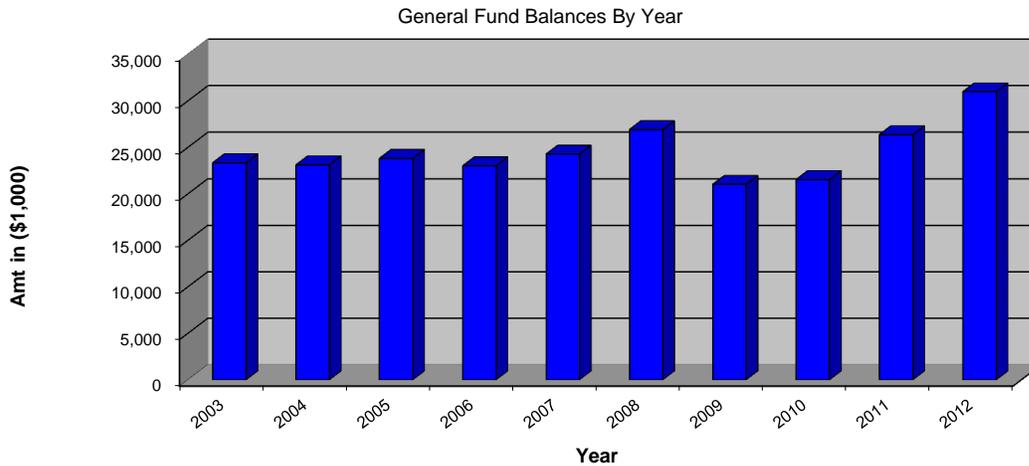
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 6,247,987	\$ 5,357,389	\$ 5,839,275	\$ -	\$ -
180,546	9,279	34,430	-	-
2,046,045	323,987	471,425	-	-
<u>8,474,578</u>	<u>5,690,655</u>	<u>6,345,130</u>	<u>-</u>	<u>-</u>
5,045,855	4,569,934	3,584,710	-	-
1,220,766	1,172,916	1,676,963	-	-
830,287	217,085	-	-	-
-	7,828	7,828	-	-
11,338,252	9,361,330	9,923,268	-	-
<u>18,435,160</u>	<u>15,329,093</u>	<u>15,192,769</u>	<u>-</u>	<u>-</u>
-	-	-	37,518	31,778
-	-	-	<u>37,518</u>	<u>31,778</u>
-	-	-	6,586,905	7,846,711
-	-	-	358,736	494,796
-	-	-	60,000	-
-	-	-	<u>7,005,641</u>	<u>8,341,507</u>
-	-	-	1,806,212	2,148,511
-	-	-	10,303	10,303
-	-	-	-	193,048
-	-	-	<u>1,816,515</u>	<u>2,351,862</u>
-	-	-	3,175,202	5,166,175
-	-	-	58,403	148,426
-	-	-	8,076	5,980
-	-	-	406,357	398,397
-	-	-	170,763	124,059
-	-	-	806,457	1,145,187
-	-	-	<u>4,625,258</u>	<u>6,988,224</u>
-	-	-	12,891,892	13,274,662
<u>\$ 26,909,738</u>	<u>\$ 21,019,748</u>	<u>\$ 21,537,899</u>	<u>\$ 26,376,824</u>	<u>\$ 30,988,033</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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
All Other Governmental Funds					
Reserved for:					
State Statute	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid Items	-	-	-	-	-
Encumbrances	-	-	-	-	-
Debt Service	2,356,477	3,033,268	3,373,898	7,769,551	11,352,774
Total Reserved, Other Governmental Funds	<u>2,356,477</u>	<u>3,033,268</u>	<u>3,373,898</u>	<u>7,769,551</u>	<u>11,352,774</u>
Unreserved reported in:					
Special Revenue funds	769,027	856,511	1,038,310	780,344	617,493
General Capital Projects Fund	8,040,303	12,330,589	4,899,332	20,339,011	16,718,372
Total Unreserved, Other Governmental Funds	<u>8,809,330</u>	<u>13,187,100</u>	<u>5,937,642</u>	<u>21,119,355</u>	<u>17,335,865</u>
Restricted:					
Stabilization by State Statute	-	-	-	-	-
Grant Programs	-	-	-	-	-
Debt Service	-	-	-	-	-
Capital Projects	-	-	-	-	-
Total Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Committed:					
Capital Projects	-	-	-	-	-
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	-	-	-	-	-
Total Other Governmental Funds	<u>\$ 11,165,807</u>	<u>\$ 16,220,368</u>	<u>\$ 9,311,540</u>	<u>\$ 28,888,906</u>	<u>\$ 28,688,639</u>



Note: The City implemented the new governmental funds presentation standard (GASB 54) in the fiscal year ended June 30, 2011. Presentations of prior years information have not been restated.

CITY OF HIGH POINT, NORTH CAROLINA

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

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 95,486	\$ 544,758	\$ 623,240	\$ -	\$ -
1,373	-	-	-	-
12,474,300	7,962,782	2,769,394	-	-
14,424,138	18,012,097	19,380,291	-	-
<u>26,995,297</u>	<u>26,519,637</u>	<u>22,772,925</u>	-	-
9,924	196,237	915,886	-	-
17,432,876	7,281,051	28,074,824	-	-
<u>17,442,800</u>	<u>7,477,288</u>	<u>28,990,710</u>	-	-
-	-	-	9,869,826	9,665,605
-	-	-	742,010	237,495
-	-	-	17,822,681	18,192,792
-	-	-	<u>21,023,204</u>	<u>17,417,702</u>
-	-	-	49,457,721	45,513,594
-	-	-	-	508,826
-	-	-	-	<u>508,826</u>
-	-	-	(1,971,929)	(17,135)
<u>\$ 44,438,097</u>	<u>\$ 33,996,925</u>	<u>\$ 51,763,635</u>	<u>\$ 47,485,792</u>	<u>\$ 46,005,285</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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues					
Taxes:					
Property	\$ 39,414,150	\$ 40,494,558	\$ 44,189,414	\$ 49,118,481	\$ 52,224,666
Sales and Use	11,468,207	12,378,265	14,818,161	15,601,714	17,643,440
Other	1,557,081	1,608,217	1,687,727	-	-
Total taxes	<u>52,439,438</u>	<u>54,481,040</u>	<u>60,695,302</u>	<u>64,720,195</u>	<u>69,868,106</u>
Intergovernmental	14,834,834	14,947,451	16,481,501	21,403,252	20,463,981
Licenses and Permits	4,461,779	4,380,607	4,629,749	5,228,772	5,273,785
Charges for Services	3,456,266	3,579,060	4,238,495	3,948,282	5,419,120
Interest on Investments	784,767	685,268	1,279,438	1,952,292	3,311,890
Sale of capital assets	-	-	-	-	-
Administrative reimbursements	4,231,632	4,400,603	4,994,829	-	4,675,886
Miscellaneous	2,523,063	3,092,429	2,267,217	7,141,083	1,426,585
Total Revenues	<u>82,731,779</u>	<u>85,566,458</u>	<u>94,586,531</u>	<u>104,393,876</u>	<u>110,439,353</u>
Expenditures					
General Government	12,616,839	13,522,897	14,939,812	16,579,056	17,825,166
Public Safety	32,595,299	35,091,686	39,715,207	35,973,681	37,055,281
Public and Environmental Services	12,902,823	17,173,905	19,375,819	28,173,499	27,431,443
Planning/Community and Economic Development	4,789,223	5,148,808	6,501,035	6,571,347	6,277,388
Culture and Recreation	12,558,012	13,870,764	14,355,284	15,050,819	18,034,136
Debt Service:					
Principal	3,347,625	3,327,103	3,709,888	4,088,867	4,832,681
Interest	2,000,405	1,742,936	1,935,965	1,914,228	2,450,127
Total Expenditures	<u>80,810,226</u>	<u>89,878,099</u>	<u>100,533,010</u>	<u>108,351,497</u>	<u>113,906,222</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,921,553</u>	<u>(4,311,641)</u>	<u>(5,946,479)</u>	<u>(3,957,621)</u>	<u>(3,466,869)</u>
Other Financing Sources (Uses)					
Installment purchase proceeds	800,000	1,485,236	-	194,724	4,275,196
Transfers in	228,600	543,062	7,510,242	7,785,838	8,680,484
Transfers in related to payments in lieu of taxes	-	-	-	-	-
Transfers out	(8,556,796)	(7,642,916)	(7,784,315)	(7,873,941)	(8,428,714)
General obligation bonds	-	-	-	40,119,472	-
Bond Premium	-	-	-	-	-
Refunding bonds issued	-	-	-	(17,474,472)	-
Total other financing sources (uses)	<u>(7,528,196)</u>	<u>(5,614,618)</u>	<u>(274,073)</u>	<u>22,751,621</u>	<u>4,526,966</u>
Net change in fund balances	<u>\$ (5,606,643)</u>	<u>\$ (9,926,259)</u>	<u>\$ (6,220,552)</u>	<u>\$ 18,794,000</u>	<u>\$ 1,060,097</u>
Debt service as a percentage of non-capital expenditures	6.84%	6.16%	6.11%	6.47%	7.36%

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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 56,354,409	\$ 57,482,897	\$ 57,973,152	\$ 58,146,211	\$ 61,001,315
17,868,296	16,145,569	13,099,712	13,356,891	14,930,500
-	-	1,551,774	1,642,302	1,740,540
<u>74,222,705</u>	<u>73,628,466</u>	<u>72,624,638</u>	<u>73,145,404</u>	<u>77,672,355</u>
17,564,267	17,600,326	24,554,069	25,749,928	19,467,469
4,698,780	3,958,060	3,546,529	3,610,064	3,432,136
3,737,495	3,747,617	4,158,266	4,564,077	4,563,760
2,747,586	2,217,246	639,747	415,424	489,126
-	-	-	-	37,752
5,241,535	5,947,671	6,009,954	5,817,869	5,960,534
1,924,809	769,480	1,575,409	1,008,032	1,011,829
<u>110,137,177</u>	<u>107,868,866</u>	<u>113,108,612</u>	<u>114,310,798</u>	<u>112,634,961</u>
19,152,376	19,558,213	16,953,597	15,360,012	14,979,376
40,613,195	41,014,518	41,856,008	41,942,128	43,019,604
22,590,322	23,998,005	22,144,426	17,674,426	20,704,623
6,168,025	7,602,039	10,798,108	10,885,099	9,133,261
22,854,852	25,040,770	20,049,626	18,348,122	18,917,317
5,699,341	5,799,619	6,163,263	7,230,454	7,242,872
2,906,770	3,429,758	3,534,189	4,019,972	3,859,447
<u>119,984,881</u>	<u>126,442,922</u>	<u>121,499,217</u>	<u>115,460,213</u>	<u>117,856,500</u>
<u>(9,847,704)</u>	<u>(18,574,056)</u>	<u>(8,390,605)</u>	<u>(1,149,415)</u>	<u>(5,221,539)</u>
900,000	900,000	5,500,000	-	1,375,000
11,389,272	11,014,282	10,959,880	9,845,423	8,846,884
-	783,564	820,000	820,000	785,500
(10,396,005)	(10,454,952)	(9,744,200)	(8,954,926)	(8,702,415)
26,340,000	-	18,930,000	-	5,785,000
-	-	209,786	-	262,272
-	-	-	-	-
<u>28,233,267</u>	<u>2,242,894</u>	<u>26,675,466</u>	<u>1,710,497</u>	<u>8,352,241</u>
<u>\$ 18,385,563</u>	<u>\$ (16,331,162)</u>	<u>\$ 18,284,861</u>	<u>\$ 561,082</u>	<u>\$ 3,130,702</u>

7.95%

8.42%

8.87%

10.43%

10.22%

CITY OF HIGH POINT, NORTH CAROLINA

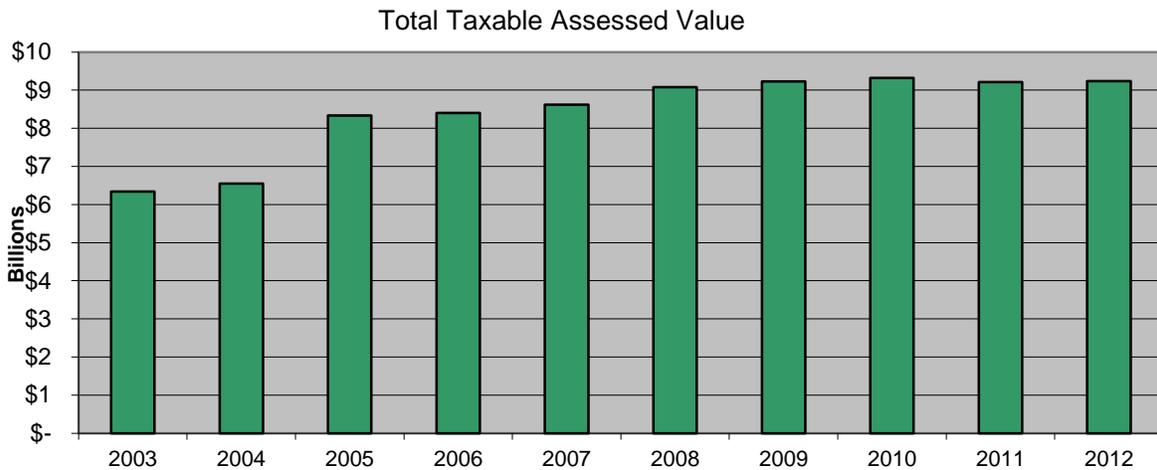
**Table V
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**

Fiscal Year	Real Property (3)				Personal Property
	Residential Property	Commercial Property	Industrial Property	Total	
2003	\$ 2,532,885,972	\$ 1,626,292,512	\$ 748,963,523	\$ 4,908,142,007	\$ 1,323,404,973
2004	2,631,511,652	1,731,532,283	778,580,623	5,141,624,558	1,309,933,022
2005	3,437,991,396	2,467,140,893	961,955,850	6,867,088,139	1,353,571,796
2006	3,481,796,314	2,491,980,410	942,275,410	6,916,052,134	1,372,316,382
2007	3,615,085,429	2,530,768,578	942,311,760	7,088,165,767	1,409,442,958
2008	3,778,859,150	2,729,035,922	994,596,450	7,502,491,522	1,441,055,968
2009	4,231,853,123	2,408,171,911	1,005,788,880	7,645,813,914	1,452,697,393
2010	4,279,155,000	2,483,747,575	1,008,165,180	7,771,067,755	1,417,186,050
2011	(4)	(4)	(4)	7,682,834,650	1,402,419,615
2012	(4)	(4)	(4)	7,655,916,694	1,455,701,042

Sources: Annual County Report of Valuation and Property Tax Levies (NC Department of Revenue) and Guilford, Davidson and Randolph County Tax Departments

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.
- (4) The breakdown of real property (residential, commercial, industrial) is no longer available from counties.



CITY OF HIGH POINT, NORTH CAROLINA

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

Public Service Companies (1)	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value (2)
\$ 106,052,487	\$ 6,337,599,467	0.622	\$ 7,618,222,703
96,395,635	6,547,953,215	0.622	8,124,011,433
111,464,661	8,332,124,596	0.540	8,386,637,741
117,923,262	8,406,291,778	0.593	8,517,875,953
122,178,728	8,619,787,453	0.608	8,967,735,594
131,332,066	9,074,879,556	0.633	9,907,073,751
131,984,351	9,230,495,658	0.633	10,137,831,585
131,456,290	9,319,710,095	0.633	9,808,156,278
129,766,404	9,215,020,669	0.633	8,884,516,650
129,074,157	9,240,691,893	0.662	9,281,530,628

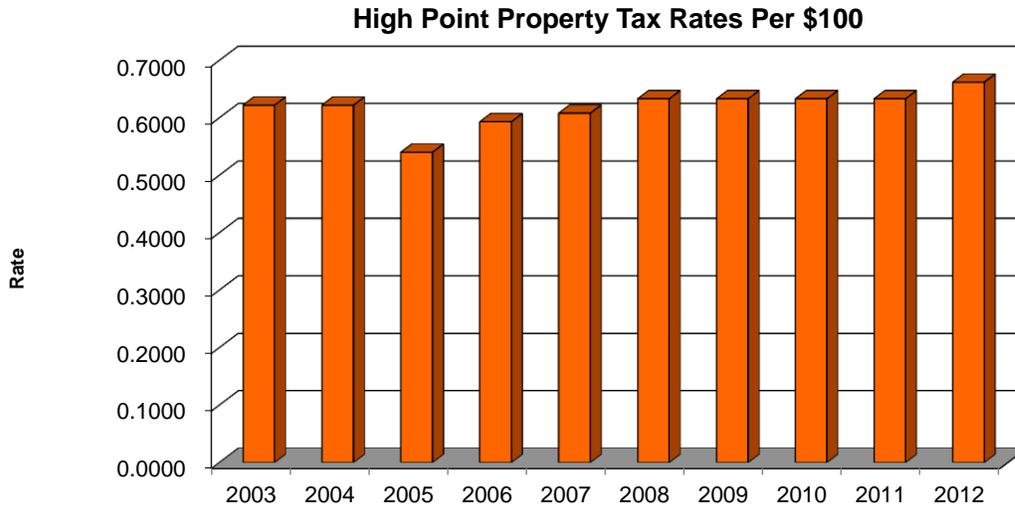
CITY OF HIGH POINT, NORTH CAROLINA

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

	Year Taxes Are Payable									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Guilford County ¹	\$ 0.5800	\$ 0.5600	\$ 0.5600	\$ 0.6100	\$ 0.6615	\$ 0.6914	\$ 0.7374	\$ 0.7374	\$ 0.7374	\$ 0.7824
High Point City										
Operating rate	0.6220	0.6220	0.5400	0.5590	0.5740	0.5990	0.5990	0.5990	0.5990	0.6280
Debt service rate	-	-	-	0.0340	0.0340	0.0340	0.0340	0.0340	0.0340	0.0340
Total High Point City	0.6220	0.6220	0.5400	0.5930	0.6080	0.6330	0.6330	0.6330	0.6330	0.6620
Total direct & overlapping rates	\$ 1.2020	\$ 1.1820	\$ 1.1000	\$ 1.2030	\$ 1.2695	\$ 1.3244	\$ 1.3704	\$ 1.3704	\$ 1.3704	\$ 1.4444

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

Notes: Overlapping rates are those of local and county governments that apply to property owners within the City of High Point.
Real property was revalued on January 1, 2004.



CITY OF HIGH POINT, NORTH CAROLINA

**Table VII
Principal Property Tax Payers
Fiscal Years Ended June 30, 2012 and June 30, 2003**

CITY OF HIGH POINT, NORTH CAROLINA

Taxpayer	Type of Business	Fiscal Year 2012			Fiscal Year 2003		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
International Home Furnishings Center (IHFC)	Showroom Rental	\$ 184,825,035	1	2.00%	\$ 142,544,307	1	2.25%
Liberty Property LTD Partnership	Real Estate	119,885,232	2	1.30%	74,400,386	2	1.17%
Polo Ralph Lauren Corp.	Clothing	91,662,512	3	0.99%	41,593,311	8	-
Market Square LLC	Real Estate	82,469,500	4	0.89%	60,084,400	3	0.95%
HP Showplace Investors	Real Estate	70,554,714	5	0.76%	-	-	-
North State Communications	Communications	56,573,052	6	0.61%	52,812,171	5	0.83%
Thomas Built Buses, Inc.	Bus Bodies	50,275,917	7	0.54%	35,624,934	9	0.56%
Tyco Electronics (formerly RFMicro, formerly AMP Inc.)	Electrical Parts	47,331,263	8	0.51%	56,779,417	4	0.90%
High Point Development Ltd. Partnership	Real Estate	43,944,825	9	0.48%	47,171,905	6	0.74%
Market Square II LLC	Real Estate	40,506,782	10	0.44%	-	-	-
Showplace LLC	Showroom Rental	-	-	-	43,479,150	7	0.69%
Banner Pharmacaps, Inc	Pharmaceuticals	-	-	-	31,057,196	10	0.49%
Totals		\$ 788,028,832		8.52%	\$ 585,547,177		8.58%

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
2003	39,834,340	39,325,183	98.72%	420,330	39,745,513	99.78%
2004	40,596,747	40,050,117	98.65%	435,514	40,485,631	99.73%
2005	45,007,822	44,189,414	98.18%	693,414	44,882,828	99.72%
2006	49,728,477	48,961,461	98.46%	622,469	49,583,930	99.71%
2007	52,426,916	51,598,122	98.42%	680,170	52,278,292	99.72%
2008	57,726,974	56,595,208	98.04%	921,966	57,517,174	99.64%
2009	58,805,839	57,501,339	97.78%	1,048,102	58,549,441	99.56%
2010	59,398,063	57,985,102	97.62%	1,089,551	59,074,653	99.46%
2011	58,762,018	57,169,238	97.29%	1,006,512	58,175,750	99.00%
2012	61,481,406	59,769,314	97.22%	-	59,769,314	97.22%

Source: Guilford, Randolph, and Davidson County Tax Departments

CITY OF HIGH POINT, NORTH CAROLINA

**Table IX
Principal Water and Sewer Customers
Fiscal Years Ended June 30, 2012 and June 30, 2003**

<u>Customer</u>	<u>Fiscal Year 2012</u>			<u>Fiscal Year 2003</u>		
	<u>Water and Sewer Charges</u>	<u>Rank</u>	<u>Percentage of Water and Sewer Charges</u>	<u>Water and Sewer Charges</u>	<u>Rank</u>	<u>Percentage of Water and Sewer Charges</u>
High Point University	\$ 799,259	1	1.85%	\$ -	-	-
High Point Housing Authority	677,977	2	1.57%	117,094	10	0.41%
Town of Jamestown	607,125	3	1.40%	675,716	4	2.36%
Slane Hosiery Mill	558,573	4	1.29%	-	-	-
KAO Specialties Americas, LLC	487,679	5	1.13%	768,159	1	2.68%
Hunter Jersey Farms	445,390	6	1.03%	198,995	8	0.69%
High Point Regional Health Systems	387,863	7	0.90%	291,101	7	1.02%
Dairy Fresh, LLC	283,699	8	0.65%	-	-	-
Banner Pharmacaps, Inc	278,137	9	0.64%	-	-	-
Crowne at James Landing	271,567	10	0.63%	-	-	-
City of Greensboro	-	-	-	550,170	5	1.92%
City of Archdale	-	-	-	705,989	3	2.46%
Superbrand Dairy	-	-	-	732,172	2	2.55%
Thomas Built Buses, Inc.	-	-	-	299,151	6	1.04%
International Home Furnishings Center (IHFC)	-	-	-	196,043	9	0.68%
Totals	<u>\$ 4,797,269</u>		<u>11.09%</u>	<u>\$ 4,534,590</u>		<u>15.81%</u>

Source: City of High Point Water and Sewer Department

CITY OF HIGH POINT, NORTH CAROLINA

**Table X
Principal Electric Customers
Fiscal Years Ended June 30, 2012 and June 30, 2003**

<u>Taxpayer</u>	<u>Fiscal Year 2012</u>			<u>Fiscal Year 2003</u>		
	<u>Electric Charges</u>	<u>Rank</u>	<u>Percentage of Total Electric Charges</u>	<u>Electric Charges</u>	<u>Rank</u>	<u>Percentage of Total Electric Charges</u>
High Point University	\$ 2,606,600	1	2.31%	\$ 573,451	9	0.68%
International Home Furnishings Center (IHFC)	2,363,382	2	2.10%	2,002,215	1	2.38%
High Point Regional Health Systems	2,125,618	3	1.88%	1,214,249	2	1.44%
KAO Specialties Americas, LLC	1,401,026	4	1.24%	972,793	3	1.15%
HPC Mab WS Disposal	1,317,731	5	1.17%	917,132	4	1.09%
Banner Pharmacaps, Inc	1,236,521	6	1.10%	784,350	6	0.93%
High Point Housing Authority	1,001,035	7	0.89%	887,716	5	1.05%
Thomas Built Buses, Inc.	854,664	8	0.76%	-	-	-
North State Communications	790,854	9	0.70%	-	-	-
Southern Film Extruders	584,201	10	0.52%	-	-	-
Merchandise Mart Properties, Inc.	-	-	-	656,654	7	0.78%
High Point Ltd. Development Partnership	-	-	-	644,963	8	0.77%
Superbrand Dairy (Bankruptcy)	-	-	-	447,489	10	0.53%
Totals	\$ 14,281,632		12.67%	\$ 9,101,012		10.80%

Source: City of High Point Electric Department



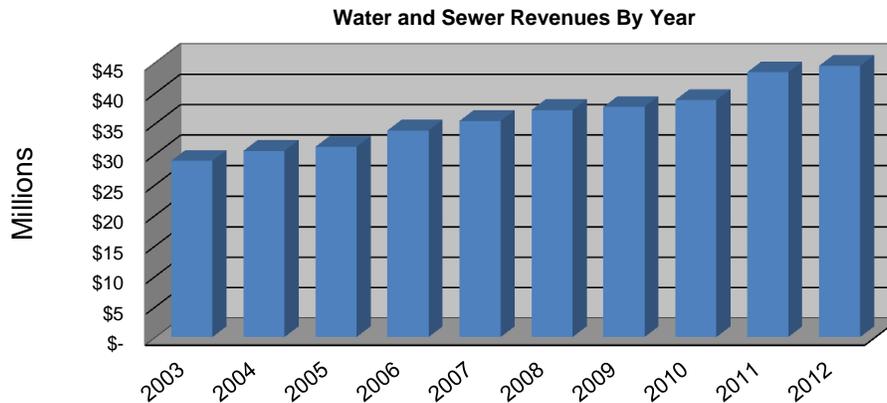
NORTH CAROLINA'S INTERNATIONAL CITY™

CITY OF HIGH POINT, NORTH CAROLINA

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

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

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



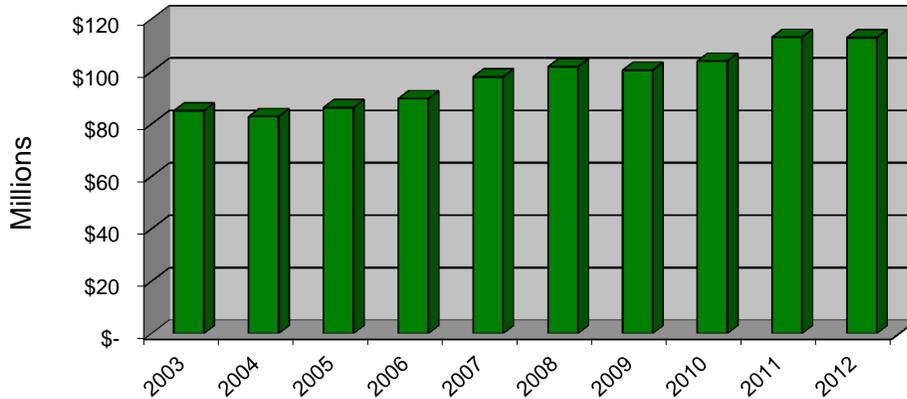
CITY OF HIGH POINT, NORTH CAROLINA

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

	2008	2009	2010	2011	2012
\$	21,350,473	\$ 21,775,255	\$ 22,303,779	\$ 24,379,005	\$ 25,061,926
	13,369,707	13,680,617	13,948,264	15,353,517	15,651,242
	122,919	196,451	191,502	193,330	184,153
	465,626	492,514	492,164	593,654	581,959
	295,071	375,932	395,811	414,047	418,892
	521,978	422,065	488,976	548,496	546,968
	368,844	309,401	394,195	433,517	399,605
	103,065	55,376	106,613	107,821	50,741
	-	-	-	223,736	256,893
	581,327	374,794	494,245	1,118,923	1,262,362
\$	37,179,010	\$ 37,682,405	\$ 38,815,549	\$ 43,366,046	\$ 44,414,741

\$	39,080,218	\$ 39,100,769	\$ 40,217,026	\$ 44,666,603	\$ 43,361,313
	11,294,014	10,595,656	10,927,253	11,931,773	12,569,847
	43,574,982	42,584,819	44,158,424	47,595,194	47,573,774
	3,517,806	3,624,070	3,971,356	4,216,150	4,135,521
	1,586,740	1,614,486	1,798,946	1,900,714	2,010,148
	1,469,432	1,599,987	1,731,997	1,935,588	2,037,561
	1,282,923	1,395,466	1,189,623	876,338	1,230,113
\$	101,806,115	\$ 100,515,253	\$ 103,994,625	\$ 113,122,360	\$ 112,918,277

Electric Revenues by Year



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	Installment Purchases	General Obligation Bonds	Revenue Bonds	Notes and Loans	Installment Purchases			
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%
2011	75,192,672	9,786,789	54,132,325	129,445,000	10,787,112	-	279,343,898	2,639	7.55%
2012	76,614,425	8,582,564	49,195,572	127,120,000	10,012,845	-	271,525,406	2,534	6.90%

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

See Table XVII 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			
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
2011	129,324,997	17,822,826	111,502,171	3.01%	1.21%	1,053
2012	125,809,997	18,315,597	107,494,400	2.73%	1.16%	1,003

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

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

See Table V 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				
	2003	2004	2005	2006	2007
Assessed Value of Property	\$ 6,337,599	\$ 6,547,953	\$ 8,332,125	\$ 8,406,292	\$ 8,619,787
Debt Limit, 8% of Assessed Value (Statutory Limitation)	507,008	523,836	666,570	672,503	689,583
Amount of Debt Applicable to Limit					
Gross debt	134,058	136,270	168,382	216,974	210,331
Less: Amount available for repayment of general obligation bonds	2,356	3,033	3,374	7,770	11,353
Debt outstanding for water and sewer purposes	96,682	91,877	86,187	89,536	78,123
Revenue bonds	-	-	42,032	71,755	71,755
Total net debt applicable to limit	<u>35,020</u>	<u>41,360</u>	<u>36,789</u>	<u>47,913</u>	<u>49,100</u>
Legal Debt Margin Available	<u>\$ 471,988</u>	<u>\$ 482,476</u>	<u>\$ 629,781</u>	<u>\$ 624,590</u>	<u>\$ 640,483</u>
Total net debt applicable to the limit as a percentage of debt limit	6.91%	7.90%	5.52%	7.12%	7.12%

Note: NC Statute GS159-55 limits the city'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				
2008	2009	2010	2011	2012
\$ 9,074,880	\$ 9,230,496	\$ 9,319,710	\$ 9,215,021	\$ 9,240,692
725,990	738,440	745,577	737,202	739,255
271,684	258,688	295,263	279,344	271,525
14,732	18,107	19,577	17,823	18,316
72,648	62,611	56,819	51,234	45,976
112,515	110,730	132,100	129,445	127,120
71,789	67,240	86,767	80,842	80,113
<u>\$ 654,201</u>	<u>\$ 671,200</u>	<u>\$ 658,810</u>	<u>\$ 656,360</u>	<u>\$ 659,142</u>

9.89% 9.11% 11.64% 10.97% 10.84%

City Debt and Legal Debt Margin



CITY OF HIGH POINT, NORTH CAROLINA

**Table XV
Direct and Overlapping Debt
As of June 30, 2012**

Name of Governmental Unit	Net Debt Outstanding	Percentage Applicable To This Governmental Unit	City of High Point's Share of Debt
City of High Point	\$ 125,809,997	100.0%	\$ 125,809,997
Guilford County	876,530,000	20.6%	180,565,180
Total direct and overlapping debt			<u>\$ 306,375,177</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 Seven Fiscal Years**

Fiscal Year	Prior Year Unrestricted Net Assets ¹	Operating Revenues ²	Operating Expenses ³	Income Available for Debt Service	Parity Debt Service Requirement	Total Debt Service Requirement	Coverage on Parity Debt Including 15% Unrestricted Net Assets ⁴	Coverage on Total Debt Excluding 15% Unrestricted Net Assets ⁵
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
2011	32,203,114	43,366,046	19,237,092	24,128,954	8,742,498	15,638,679	3.31	1.54
2012	38,814,116	44,414,741	18,493,021	25,921,720	8,907,951	16,723,587	3.56	1.55

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

The City issued water and sewer revenue refunding bonds in the amount of \$32,125,000 dated June 1, 2012

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)
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
2011	105,843	3,699,001	34,948	13,747	9.88%	7,619
2012	107,157	3,937,805	36,748	14,516	10.13%	8,191

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	2012			2003		
	Employees	Rank	Percentage of Total County Employment ¹	Employees	Rank	Percentage of Total County Employment ¹
Bank of America	2,200	1	0.95%	1,900	1	0.85%
High Point Regional Health System ²	1,945	2	0.84%	1,735	2	0.77%
Guilford County Schools (<i>employees assigned to High Point Schools and offices</i>)	1,690	3	0.73%	1,698	3	0.76%
Ralph Lauren Corporation	1,400	4	0.60%	920	7	0.41%
City of High Point	1,264	5	0.54%	1,311	5	0.58%
Thomas Built Buses/Daimler Trucks NA	1,145	6	0.49%	1,596	4	0.71%
Cornerstone Healthcare	1,026	7	0.44%	604	10	0.27%
High Point University	1,023	8	0.44%	-	-	-
Aetna	827	9	0.36%	814	9	0.36%
TE Connectivity (Tyco Electronics)	782	10	0.34%	995	6	0.44%
RMH	-	-	-	826	8	0.37%

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

Notes:

¹ Total employment figures available for Guilford County only.

² In previous years, the numbers for High Point Regional Health System were for the hospital only. This year's numbers include a subsidiary that employs physicians.

CITY OF HIGH POINT, NORTH CAROLINA

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

Function/Program	2003	2004	2005	2006	2007
General Government	119	120	120	121	125
Public Safety	477	483	489	507	525
Public Services	157	161	161	161	161
Planning and Community Development	27	38	38	52	51
Cultural and Recreation	161	161	159	159	159
Water and Sewer	132	140	141	143	145
Electric	122	121	122	121	121
Mass Transit	33	33	33	33	33
Parking	5	5	5	5	5
Landfill	46	46	46	46	46
Storm Water	8	8	9	10	10
Central Services	42	42	42	42	42
Total	1,329	1,358	1,365	1,400	1,423

Source: 2003-2008 City of High Point Finance Department; 2009 and forward -
City of High Point Budget and Evaluation Department

Notes: For 2003-2008, 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.

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

CITY OF HIGH POINT, NORTH CAROLINA

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

2008	2009	2010	2011	2012
118	127	121	119	118
478	490	490	487	487
160	159	144	119	119
54	54	51	48	47
159	173	179	174	174
127	146	143	139	138
123	123	121	122	123
34	33	33	35	35
5	5	4	4	3
40	46	47	47	47
11	12	23	22	22
42	40	38	37	36
1,351	1,408	1,394	1,353	1,349

CITY OF HIGH POINT, NORTH CAROLINA

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

Function/Program	2003	2004	2005	2006	2007
Police					
Calls dispatched	133,528	125,920	140,161	148,899	148,899
Fire					
Emergency responses	10,715	11,114	11,332	-	-
Inspections	3,565	3,335	4,613	1,464	1,571
Streets					
Streets paved	10	13	-	6	4
Water and Sewer					
Water pumped (mgd)	12	12	12	12	13
Sewer treated (mgd)	18	18	18	18	17
Electric					
Customers	36,748	37,037	38,364	40,564	39,140
kWh purchased	1,060,289,000	1,080,987,000	1,116,574,300	1,200,578,120	1,158,205,000

CITY OF HIGH POINT, NORTH CAROLINA

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

2008	2009	2010	2011	2012
125,137	133,252	125,482	119,529	118,549
11,038	10,897	11,029	11,209	11,179
6,715	6,027	5,525	4,270	4,701
3	-	-	-	-
13	11	13	12	11
15	18	17	16	16
40,359	39,369	39,047	39,256	39,613
1,138,448,000	1,160,153,000	1,183,410,000	1,189,044,000	1,152,207,000

CITY OF HIGH POINT, NORTH CAROLINA

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

Function/Program	2003	2004	2005	2006	2007
Police					
Stations	1	1	1	1	1
Patrol Units	212	220	220	251	255
Fire stations	11	13	14	14	14
Streets					
Paved Streets (miles)	465	478	478	484	489
Unpaved Streets (miles)	2	2	4	4	4
Alleys (miles)	2	2	2	2	2
Parks and Recreation					
Acreage	3,799	3,799	3,799	3,804	3,804
Developed Parks	36	36	36	36	36
Swimming pools (City owned)	2	2	2	2	2
Golf Courses (City owned)	2	2	2	2	2
Recreation and Community Centers	5	5	5	6	6
Library					
Books and Volumes	302,945	284,711	320,322	343,444	320,431
Theatre					
Seats	967	967	967	967	963
Water and Sewer					
Water and Sewer mains (miles)	974	984	991	1,311	1,324
Water storage capacity (mgd)	24	24	24	24	24
Water and Sewer Treatment capacity(mgd)	22	22	32	26	26
Electric					
Overhead lines (miles)	591	597	416	416	420
Underground lines (miles)	*	*	184	286	300
Electric substations	13	14	14	13	13
Mass Transit					
Buses	16	18	18	18	18
Parking					
Off Street Parking spaces	1,237	1,237	1,237	1,237	1,237
Storm Water					
Storm sewers (miles)	545	545	549	570	600

Note: Streets in fiscal years 2010 and prior may have included private and/or state owned streets. Fiscal years 2011 and forward only include City owned streets.

*Information unavailable.

CITY OF HIGH POINT, NORTH CAROLINA

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

2008	2009	2010	2011	2012
1	1	1	1	1
225	225	222	222	223
14	14	14	14	14
492	492	492	435	436
4	4	4	1	1
2	2	2	2	2
3,804	3,200	3,252	3,200	3,200
36	35	35	35	35
2	2	2	2	2
2	2	2	2	2
7	7	7	7	7
295,542	262,066	294,204	271,030	294,974
963	963	963	963	963
1,420	1,347	1,350	1,350	1,378
18	18	18	19	19
56	56	56	58	58
416	416	416	420	438
311	324	366	327	327
13	13	13	13	14
18	18	18	17	17
1,237	1,234	1,238	1,234	1,234
294	315	337	433	447



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 financial statements of (the City) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 6, 2012. We did not audit the financial statements of the City of High Point ABC Board, the City's 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

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City'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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City'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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to 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's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Mayor, members of City Council, management and others within the entity, Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey LLP

Greensboro, North Carolina
November 6, 2012



**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 (the City) 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 the City's major federal programs for the year ended June 30, 2012. The City'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 its major federal programs is the responsibility of City's management. Our responsibility is to express an opinion on the City'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; and 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'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's compliance with those requirements.

In our opinion, the City of High Point, North Carolina complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on its major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 was not designed to identify all deficiencies in internal control over compliance 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 City Council, management and others within the entity, Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey LLP

Greensboro, North Carolina
November 6, 2012



**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 Applicable Sections
Of OMB Circular A-133 And The State Single Audit
Implementation Act**

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

Compliance

We have audited the compliance of the City of High Point, North Carolina (the City) 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 the City's major state programs for the year ended June 30, 2012. The City'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 its major State programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City'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's compliance with those requirements.

In our opinion, the City of High Point, North Carolina complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major State programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to State programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on its major State programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, 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 was not designed to 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 City Council, management and others within the entity, federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey LLP

Greensboro, North Carolina
November 6, 2012

City of High Point, North Carolina

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2012**

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? 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? 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
14.900	Lead Hazard Control
20.205	Highway Planning and Construction
20.500 and 20.507	Federal Transit Formula Grants ARRA – Federal Transit – Formula Grants
81.128	ARRA – Energy Efficiency and Conservation Block Grant

(Continued)

City of High Point, North Carolina

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2012**

Section II. Financial Statement Findings and Questioned Costs

None reported.

Section III. Findings and Questioned Costs for Federal Awards

None reported.

Section IV. Findings and Questioned Costs for State Awards

None reported.

City of High Point, North Carolina

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2012**

Financial Statement Finding

**Finding: 2011-1
Significant Deficiency in Internal Control**

Summary of finding: During a review of outstanding grants the City discovered awards that had not been filed for reimbursement or recorded as revenue but for which amounts has been expended in a prior year. These expenditures were also not recorded in the Schedule of Expenditures of Federal and State Awards when expended.

Corrective action taken: The City implemented a new review process on open grants during the fiscal year 2011 which discovered this issue. The City continues to monitor all active grant projects.

Federal Award Finding

**Finding: 2011-2
Significant Deficiency in Internal Control**

Summary of finding: Federal amounts shown in the fiscal year 2011 Schedule of Expenditures of Federal and State Awards included expenditure amounts from prior years which were discovered during a review of the City's open grants.

Corrective action taken: The City implemented a new review process on open grants during the fiscal year 2011 which discovered this issue. The City continues to monitor all active grant projects.

State Award Finding

**Finding: 2011-3
Significant Deficiency in Internal Control**

Summary of finding: State amounts shown in the fiscal year 2011 Schedule of Expenditures of Federal and State Awards included expenditure amounts from prior years which were discovered during a review of the City's open grants.

Corrective action taken: The City implemented a new review process on open grants during the fiscal year 2011 which discovered this issue. The City continues to monitor all active grant projects.

CITY OF HIGH POINT, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For The Year Ended June 30, 2012

<u>Grantor/Passed Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures (Direct and Passed Through)</u>	<u>State Expenditures (Direct and Passed Through)</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Community Development Block Grant	14.218	707,106	-
HOME PJ	14.239	307,980	-
Shelter Care Plus	14.238	60,342	-
Lead Hazard Control	14.900	434,837	-
Community Challenge Planning/Sustainable Communities	14.704	23,149	-
Lead Hazard Control/Healthy Homes	14.913	41,163	-
Passed Through N.C. Department of Commerce Neighborhood Stabilization Program	14.228	343,316	-
Passed Through N.C. Department of Health & Human Services Lead Hazard Control	14.900	75,171	-
<u>U.S. Department of Justice</u>			
Direct Programs:			
JAG Program Cluster:			
Justice Assistance Grant	16.738	370,980	-
ARRA - Justice Assistance Grant	16.804	94	-
Total JAG Program Cluster		<u>371,074</u>	<u>-</u>
Forfeiture Funds	16.922	589,497	-
Treasury Forfeiture Funds	21.000	3,051	-
COPS Technology	16.710	41,854	-
Weed and Seed	16.595	10,735	-
Bulletproof Vest Partnership	16.607	26,595	-
Harmony House Supervised Visitation	16.527	37,145	-
Passed Through N.C. Governor's Crime Commission Crimestoppers Text-A-Tip	16.738	3,120	-
<u>U.S. Department of Transportation</u>			
Direct Programs:			
Federal Transit Cluster:			
Section 5307 Capital Grant - FY 2004-2005 (NC-90-X344)	20.507	990	-
Section 5307 Capital Grant - FY 2005-2006 (NC-90-X364)	20.507	8,020	-
Section 5307 Capital Grant - FY 2008-2009 (NC-90-X435)	20.507	56,601	-
Section 5307 Capital Grant - FY 2009-2010 (NC-90-X435-02)	20.507	83,390	-
Section 5307 Capital Grant - FY 2008-2009 (NC-90-X440)	20.507	58,835	7,354
Section 5307 Operating Grant - FY 2011-2012 (NC-90-X470-01)	20.507	974,853	-
Section 5307 Operating Grant - FY 2011-2012 (NC-90-X470-01 P-T)	20.507	126,232	-
Section 5307 Capital Grant - FY 2010-2011 (NC-90-X470)	20.507	20,899	-
Section 5307 Capital Grant - FY 2011-2012 (NC-90-X470-01)	20.507	53,122	-
ARRA - Section 5307 Grant - FY 2009-2010 (NC-96-X014)	20.507	43,366	-
Section 5309 Capital Furniture Market Transportation Terminal (NC-04-002)	20.500	29,702	3,713
Total Federal Transit Cluster		<u>1,456,010</u>	<u>11,067</u>
Passed Through N.C. Department of Transportation:			
ARRA - US311/NC68	20.205	132,508	-
Depot Restoration	20.205	23,618	2,952
Greenway - Deep River at University/Penny	20.205	19,873	-
Airport & Area Roadway Network/Johnson & Sandy Ridge	20.205	47,812	-
Section 5303 Planning Grant - FY 2010-2011	20.505	32,832	4,104
Section 104(f) Highway Planning Grant	20.205	222,153	-
<u>U.S. Department of Energy</u>			
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	249,718	-
<u>U.S. Department of the Interior</u>			
Passed Through N. C. Department of Cultural Resources Historic Preservation Fund/Uptown Suburbs	15.904	13,773	-

(continued)

CITY OF HIGH POINT, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For The Year Ended June 30, 2012

<u>U.S. Department of the Treasury</u>			
Passed Through MDC (appropriated by the N.C. General Assembly):			
Volunteer Income Tax Assistance	21.009	3,924	-
<u>U.S. Department of Agriculture</u>			
Passed Through NCDENR			
Core City Trees	10.664	6,720	-
<u>U.S. Department of Health & Human Services</u>			
Direct Programs:			
Assets for Independence	93.602	1,000	-
Passed Through Piedmont Triad Council of Governments:			
Title III D Disease Prevention	93.043	1,652	97
Passed Through N.C. Department of Crime Control & Public Safety:			
CAC Expansion & Training	93.643	55,907	-
<u>N.C. Office of the State Controller</u>			
State Forfeiture Funds - Controlled Substance Tax		-	8,438
<u>N.C. Department of Transportation</u>			
Direct Programs:			
N-S Airport Connector		-	39,502
State Streets Maintenance		-	220,000
Powell Bill		-	2,778,678
Furniture Market Transportation		-	928,000
State Maintenance Assistance Program (SMAP)		-	436,038
<u>N.C. Department of Health and Human Services</u>			
Passed Through Piedmont Triad Council of Governments:			
Senior Center General Purpose		-	12,205
<u>N.C. Department of Cultural Resources</u>			
Direct Programs:			
High Point Arts Council/Morehead Rec & Culler Sr Ctr		-	1,279
State Aid to Libraries		-	59,054
		<hr/>	<hr/>
Total Federal and State Assistance		<u>\$ 5,343,635</u>	<u>\$ 4,501,414</u>

Note 1. 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.

(continued)

CITY OF HIGH POINT, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For The Year Ended June 30, 2012

Note 2. Of the Federal and State expenditures presented in the schedule, the City provided federal and state awards to subrecipients as follows:

<u>Federal Grant/Subrecipient</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Justice Assistance Grant	16.738	
Guilford County		82,830
City of Greensboro		183,734
Harmony House Supervised Visitation	16.527	
Family Services of the Piedmont		37,145
CAC Expansion & Training	93.643	
Children's Advocacy Center		55,907
Section 5307 Operating Grant FY11-12	20.507	
Davidson County		96,804
Guilford County		29,428
		<u>State Expenditures</u>
<u>State Grant/Subrecipient</u>		
Furniture Market Transportation		
High Point Market Authority		928,000

(concluded)



NORTH CAROLINA'S INTERNATIONAL CITY™