

# CITY OF HIGH POINT

## NORTH CAROLINA COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDING JUNE 30, 2013



The City of High Point salutes its international corporate citizens who strengthen the city's economy and enhance its stature worldwide.





**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

*CITY COUNCIL*

**BERNITA SIMS** ..... **MAYOR**  
**BRITT W. MOORE** ..... **MAYOR PRO-TEMPORE**  
**REBECCA R. SMOTHERS** ..... **AT- LARGE**  
**JEFFREY GOLDEN** ..... **WARD 1**  
**FOSTER DOUGLAS** ..... **WARD 2**  
**JUDITH P. MENDENHALL** ..... **WARD 3**  
**JAY WAGNER** ..... **WARD 4**  
**JIM DAVIS** ..... **WARD 5**  
**JASON EWING** ..... **WARD 6**

*CITY MANAGER*

**STRIB BOYNTON**

*ASSISTANT CITY MANAGERS*

**WILLIAM PATRICK PATE**  
**RANDY E. McCASLIN**

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

*PREPARED BY THE FINANCIAL SERVICES DEPARTMENT*



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## Financial Services

Jeffrey A. Moore, CPA

DIRECTOR



November 26, 2013

The Honorable Mayor Bernita Sims  
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, 2013. 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 unmodified report 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

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

The City of High Point has participated in the 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, 2012. This marked the 26<sup>th</sup> time the City has received the Certificate of Achievement since 1980, and the 18<sup>th</sup> consecutive year in a row.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized 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 108,000.

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.
- According to an October 2013 Duke University study, the Market contributes over \$5.4 billion in economic impact to the overall regional economy, while providing more than 37,000 jobs. Approximately \$198 million worth of local and state taxes/fees flow to those governments due to the Market.
- 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, Frontier, United, and US Airways. During 2011, almost 900,000 people used the airport. PTIA's air cargo facilities and four 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*

#### Top 10 national ranking for High Point’s MSA in 2012

In March 2013, *Site Selection Magazine* announced that – for the sixth year in a row – the Greensboro/High Point Metropolitan Statistical Area earned a Top 10 national ranking for attracting new industry among similar-sized communities.

- The MSA – composed of Guilford, Randolph, and Rockingham counties –ranked #6 in the nation, based on the number of corporate real estate projects of \$1 million or greater in 2012.
- For two of those six Top 10 years, the region impressively ranked #1.
- High Point’s successes, relative to its size, led the way in the region receiving these recognitions.

#### High Point’s MSA earns southern economic development recognition in 2012

The Greensboro-High Point Metropolitan Statistical Area was named “Mid-Market of the Year” for 2012 by Southern Business and Development magazine. The publication’s designations are based on announced projects that exceeded 200 jobs or \$30 million in capital investment.

#### High Point earns 2012 competitive business award

In October 2012, *ElectriCities* – for the fifth year in a row – presented High Point with its Public Power Award of Excellence in the “competitive business environment” category due to the City’s economic development successes. 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. (EDC) is both a department of City government reporting to the City Manager and also a public/private partnership. Two business groups – the High Point Chamber of Commerce and the High Point Partners – work closely with the City on economic development matters and have membership on the High Point EDC board.

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

- Today's industry sectors include: distribution / logistics; aviation; 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 proud to call itself the Home Furnishings Capital of the World™. The High Point Market ([www.highpointmarket.org](http://www.highpointmarket.org)) is the largest wholesale home furnishings industry trade show in the world and is the single largest economic event in North Carolina.

- 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 where retail home furnishings dealers and interior designers across the US 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.
- At the High Point Market, which celebrated its 100<sup>th</sup> anniversary in 2009, 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.
- On October 2, 2013, the High Point Market Authority released the overall findings of a Duke University study of the economic impact of the High Point Market.
  - The Market Authority engaged the Center on Globalization, Governance & Competitiveness at Duke University to conduct a comprehensive economic and fiscal impact of the twice-yearly High Point Market, the largest home furnishings market in the world.
  - The study is significantly different from other previous economic impact studies in that it defines the study area as the 30 counties (22 in North Carolina and 8 in Virginia) within a 75-mile radius from downtown High Point. The study used the data from an original survey pulled from 199 exhibitors at Market over the period July 3-16, 2013.
  - The five distinct types of economic activity that were analyzed in the study were –
    1. Visitor Spending, including all the expenses incurred by any visitor to Market outside the study region (75-mile radius) and included items such as lodging, meals, retail purchases, gasoline, car rentals, groceries and entertainment.
    2. Spending by the Market Authority, which represents the direct budgeted expenses such as Transit and Ground Passenger Transportation expenses.
    3. Vendor Spending, or exhibitor spending, which includes all the expenses incurred to put vendor products on display at Market, and includes construction, decoration, photography, marketing and catering.
    4. Furniture Sales, the largest and most important impact, which accounts for all the sales made at Market, or within 90 days of the Market. The study excluded sales made at Market by firms located outside the study region, including firms that manufacture overseas or elsewhere in the U.S.
    5. Vendor Rents, which includes rental payments made by vendors to local owners and managers of commercial real-estate in the High Point area.

## *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, Ralph Lauren's primary—U.S. retail distribution facility, NCO Group, Aetna Healthcare, Banner Pharmacaps' manufacturing facility, 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 January 2013, classes began at South University, which constructed an \$11 million, 55,000-sq. ft. building in the park. In 2010, Moses Cone completed construction of its 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 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 Ralph Lauren Corp..

### **FUTURE PARKS -- North High Point Industrial Center and I-74 Corporate Center**

Two future business parks for High Point have been announced recently.

- In late 2012, 350 South announced a 500+-acre business park that could be called North High Point Industrial Center.
- In late 2013, Carolina Investment Properties announced a potential 300+-acre business park, tentatively to be called I-74 Corporate Center. The first 100 acres will be developed for an unnamed company's major facility.

## *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 8.4% as of August 2013.

## *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 2013 as one of the top colleges and universities in the US for the sixth 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.

### *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 Revenue, 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, 2013, are treated as commitments, rather than expenditures, and such encumbered funds are appropriated for expenditure in fiscal year 2013-2014.

### **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 2.4%. The City's cash management program during FY2013 produced investment income across all funds of \$952,299, however the stock market fluctuations and economic news in the last week of June produced a flight to stocks which resulted in the dramatic reduction in market values for the City's portfolio and unrealized losses of \$797,208 which essentially erased almost the entire year's investment program results. At June 30, 2013, the investment portfolio is strategically invested with an emphasis in the North Carolina Capital Management Trust and short-term securities in order to maintain a high percentage of readily convertible funds as the City begins to take advantage of the slightly steepening investment yields that have become available in the new fiscal year.

### 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 108,000 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. . At this writing, our local economy exhibits slow recovery evidenced by building permits, company expansions, and job announcements, 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.

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. The use of fund balances during these challenging fiscal seasons of late has been required, necessary and strategically utilized to provide our citizens the financial stability and security they expect from their local government. The challenge presented the City 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

### 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 CGMA  
Financial Services Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

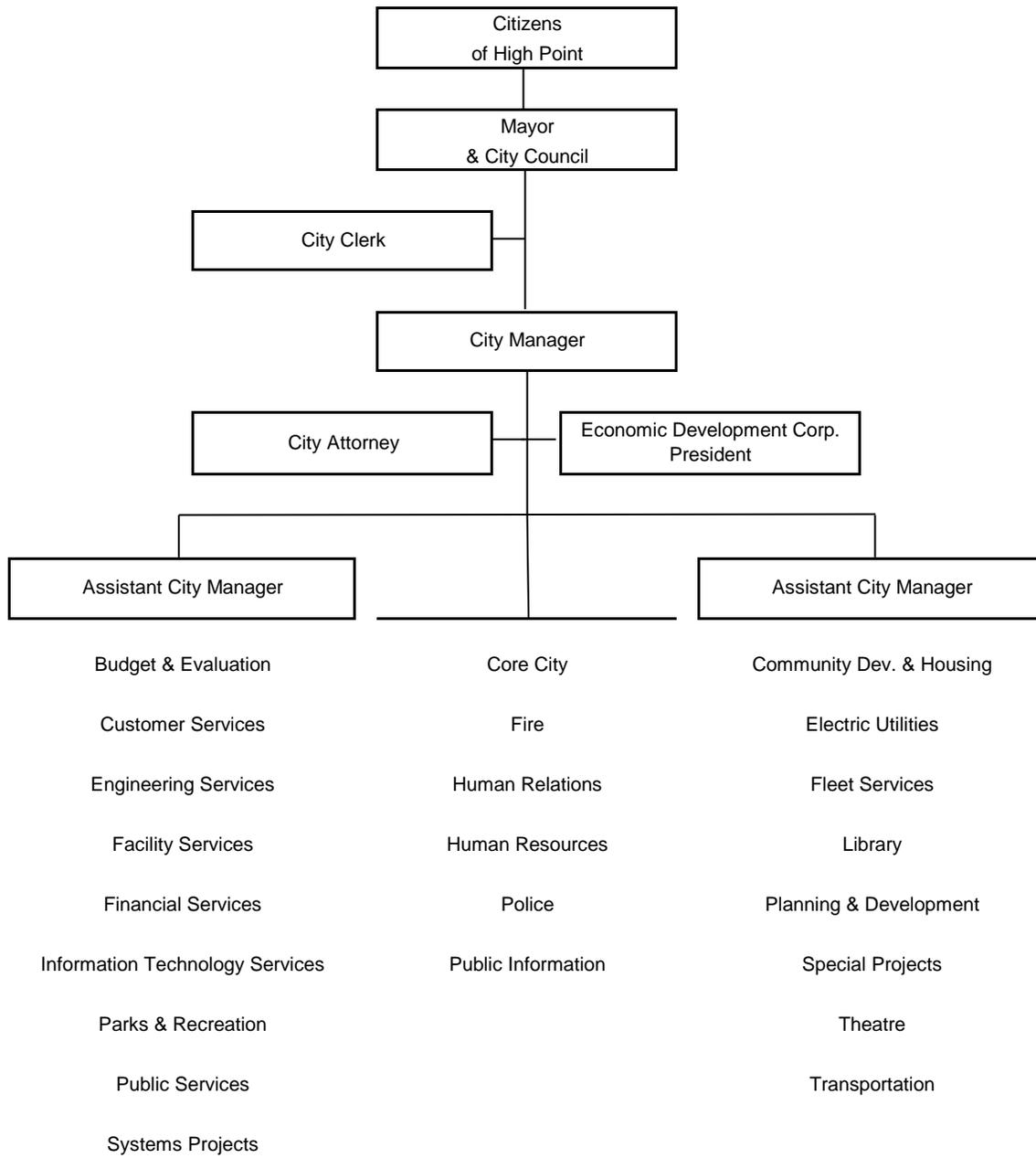
**City of High Point  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

**Organization Chart**  
**CITY OF HIGH POINT**  
*as of June 30, 2013*





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## Independent Auditor's Report

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

### Report on Financial Statements

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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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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#### ***Auditor's Responsibility***

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. Those statements were audited by another auditor whose report 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 another auditor. 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 from material misstatement. The financial statements of the City of High Point ABC Board were not audited in accordance with *Government Auditing Standards*.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

#### *Restatement of prior year net position due to a change in accounting principle*

As discussed in Note 10 of the notes to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the fiscal year ended June 30, 2013. The adoption of this standard requires items, such as bond issuance costs, which were previously deferred and amortized, to be written off by restating prior periods in the year of adoption and to expense these issuance costs in the period in which they occur.

### **Other Matters**

#### *Required Supplementary Information*

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 Other Post Employment Benefits on pages 5 – 16, 74 – 75 and 76 – 77 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 and the other auditors 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.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City. The combining and individual fund statements, budgetary schedules, other schedules, and Schedule of Expenditures of Federal and State Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the combining and individual fund 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.

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 the other auditors, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Greensboro, North Carolina  
November 26, 2013



NORTH CAROLINA'S INTERNATIONAL CITY™

## 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, 2013. Please read it in conjunction with the transmittal letter on page i and the City's financial statements, which begin on page 17.

### FINANCIAL HIGHLIGHTS

As most anyone would expect, the continuation of the most prolonged recovery from the most significant economic downturn in decades should have caused further decline in the City's net financial position or at best, maintained that position, as a result of this year's operations. Pleasingly, there was no erosion in net position, and in fact, the City saw increases during the fiscal year, completely erasing the erosion that occurred in the deepest period of the 2008-2010 financial crisis. 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 and deferred inflows of resources at the close of the fiscal year by almost \$541 million. The net position for governmental activities increased to \$203 million, while business-type net position improved to over \$337 million.
- As of the close of the current fiscal year, the City of High Point's governmental funds reported combined ending fund balances of \$64,028,563, a decrease of \$12,964,755 in comparison with the prior year. Approximately 28 percent of this total amount, or \$17,889,938, is available for spending at the government's discretion in the General Fund. This amount represents 18 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 remain unchanged since those were reaffirmed in June 2012.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 17–19) 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 20. 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 17. 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 Position 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 financial position and changes in them. Readers are encouraged to think of the City's net position—the difference between assets, liabilities, and deferred inflows of resources—as one way to measure the City's financial health, or financial position. Over time,

increases or decreases in the City's net position 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 Position 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 20. 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 Position 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 Position 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*

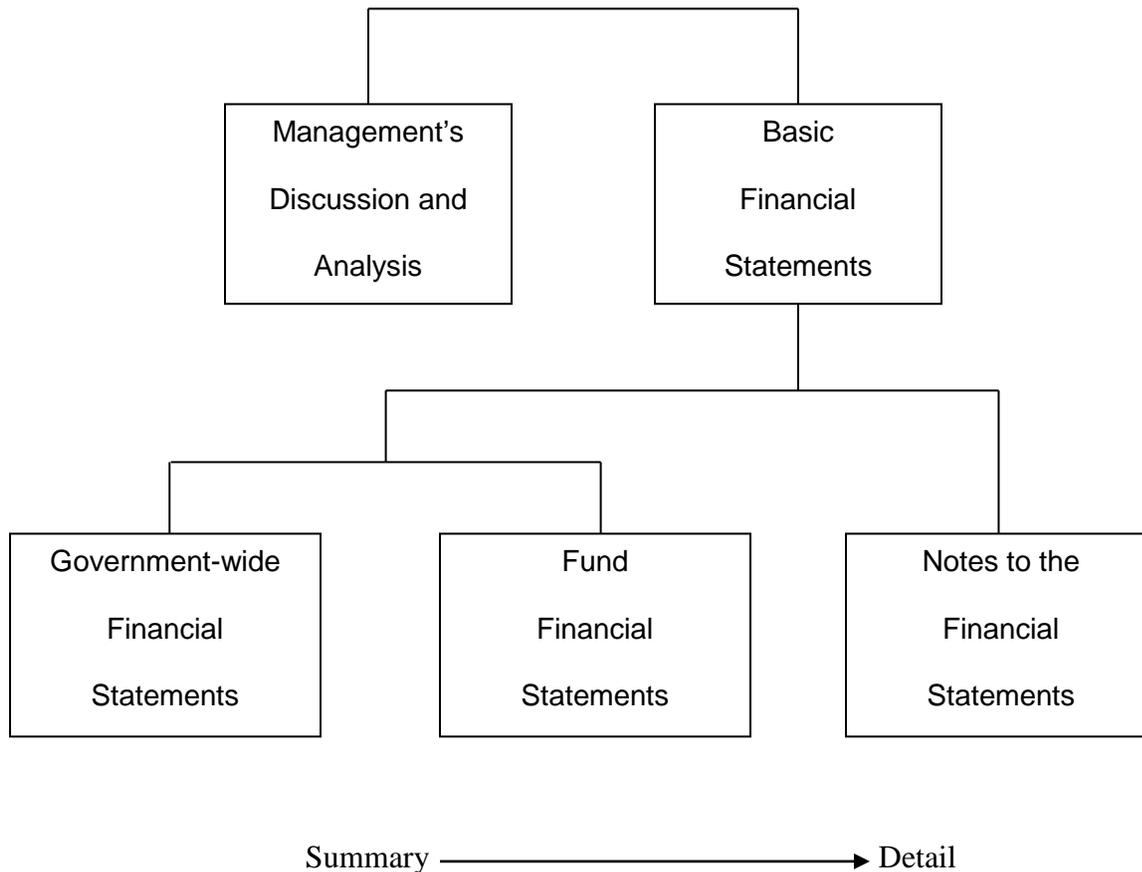
The City is a trustee responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. All of the City’s fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the City’s other financial statements 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, 2013 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 position increased slightly by 3.0% this year to \$541 million from \$525 million. Given that the prior year’s change also saw an increase of \$16 million (3.1%) from FY2011’s total of \$511 million, it is a testament to City Council’s fiscal policies, priority-based budgeting, and prudent fiscal management during this prolonged economic recession/recovery that the City emerges these trying times as a stronger and leaner local government. Our analysis below focuses on the net financial position (Table 1), and changes in net position (Table 2) of the City’s governmental and business-type activities.

## Net Position

Total net position for the City increased from \$525 million to \$541 million during FY2012-2013. The net position 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 which were issued in prior years into capital assets outpaced the recognition of depreciation expense on governmental assets. 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 position combined for a small net decrease.

Table 1  
Net Position  
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	Primary Government	(restated)
<b>Assets</b>						
Current and other assets	\$ 81,430	\$ 95,480	\$172,163	\$160,459	\$253,593	\$255,939
Capital Assets (net)	220,714	211,723	380,633	387,496	601,347	599,219
<b>Total assets</b>	<b>302,144</b>	<b>307,203</b>	<b>552,796</b>	<b>547,955</b>	<b>854,940</b>	<b>855,158</b>
<b>Liabilities</b>						
Liabilities and payables	6,707	7,846	15,843	14,716	22,550	22,562
Long-term liabilities	86,727	93,593	194,916	204,032	281,643	297,625
<b>Total liabilities</b>	<b>93,434</b>	<b>101,439</b>	<b>210,759</b>	<b>218,748</b>	<b>304,193</b>	<b>320,187</b>
<b>Deferred Inflows</b>						
Deferred Inflows of Resources	5,540	5,631	4,514	4,636	10,054	10,267
<b>Net Position</b>						
Net investment in capital assets	160,448	155,448	216,040	208,023	376,488	363,471
Restricted	32,135	36,444	14,385	1,412	46,520	37,856
Unrestricted	10,587	8,241	107,098	115,136	117,685	123,377
<b>Total net position</b>	<b>\$203,170</b>	<b>\$200,133</b>	<b>\$337,523</b>	<b>\$324,571</b>	<b>\$540,693</b>	<b>\$524,704</b>

The net position of our business-type activities also increased slightly (\$337 million compared to \$324 million) in 2013 as increasing revenues outpaced increases in operating expenses which allowed continued 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 position 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 position in the governmental activities—the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—increased to \$10,586,602 as compared to \$8,240,950. The City will use the unrestricted net position 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 4.7 percent (\$14.1 million) over the previous fiscal year. Charges for services in the City's business enterprises led the majority of the increase which was coupled with a \$5.0 million increase in capital grants and contributions from recognition of donated roads and utilities infrastructure from developers during the 2012-2013 fiscal year. Charges for services in the City's governmental activities experienced modest revenue increases while those in the business-type activities experienced revenue growth from both modest increases in consumption along with rate increases. Property taxes exhibited a decline from the prior year resulting from the revaluation of property in Guilford County for which City Council determined the City would not establish a revenue-neutral rate, producing relief for taxpayers while moderating the property tax revenue stream. 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 Position  
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
<b>City Revenues</b>						
<b>Program revenue:</b>						
Charges for services	\$ 10,584	\$ 10,454	\$182,647	\$169,831	\$193,231	\$180,285
Operating grants and contributions	11,178	10,988	2,166	4,201	13,344	15,189
Capital grants and contributions	9,106	5,007	3,185	2,221	12,291	7,228
<b>General revenue:</b>						
Property taxes	59,915	61,297	-	-	59,915	61,297
Sales & occupancy taxes	16,982	16,671	-	-	16,982	16,671
Grants, contributions not restricted to specific programs	17,068	16,795	-	-	17,068	16,795
Other	387	741	64	1,001	451	1,742
Total City revenues	<u>125,220</u>	<u>121,953</u>	<u>188,062</u>	<u>177,254</u>	<u>313,282</u>	<u>299,207</u>
<b>City Expenses</b>						
General Government	19,283	19,867	-	-	19,283	19,867
Public safety	44,872	42,659	-	-	44,872	42,659
Public and Environmental Services	24,761	21,934	-	-	24,761	21,934
Planning and Community Development	10,825	9,221	-	-	10,825	9,221
Cultural and Recreation	19,725	19,306	-	-	19,725	19,306
Interest expense and related debt service	3,515	3,778	-	-	3,515	3,778
Water and Sewer	-	-	42,886	42,637	42,886	42,637
Electric	-	-	117,622	112,303	117,622	112,303
Mass Transit	-	-	3,785	3,694	3,785	3,694
Parking	-	-	566	602	566	602
Landfill	-	-	6,630	5,436	6,630	5,436
Storm Water	-	-	2,823	2,369	2,823	2,369
Total City expenses	<u>122,981</u>	<u>116,765</u>	<u>174,312</u>	<u>167,041</u>	<u>297,293</u>	<u>283,806</u>
Increase (decrease) in net position before transfers	2,239	5,188	13,750	10,213	15,989	15,401
Transfers in (out)	798	898	(798)	(898)	-	-
Increase (decrease) in net position	<u>3,037</u>	<u>6,086</u>	<u>12,952</u>	<u>9,315</u>	<u>15,989</u>	<u>15,401</u>
Net position, beginning, as previously reported	200,133	194,047	324,571	317,547	524,704	511,594
Prior period adjustment-change in accounting principle	-	-	-	(2,291)	-	(2,291)
Net position, beginning, as restated	<u>200,133</u>	<u>194,047</u>	<u>324,571</u>	<u>315,256</u>	<u>524,704</u>	<u>509,303</u>
Net position, ending	<u>\$203,170</u>	<u>\$200,133</u>	<u>\$337,523</u>	<u>\$324,571</u>	<u>\$540,693</u>	<u>\$524,704</u>

The total cost of all programs and services increased 4.7 percent (\$13.5 million). The City moderated the increased demands for services and the resulting cost to City operations in continued response to the protracted economic recovery. Results of operations show that both governmental functions and the business-type activities of water and sewer, mass transit, parking, and storm water saw moderate increases when compared to last fiscal year. The most significant increase in governmental activities is from the budgeted and expected increases for public safety and several on-going investments in transportation bond projects. The only real changes in the business-type activities were increases in electric and 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 position. These are highlighted as follows:

- ◆ The City's continued high collection of property taxes billed exceeding a tax collection rate of 97%.
- ◆ The net position for business-type operations increased this year by \$13.0 million as the City increased rates for electric services and saw some growth in consumption in water and sewer services even though there was no rate increase during fiscal 2012-2013. 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 unrestricted net position is 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 decreased \$1.4 million compared to the prior year, primarily because the City did not approve a property tax rate that would have neutralized the effect of the revaluation of county property as of January 2012. Sales and occupancy taxes grew slightly in addition to the effect produced from the property tax rate increase approved for FY2011-2012. The positive news in both these significant revenue sources is that the declines experienced in prior years have stopped and we are seeing slight improvement monthly and throughout the fiscal year.

The total cost of all governmental activities this year increased only \$6 million to \$123 million. However, as shown in the Statement of Activities on pages 18-19, the amount that our taxpayers ultimately financed for these activities through City taxes was \$92 million, a slight increase of only \$2 million from the prior year because much more of the cost was paid by those who directly benefited from the programs (\$11 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$11 million). The City paid for the remaining "public benefit" portion of governmental activities with almost \$17 million in sales and other taxes and another \$17 million in other general revenues.

Table 3  
Governmental Activities

	Total Cost of Services	Net Cost of Services
General Government	\$ 19,282,697	\$ 15,273,007
Public Safety	44,872,018	41,840,168
Public and Environmental Services	24,760,999	9,383,175
Planning, Community & Economic Development	10,825,087	6,196,492
Cultural and Recreation	19,725,203	15,906,328
Interest on long-term debt	3,514,708	3,514,708
<b>Total</b>	<b>\$ 122,980,712</b>	<b>\$ 92,113,878</b>

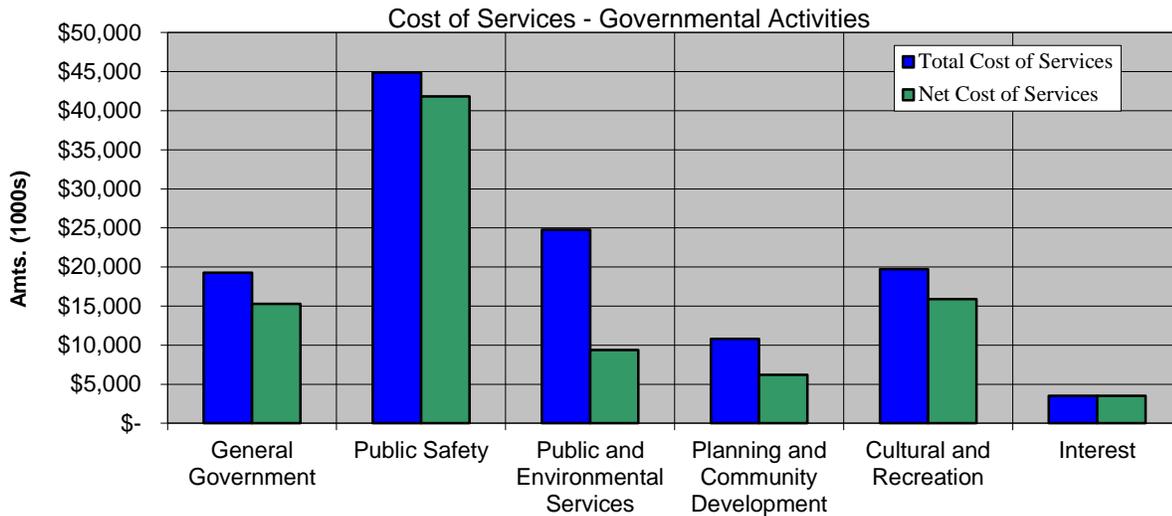


Table 3 presents the cost of each of the City’s programs—general government, public safety, public and environmental services, planning, community and economic development, cultural and recreation—as well as each program’s net cost (total cost less revenues generated by the activities). The net cost 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 (\$183 million in 2013 compared to \$170 million in 2012). 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 did not increase rates for the fiscal year ended June 30, 2013, but still experienced increased operating revenues of over \$1.0 million due to a moderate increase in consumption.

Revenues increased by \$11.8 million in the Electric Fund primarily from an increase in retail rates which was not offset by any changes in electric consumption. Electric rates were increased by 4.9% 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 \$64 million, a \$13 million decrease over the prior fiscal year. Of the total fund balances reported, \$20.6 million was available to finance future expenditures, including \$2.1 million committed formally by City Council for economic development and furniture market development and \$4.8 million assigned for various purposes as explained in the Notes to the Financial Statements (Note 1.F.12).

The apparent decrease in fund balances, while significant, is not cause for concern. In the adopted 2012-2013 annual budget, City Council desired to utilize some of the excess fund balance to provide for continued enhanced services in public safety and economic development activities in the General Fund in addition to the intentional use from not providing for the full revenue-neutral property tax rate resulting from the negative effect of revaluation of property. The decrease in fund balances in the General Capital Projects Fund was fully anticipated as the City continues to expend bond proceeds issued in prior fiscal years.

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 \$27,948,613. The City Council has determined through formal policy 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, 2013, unassigned fund balance amounted to 12.2% of the fiscal year 2013 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 2013-2014 Annual Budget appropriated a total of \$2,954,786 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 \$13,111,350.

### *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

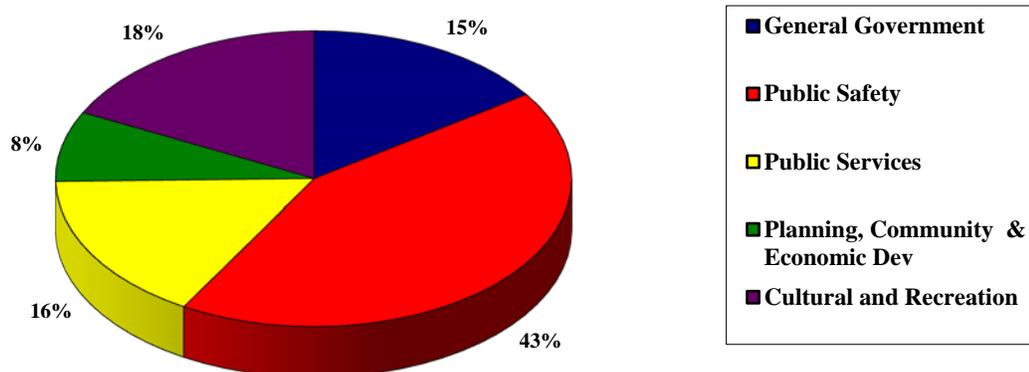
Revenue Sources	Actual Amount	Percent of Total	Increase (Decrease) from 2012
Property taxes.....	\$ 56,762,189	55.4%	\$ (1,184,818)
Sales and use taxes.....	16,982,409	16.6%	311,369
Intergovernmental revenues.....	13,538,965	13.2%	443,236
Licenses and Permits.....	3,492,409	3.4%	60,273
Charges for services.....	4,636,533	4.5%	72,773
Interest on investments.....	62,215	0.1%	(256,128)
Miscellaneous revenues.....	7,001,988	6.8%	788,993
	<u>\$ 102,476,708</u>	<u>100.0%</u>	<u>\$ 235,698</u>

The most significant component in General Fund revenues remains to be property taxes even with the decrease from collected revenues. As mentioned earlier, Guilford County completed their octennial revaluation of property effective for January 2012. As a result, the City saw a decrease of 3.3% in valuation. As allowed by North Carolina law, City Council considered but ultimately approved a tax rate that did not generate equivalency in the property tax revenues, deciding to provide some tax relief to our citizens. Consequently, the City received less in property taxes. In addition, sales and use taxes show positive improvement over the prior fiscal year as local economic conditions improve and the City also received a small increase in intergovernmental revenues.

The most significant changes in General Fund expenditures when compared to the previous fiscal year occurred in public safety and public services. During FY2013, the City completed the construction of the two authorized new fire trucks which were funded during FY2012 through an installment financing contract. Payments for the trucks contributed to the majority of the increase in the Fire Department. The Police Department experienced a \$1.2 million increase as they expended funds for additional equipment funded from fund balances. The majority of the increase in public services is attributable to \$2.0 million in increased transportation expenditures as the City made improvements to several city intersections, increased repaving efforts, and replaced numerous sections of sidewalks.

## General Fund Expenditures on the Governmental Fund Basis

Functions	Amount	Percent of Total	Increase (Decrease) from 2012
General Government.....	\$ 15,455,668	15.4%	\$ 801,543
Public Safety .....	43,351,030	43.1%	2,560,063
Public Services.....	16,378,901	16.2%	2,746,559
Planning, Community and Economic Dev.....	7,727,740	7.7%	1,038,386
Cultural and Recreation.....	17,744,481	17.6%	560,902
	<u>\$ 100,657,820</u>	<u>100.0%</u>	<u>\$ 7,707,453</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 2013; 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 2013, the City had \$1.33 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 \$32.0 million, or 2.5 percent, over last year. The majority of the additions during the fiscal year continue to come 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	
	2013	2012	2013	2012	2013	2012
	Land and land improvements	\$ 18,678	\$ 17,666	\$ 11,837	\$ 11,835	\$ 30,515
Intangibles	317	317	2,573	2,573	2,890	2,890
Construction in progress	17,638	12,804	13,603	33,229	31,241	46,033
Buildings and related improvements	68,781	68,781	105,889	97,993	174,670	166,774
Equipment	61,720	59,860	36,851	36,649	98,571	96,509
Infrastructure	517,550	504,228	473,810	451,282	991,360	955,510
<b>Total capital assets</b>	<b>\$ 684,684</b>	<b>\$ 663,656</b>	<b>\$ 644,563</b>	<b>\$ 633,561</b>	<b>\$ 1,329,247</b>	<b>\$ 1,297,217</b>

The City's fiscal year 2013-2014 capital pay-as-you-go budget calls for spending another \$18.4 million for capital projects as outlined below, principally for the utility system improvements and infrastructure.

These capital projects are budgeted as follows:

General Fund.....	\$	430,000
Water and Sewer Fund.....		4,405,000
Electric.....		5,588,084
Landfill.....		3,750,000
Stormwater.....		4,150,000
Parking.....		35,000
Total.....	\$	<u>18,358,084</u>

*Debt*

At year-end, the City had approximately \$255 million in bonds and notes outstanding versus \$272 million last year—a decrease of 6.4 percent—as shown in Table 5. The City did not issue any new debt during Fiscal Year 2012-2013.

Table 5  
Outstanding Debt  
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 72,071	\$ 76,614	\$ 44,274	\$ 48,890	\$ 116,345	\$ 125,504
Revenue bonds	-	-	124,417	128,337	124,417	128,337
Notes payable and installment contracts	5,663	8,583	8,609	10,013	14,272	18,596
Total outstanding debt	<u>\$ 77,734</u>	<u>\$ 85,197</u>	<u>\$ 177,300</u>	<u>\$ 187,240</u>	<u>\$ 255,034</u>	<u>\$ 272,437</u>

The City’s general obligation bond rating continues to carry high and stable ratings from the three national rating agencies at June 30, 2013. Standard & Poor’s rates the City’s credit at AAA, the highest available. Moody’s and Fitch rate 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 \$711 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 2013-2014 budget and tax rates that support the governmental activities and fees that will be charged for the business-type activities. Following the average 3.3% decrease in property values as a result of the 2012 revaluation, property values for FY2013-2014 were expected to demonstrate a slight increase. In addition, commercial and residential permits issued were showing improvement in year-to-year growth although still well below the 10-year average growth, and electric load growth was projected to be essentially flat for the 5<sup>th</sup> 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 2014 compared with the national rate of 3 percent.

In adopting the Annual Budget for fiscal year 2013-2014, 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 \$107.0 million, which is an increase of 1.7 percent over the adopted 2013 budget of \$105.5 million. Property taxes were maintained at an approved rate of 67.5 cents. The City continued to maintain the strategic reductions employed during the last four 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 2014:

- Water and sewer rates were expected to increase between 4.0% and 6.0% mid-year based on the needs timed with the issuance of additional revenue bonds financing major infrastructure capital projects. 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 POSITION

June 30, 2013

	PRIMARY GOVERNMENT			COMPONENT UNIT
	Governmental Activities	Business-type Activities	TOTAL	HIGH POINT ABC BOARD
<b>ASSETS</b>				
Cash and investments.....	\$ 46,642,516	\$ 127,130,837	\$ 173,773,353	\$ 2,538,806
Receivables:				
Taxes (net).....	2,641,969	-	2,641,969	-
Accounts receivable and accrued revenue (net).....	8,378,154	20,635,096	29,013,250	-
Notes.....	4,976,838	-	4,976,838	-
Accrued interest.....	59,593	171,255	230,848	-
Internal balances.....	(1,469,682)	1,469,682	-	-
Interfund loan.....	(816,771)	816,771	-	-
Due from component unit.....	343,385	-	343,385	-
Inventory.....	293,502	5,681,759	5,975,261	873,606
Prepaid Items.....	19,801	118,937	138,738	54,309
Restricted Assets:				
Prepaid pension assets.....	75,161	-	75,161	-
Cash and investments.....	20,285,195	16,138,643	36,423,838	-
Capital Assets:				
Land, non-depreciable improvements, and construction in progress.....	36,431,144	25,440,007	61,871,151	-
Other capital assets, net of related depreciation.....	184,282,644	355,193,225	539,475,869	2,339,842
Total capital assets.....	220,713,788	380,633,232	601,347,020	2,339,842
<b>TOTAL ASSETS</b>	<b>302,143,449</b>	<b>552,796,212</b>	<b>854,939,661</b>	<b>5,806,563</b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses.....	5,575,670	13,420,635	18,996,305	524,378
Prepaid utility revenues.....	-	99,714	99,714	-
Accrued interest payable.....	847,825	1,448,971	2,296,796	-
Due to City of High Point.....	-	-	-	343,385
Due to other governments.....	-	-	-	14,691
Deposits and other liabilities.....	282,725	874,413	1,157,138	-
Long-term liabilities:				
Due in one year.....	10,600,030	10,159,795	20,759,825	-
Due in more than one year.....	76,127,422	184,755,856	260,883,278	-
<b>TOTAL LIABILITIES</b>	<b>93,433,672</b>	<b>210,759,384</b>	<b>304,193,056</b>	<b>882,454</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows of Resources.....	5,539,854	4,513,560	10,053,414	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>5,539,854</b>	<b>4,513,560</b>	<b>10,053,414</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets.....	160,447,633	216,039,543	376,487,176	2,339,842
Restricted for:				
Stabilization by State Statute.....	13,038,639	-	13,038,639	-
Debt service.....	18,017,690	-	18,017,690	-
Capital projects.....	-	14,007,875	14,007,875	-
Grant programs.....	666,563	377,526	1,044,089	-
Transportation.....	412,796	-	412,796	-
High Point ABC Board Working Capital.....	-	-	-	420,126
Unrestricted.....	10,586,602	107,098,324	117,684,926	2,164,141
<b>TOTAL NET POSITION</b>	<b>\$ 203,169,923</b>	<b>\$ 337,523,268</b>	<b>\$ 540,693,191</b>	<b>\$ 4,924,109</b>

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

**City of High Point, North Carolina**

Statement of Activities  
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental activities:				
General Government.....	\$ 19,282,697	\$ 3,775,722	\$ 84,310	\$ 149,658
Public Safety.....	44,872,018	968,331	2,063,519	-
Public and Environmental Services.....	24,760,999	1,333,046	5,088,903	8,955,875
Planning/Community and Economic Development....	10,825,087	1,190,632	3,437,963	-
Cultural and Recreation.....	19,725,203	3,315,830	503,045	-
Interest and Fiscal Charges.....	3,514,708	-	-	-
Total governmental activities.....	<u>122,980,712</u>	<u>10,583,561</u>	<u>11,177,740</u>	<u>9,105,533</u>
Business-type activities:				
Water and Sewer .....	42,885,466	45,011,826	499,944	3,185,092
Electric.....	117,621,908	126,525,874	-	-
Mass Transit.....	3,785,198	953,376	1,606,999	-
Parking.....	566,241	304,061	-	-
Landfill.....	6,630,308	7,381,562	59,427	-
Stormwater.....	2,822,502	2,470,507	-	-
Total business-type activities.....	<u>174,311,623</u>	<u>182,647,206</u>	<u>2,166,370</u>	<u>3,185,092</u>
Total primary government.....	<u>\$ 297,292,335</u>	<u>\$ 193,230,767</u>	<u>\$ 13,344,110</u>	<u>\$ 12,290,625</u>
<b>Component unit:</b>				
High Point ABC Board.....	\$ 10,750,958	\$ 10,964,561	\$ -	\$ -
Total component unit.....	<u>\$ 10,750,958</u>	<u>\$ 10,964,561</u>	<u>\$ -</u>	<u>\$ -</u>
<b>General revenues:</b>				
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.....				
<b>Total general revenues not including transfers</b>				
<b>Transfers</b>				
Total general revenues and transfers.....				
Change in net position.....				
Net position - beginning, as previously presented.....				
Prior period adjustment - change in accounting principle				
Net position - beginning, as restated.....				
Net position, ending.....				

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

Net Revenue (Expense) and Change in Net Position			Component Unit ABC Board
Primary Government			
Governmental Activities	Business-type Activities	Total	
\$ (15,273,007)	\$ -	\$ (15,273,007)	\$ -
(41,840,168)	-	(41,840,168)	-
(9,383,175)	-	(9,383,175)	-
(6,196,492)	-	(6,196,492)	-
(15,906,328)	-	(15,906,328)	-
(3,514,708)	-	(3,514,708)	-
<u>(92,113,878)</u>	<u>-</u>	<u>(92,113,878)</u>	<u>-</u>
-	5,811,396	5,811,396	-
-	8,903,966	8,903,966	-
-	(1,224,823)	(1,224,823)	-
-	(262,180)	(262,180)	-
-	810,681	810,681	-
-	(351,995)	(351,995)	-
-	13,687,045	13,687,045	-
<u>\$ (92,113,878)</u>	<u>\$ 13,687,045</u>	<u>\$ (78,426,833)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 213,603
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213,603</u>
\$ 59,914,895	\$ -	\$ 59,914,895	\$ -
15,185,120	-	15,185,120	-
1,797,289	-	1,797,289	-
17,068,078	-	17,068,078	1,393
299,973	-	299,973	-
86,991	63,534	150,525	11,627
94,352,346	63,534	94,415,880	13,020
798,032	(798,032)	-	-
95,150,378	(734,498)	94,415,880	13,020
3,036,500	12,952,547	15,989,047	226,623
200,133,423	326,862,002	526,995,425	4,697,486
-	(2,291,281)	(2,291,281)	-
<u>200,133,423</u>	<u>324,570,721</u>	<u>524,704,144</u>	<u>4,697,486</u>
<u>\$ 203,169,923</u>	<u>\$ 337,523,268</u>	<u>\$ 540,693,191</u>	<u>\$ 4,924,109</u>

**CITY OF HIGH POINT, NORTH CAROLINA**

Balance Sheet  
Governmental Funds  
June 30, 2013

	Major Funds			Total Governmental Funds
	General Fund	General Capital Projects Fund	Non-Major Governmental Funds	
<b>ASSETS</b>				
Cash and investments.....	\$ 24,908,239	\$ 576,931	\$ 18,018,990	\$ 43,504,160
Receivables (net):				
Taxes.....	2,641,969	-	-	2,641,969
Accounts receivable and accrued revenue.....	6,193,150	811,994	1,325,468	8,330,612
Notes.....	-	-	4,976,838	4,976,838
Accrued interest.....	36,227	-	23,366	59,593
Due from component unit.....	343,385	-	-	343,385
Prepaid items.....	19,801	-	-	19,801
Restricted assets:				
Cash and investments.....	1,481,735	17,468,090	1,335,370	20,285,195
<b>TOTAL ASSETS</b>	<b>\$ 35,624,506</b>	<b>\$ 18,857,015</b>	<b>\$ 25,680,032</b>	<b>\$ 80,161,553</b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses.....	\$ 4,188,183	\$ 829,326	\$ 97,146	\$ 5,114,655
Due to other funds.....	-	816,771	665,637	1,482,408
Deposits and other liabilities.....	282,725	-	-	282,725
<b>TOTAL LIABILITIES</b>	<b>4,470,908</b>	<b>1,646,097</b>	<b>762,783</b>	<b>6,879,788</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable taxes.....	2,641,969	-	-	2,641,969
Prepaid taxes and licenses.....	563,016	-	-	563,016
Unavailable grant receivables.....	-	746,596	324,783	1,071,379
Unearned notes and loans.....	-	-	4,976,838	4,976,838
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>3,204,985</b>	<b>746,596</b>	<b>5,301,621</b>	<b>9,253,202</b>
<b>FUND BALANCES</b>				
Non Spendable:				
Prepaid items.....	19,801	-	-	19,801
Restricted:				
Stabilization by state statute.....	7,358,975	4,039,353	1,640,311	13,038,639
Grant programs.....	-	-	666,563	666,563
Transportation.....	412,796	-	-	412,796
Debt service.....	-	-	18,017,690	18,017,690
Capital projects.....	-	11,250,769	-	11,250,769
Committed:				
Economic development.....	2,052,361	-	-	2,052,361
Market development.....	15,303	-	-	15,303
Benefits and Wellness.....	199,439	-	-	199,439
Capital projects.....	-	1,174,200	-	1,174,200
Assigned:				
Subsequent year's expenditures.....	2,954,786	-	-	2,954,786
General government.....	533,903	-	-	533,903
Public safety.....	4,259	-	-	4,259
Culture & recreation.....	428,593	-	-	428,593
Planning & economic development.....	293,609	-	-	293,609
Public services and transportation.....	563,438	-	-	563,438
Unassigned	13,111,350	-	(708,936)	12,402,414
<b>TOTAL FUND BALANCES</b>	<b>27,948,613</b>	<b>16,464,322</b>	<b>19,615,628</b>	<b>64,028,563</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 35,624,506</b>	<b>\$ 18,857,015</b>	<b>\$ 25,680,032</b>	<b>\$ 80,161,553</b>
Fund balances as reported above				\$ 64,028,563
Amounts reported for governmental activities in the Statement of Net Position are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.				204,455,286
Prepaid pension assets in governmental activities are not financial resources and therefore are not reported in the funds.				75,161
Internal service funds used to allocate costs among the funds are included in the statement of net assets.				18,177,615
Internal service funds profit/loss is allocated to the business-type funds in the statement of net assets.				(804,045)
Some liabilities are not payable in the current period and are therefore not reported in the funds.				(86,476,005)
Receivables that are not available to pay for current-period expenditures are reported as deferred inflows in the funds.				3,713,348
Net position of governmental activities				<u>\$ 203,169,923</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, 2013

	Major Funds			Total Governmental Funds
	General Fund	General Capital Projects Fund	Non-Major Governmental Funds	
<b>Revenues:</b>				
Property taxes.....	\$ 56,762,189	\$ -	\$ 3,048,906	\$ 59,811,095
Sales taxes.....	15,185,120	-	-	15,185,120
Occupancy and other local taxes.....	1,797,289	-	-	1,797,289
Intergovernmental.....	13,538,965	313,126	6,014,973	19,867,064
Licenses and permits.....	3,492,409	-	-	3,492,409
Charges for services.....	4,636,533	-	-	4,636,533
Interest on investments.....	62,215	-	24,776	86,991
Sale of capital assets.....	16,941	-	-	16,941
Administrative reimbursements.....	6,052,720	180,000	-	6,232,720
Miscellaneous.....	932,327	-	618,287	1,550,614
<b>Total revenues.....</b>	<b>102,476,708</b>	<b>493,126</b>	<b>9,706,942</b>	<b>112,676,776</b>
<b>Expenditures:</b>				
General government.....	15,455,668	15,925	79,527	15,551,120
Public safety.....	42,673,300	-	1,959,615	44,632,915
Public services - transportation.....	9,816,790	8,546,765	1,519,706	19,883,261
Public services - environmental services.....	5,814,386	-	-	5,814,386
Community and economic development.....	7,727,740	-	2,989,665	10,717,405
Cultural and recreation.....	17,744,481	1,394,522	91,601	19,230,604
<b>Debt service:</b>				
Principal retirement.....	1,351,800	-	5,837,629	7,189,429
Interest and fiscal charges.....	73,655	33,420	3,345,174	3,452,249
<b>Total expenditures.....</b>	<b>100,657,820</b>	<b>9,990,632</b>	<b>15,822,917</b>	<b>126,471,369</b>
<b>Excess (deficiency) of revenue over (under) expenditures</b>	<b>1,818,888</b>	<b>(9,497,506)</b>	<b>(6,115,975)</b>	<b>(13,794,593)</b>
<b>Other financing sources (uses):</b>				
Transfers in.....	1,160,000	162,500	6,470,011	7,792,511
Transfers in related to payments in lieu of taxes.....	811,435	-	-	811,435
Transfers out.....	(6,829,743)	-	(944,365)	(7,774,108)
<b>Total other financing sources (uses).....</b>	<b>(4,858,308)</b>	<b>162,500</b>	<b>5,525,646</b>	<b>829,838</b>
<b>Net change in fund balances.....</b>	<b>(3,039,420)</b>	<b>(9,335,006)</b>	<b>(590,329)</b>	<b>(12,964,755)</b>
Fund balances, beginning.....	30,988,033	25,799,328	20,205,957	76,993,318
Fund balances, ending.....	\$ 27,948,613	\$ 16,464,322	\$ 19,615,628	\$ 64,028,563

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, 2013

Net change in fund balances - total governmental funds	\$ (12,964,755)
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 12-13 in the funds but recorded / accrued in FY 11-12 on the Statement of Activities	(101,266)
Principal payments are reported as decreases in liabilities in the Statement of Activities, but reported as expenditures in the funds	7,189,429
Capital outlays are reported as increases in assets in the Statement of Activities, but reported as an expenditure in the funds	11,749,352
Depreciation is recognized as an expense in the Statement of Activities, but is not reported in the funds	(12,032,001)
Infrastructure contributed by developers is considered capital contribution for the Statement of Activities, but is not reported in the funds	8,955,875
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	(543,532)
Gain (loss) on the disposal of capital assets is recorded in the Statement of Activities (excludes internal service fund gain/loss)	16,941
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	(16,941)
Internal service funds are used by management to charge the costs of certain activities, such as facilities maintenance, fleet services and telecommunications to individual funds. The net revenue (expense) of the internal service funds is allocated and reported with governmental activities in the Statement of Activities.	1,281,400
Internal service funds current year profit/loss is allocated to the business-type funds in the Statement of Activities	<u>(498,002)</u>
Change in net position of governmental activities	<u>\$ 3,036,500</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, 2013

	Budget		Actual	Variance From
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes.....	\$ 56,266,089	\$ 56,266,089	\$ 56,762,189	\$ 496,100
Sales taxes.....	15,500,000	15,500,000	15,185,120	(314,880)
Occupancy and other local taxes.....	1,705,000	1,730,000	1,797,289	67,289
Intergovernmental.....	13,010,772	13,010,772	13,538,965	528,193
Licenses and permits.....	3,334,800	3,389,800	3,492,409	102,609
Charges for services.....	4,866,116	4,866,116	4,636,533	(229,583)
Interest on investments.....	300,000	300,000	62,215	(237,785)
Sale of capital assets.....	-	-	16,941	16,941
Administrative reimbursements.....	6,352,720	6,052,720	6,052,720	-
Miscellaneous.....	222,810	780,991	932,327	151,336
Total revenues.....	<u>101,558,307</u>	<u>101,896,488</u>	<u>102,476,708</u>	<u>580,220</u>
<b>Expenditures:</b>				
General government.....	17,273,061	17,768,766	15,455,668	2,313,098
Public safety.....	42,477,098	43,460,991	43,301,030	159,961
Public services - transportation.....	9,394,645	11,766,189	9,816,790	1,949,399
Public services - environmental services.....	6,623,401	6,633,365	6,562,111	71,254
Community and economic development.....	7,556,958	8,094,374	7,727,740	366,634
Cultural and recreation.....	18,551,696	19,266,120	17,744,481	1,521,639
Total expenditures.....	<u>101,876,859</u>	<u>106,989,805</u>	<u>100,607,820</u>	<u>6,381,985</u>
Revenues over (under) expenditures.....	<u>(318,552)</u>	<u>(5,093,317)</u>	<u>1,868,888</u>	<u>6,962,205</u>
<b>Other financing sources (uses):</b>				
Transfers in.....	1,310,000	1,610,000	1,160,000	(450,000)
Transfers in related to payment in lieu of tax....	811,435	811,435	811,435	-
Transfers out.....	(6,969,058)	(6,969,058)	(6,879,743)	89,315
Appropriated fund balance.....	5,166,175	9,640,940	-	(9,640,940)
Total other financing sources (uses).....	<u>318,552</u>	<u>5,093,317</u>	<u>(4,908,308)</u>	<u>(10,001,625)</u>
Net change in fund balance.....	<u>\$ -</u>	<u>\$ -</u>	<u>(3,039,420)</u>	<u>\$ (3,039,420)</u>
Fund balances, beginning.....			<u>30,988,033</u>	
Fund balances, ending.....			<u>\$ 27,948,613</u>	

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

**CITY OF HIGH POINT, NORTH CAROLINA**

Statement of Net Position  
Proprietary Funds  
June 30, 2013

	Major Funds	
	Business-type Activities -Enterprise Funds	
	WATER AND SEWER	ELECTRIC
<b>ASSETS</b>		
Current assets		
Cash and investments.....	\$ 41,795,334	\$ 44,121,158
Receivables:		
Accounts and grants (net).....	4,610,507	13,876,273
Accrued interest.....	57,994	60,126
Inventory.....	-	5,580,287
Prepaid expenses.....	-	-
<b>Total current assets</b>	<b>46,463,835</b>	<b>63,637,844</b>
Noncurrent assets		
Restricted assets:		
Cash and investments.....	13,237,762	1,633,804
Due from other funds.....	-	1,319,116
Interfund loan receivable.....	-	-
Capital assets:		
Land.....	7,489,267	758,364
Buildings and other improvements.....	73,970,490	154,965
Machinery and equipment.....	13,081,977	14,971,521
Infrastructure.....	359,138,681	100,200,417
Intangibles.....	-	2,573,325
Construction in progress.....	5,711,786	6,527,602
Less accumulated depreciation.....	(162,971,783)	(72,405,679)
Total capital assets (net of accumulated depreciation).....	<u>296,420,418</u>	<u>52,780,515</u>
Total noncurrent assets.....	<u>309,658,180</u>	<u>55,733,435</u>
<b>Total Assets</b>	<b>356,122,015</b>	<b>119,371,279</b>
<b>LIABILITIES</b>		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses.....	1,925,440	10,716,896
Prepaid utility revenues.....	29,914	69,800
Current maturities of long-term debt.....	8,939,996	-
Current maturities of compensated absences.....	326,764	272,157
Accrued interest payable.....	1,299,698	-
Deposits.....	209,220	659,638
Due to Other Funds.....	-	-
<b>Total current liabilities</b>	<b>12,731,032</b>	<b>11,718,491</b>
Noncurrent liabilities		
Accrued closure/postclosure costs.....	-	-
Loans payable.....	7,303,646	-
Other post employment benefits accrual.....	627,515	602,086
General obligation bonds payable.....	27,644,778	-
Revenue bonds payable.....	120,522,223	-
Obligation under installment purchases.....	-	-
Compensated absences.....	158,670	190,179
<b>Total Noncurrent liabilities</b>	<b>156,256,832</b>	<b>792,265</b>
<b>Total Liabilities</b>	<b>168,987,864</b>	<b>12,510,756</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources.....	1,398,562	974,166
<b>Total Deferred Inflows of Resources</b>	<b>1,398,562</b>	<b>974,166</b>
<b>NET POSITION</b>		
Net Position		
Net investment in capital assets.....	143,639,755	52,780,515
Restricted for capital projects.....	13,033,709	974,166
Restricted for grant programs.....	-	-
Unrestricted.....	29,062,125	52,131,676
<b>Total Net Position</b>	<b>\$ 185,735,589</b>	<b>\$ 105,886,357</b>

Reconciliation to the Statement of Net Position:  
Net position of enterprise funds  
Adjustment to reflect the profit/loss distribution of internal service fund activities  
Net position 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	
\$ 41,214,345	\$ 127,130,837	\$ 3,138,356	
2,148,316	20,635,096	47,542	
53,135	171,255	-	
101,472	5,681,759	293,502	
118,937	118,937	-	
<u>43,636,205</u>	<u>153,737,884</u>	<u>3,479,400</u>	
1,267,077	16,138,643	-	
-	1,319,116	-	
816,771	816,771	-	
3,588,895	11,836,526	87,740	
31,763,261	105,888,716	13,434,461	
8,797,346	36,850,844	33,740,852	
14,471,409	473,810,507	-	
-	2,573,325	-	
1,364,093	13,603,481	844,853	
(28,552,705)	(263,930,167)	(31,849,404)	
<u>31,432,299</u>	<u>380,633,232</u>	<u>16,258,502</u>	
<u>33,516,147</u>	<u>398,907,762</u>	<u>16,258,502</u>	
<u>77,152,352</u>	<u>552,645,646</u>	<u>19,737,902</u>	
778,299	13,420,635	461,015	
-	99,714	-	
430,513	9,370,509	279,707	
190,365	789,286	74,547	
149,273	1,448,971	-	
5,555	874,413	-	
653,479	653,479	-	
<u>2,207,484</u>	<u>26,657,007</u>	<u>815,269</u>	
14,468,000	14,468,000	-	
-	7,303,646	-	
656,610	1,886,211	126,427	
12,459,325	40,104,103	-	
-	120,522,223	-	
-	-	551,127	
122,824	471,673	67,464	
<u>27,706,759</u>	<u>184,755,856</u>	<u>745,018</u>	
<u>29,914,243</u>	<u>211,412,863</u>	<u>1,560,287</u>	
2,140,832	4,513,560	-	
<u>2,140,832</u>	<u>4,513,560</u>	<u>-</u>	
19,619,273	216,039,543	15,427,668	
-	14,007,875	-	
377,526	377,526	-	
25,100,478	106,294,279	2,749,947	
<u>\$ 45,097,277</u>	<u>\$ 336,719,223</u>	<u>\$ 18,177,615</u>	
	\$ 336,719,223		
	804,045		
	<u>\$ 337,523,268</u>		

**CITY OF HIGH POINT, NORTH CAROLINA**

Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2013

	Major Funds	
	Business-type - Enterprise Funds	
	WATER AND SEWER	ELECTRIC
Operating revenues		
Charges for services.....	\$ 44,601,648	\$ 124,559,969
Licenses and permits.....	-	-
Intergovernmental.....	499,944	-
Miscellaneous.....	406,253	32,526
Total operating revenues.....	<u>45,507,845</u>	<u>124,592,495</u>
Operating expenses		
Management and administration.....	2,192,909	748,641
Maintenance and distribution.....	6,047,578	10,738,601
Power purchases.....	-	95,171,093
Treatment plants.....	10,480,021	-
Other services and charges.....	387,803	4,478,002
Depreciation and amortization.....	12,319,308	3,915,937
Total operating expenses.....	<u>31,427,619</u>	<u>115,052,274</u>
Operating income.....	<u>14,080,226</u>	<u>9,540,221</u>
Nonoperating revenues (expenses)		
Interest on investments.....	27,413	-
Miscellaneous and other nonoperating.....	3,925	94,591
Interest expense and fiscal charges.....	(7,279,737)	-
Amortization of gain on refunding.....	242,550	-
Reimbursements from other funds.....	-	1,838,788
Reimbursements to other funds.....	(4,564,982)	(2,701,146)
Gain (loss) on disposal of capital assets.....	-	(17,204)
Total nonoperating revenues (expenses).....	<u>(11,570,831)</u>	<u>(784,971)</u>
Income (loss) before capital contributions and transfers	2,509,395	8,755,250
Capital contributions.....	3,185,092	-
Transfers in.....	-	-
Transfers out.....	(189,149)	(2,049,982)
Change in net position.....	<u>5,505,338</u>	<u>6,705,268</u>
Total net position - beginning, as previously presented.....	182,482,048	99,181,089
Prior period adjustment - change in accounting principle.....	(2,251,797)	-
Total net position - beginning, as restated.....	<u>180,230,251</u>	<u>99,181,089</u>
Total net position - ending.....	<u>\$ 185,735,589</u>	<u>\$ 105,886,357</u>

Reconciliation to the Statement of Activities:

- Change in net position of enterprise funds
- Adjustment to reflect the profit/loss distribution of internal service fund activities
- Change in net position - 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	
\$ 10,718,311	\$ 179,879,928	\$ 12,505,310	
357,147	357,147	-	
1,666,426	2,166,370	-	
-	438,779	4,284	
<u>12,741,884</u>	<u>182,842,224</u>	<u>12,509,594</u>	
11,019,297	13,960,847	8,696,951	
-	16,786,179	-	
-	95,171,093	-	
-	10,480,021	-	
-	4,865,805	-	
1,814,015	18,049,260	2,994,589	
<u>12,833,312</u>	<u>159,313,205</u>	<u>11,691,540</u>	
<u>(91,428)</u>	<u>23,529,019</u>	<u>818,054</u>	
36,121	63,534	-	
33,253	131,769	88,682	
(556,486)	(7,836,223)	(26,220)	
14,208	256,758	-	
(622,076)	1,216,712	-	
-	(7,266,128)	-	
(10,752)	(27,956)	283,032	
<u>(1,105,732)</u>	<u>(13,461,534)</u>	<u>345,494</u>	
(1,197,160)	10,067,485	1,163,548	
-	3,185,092	149,658	
1,486,157	1,486,157	-	
(45,058)	(2,284,189)	(31,806)	
<u>243,939</u>	<u>12,454,545</u>	<u>1,281,400</u>	
44,892,822	326,555,959	16,896,215	
(39,484)	(2,291,281)	-	
<u>44,853,338</u>	<u>324,264,678</u>	<u>16,896,215</u>	
<u>\$ 45,097,277</u>	<u>\$ 336,719,223</u>	<u>\$ 18,177,615</u>	
	\$ 12,454,545		
	498,002		
	<u>\$ 12,952,547</u>		

**CITY OF HIGH POINT, NORTH CAROLINA**

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2013

	Major Funds	
	Business-Type - Enterprise Funds	
	WATER AND SEWER	ELECTRIC
Cash Flows From Operating Activities		
Receipts from customers and users.....	\$ 43,968,830	\$ 118,070,911
Receipts from interfund services provided.....	-	-
Payments to employees and related fringe benefits.....	(7,683,975)	(7,495,786)
Payments to suppliers and operating costs.....	(10,564,297)	(103,186,789)
Net Cash provided by Operating Activities	<u>25,720,558</u>	<u>7,388,336</u>
Cash Flows From Non Capital Financing Activities		
Transfers in.....	-	-
Transfers out.....	(189,149)	(2,049,982)
Advances and reimbursements from other funds.....	(4,564,982)	(1,319,115)
Miscellaneous and other nonoperating.....	3,925	94,591
Reimbursements (to) from other funds.....	-	(862,358)
Net Cash provided (used) by Non-Capital Financing activities	<u>(4,750,206)</u>	<u>(4,136,864)</u>
Cash Flows From Financing Activities		
Principal payments on long-term debt.....	(9,452,943)	-
Interest payments and fiscal charges on long-term debt.....	(7,372,995)	-
Proceeds collected on the sale of capital assets.....	-	5,143
Acquisition and construction of capital assets.....	(2,697,874)	(3,428,179)
Net Cash used by Financing Activities	<u>(19,523,812)</u>	<u>(3,423,036)</u>
Cash Flows From Investing Activities		
Interest earned on investments.....	31,329	5,963
Net Cash provided by Investing Activities	<u>31,329</u>	<u>5,963</u>
Net increase (decrease) in cash and investments	1,477,869	(165,601)
Cash and investments at the beginning of the year	53,555,227	45,920,563
Cash and investments at the end of the year	<u>\$ 55,033,096</u>	<u>\$ 45,754,962</u>
Operating income.....	<u>\$ 14,080,226</u>	<u>\$ 9,540,221</u>
Adjustments to reconcile Operating Income to .....		
Net Cash Provided by (used in) Operating Activities:.....		
Depreciation and amortization.....	12,319,308	3,915,937
Change in net assets		
(Increase) decrease in Accounts Receivable.....	(1,538,139)	(6,442,785)
(Increase) decrease in Inventories.....	-	(82,718)
(Increase) decrease in Prepaid Expenses.....	-	25,000
Increase (decrease) in Payables and Accrued Expenses.....	774,435	413,574
Increase (decrease) in Deposits.....	(876)	(24,364)
Increase (decrease) in OPEB Liability.....	61,429	54,752
Increase (decrease) in Vacation Leave Accrual.....	24,175	43,154
Increase (decrease) in Unearned Revenue.....	-	(54,435)
Total adjustments.....	<u>11,640,332</u>	<u>(2,151,885)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	<u>\$ 25,720,558</u>	<u>\$ 7,388,336</u>
NONCASH FINANCING ACTIVITIES		
Capital assets contributed by developers and other funds.....	<u>\$ 3,185,092</u>	<u>\$ -</u>

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

Business-Type - Enterprise Funds		Governmental Activities
NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUND
\$ 12,061,930	\$ 174,101,671	\$ (396)
-	-	12,505,310
(5,323,415)	(20,503,176)	(2,237,878)
(4,894,181)	(118,645,267)	(6,983,352)
<u>1,844,334</u>	<u>34,953,228</u>	<u>3,283,684</u>
1,486,157	1,486,157	-
(45,058)	(2,284,189)	(31,806)
800,059	(5,084,038)	-
34,048	132,564	88,682
(622,076)	(1,484,434)	-
<u>1,653,130</u>	<u>(7,233,940)</u>	<u>56,876</u>
(342,191)	(9,795,134)	(272,431)
(532,296)	(7,905,291)	(26,218)
213	5,356	352,116
(1,908,939)	(8,034,992)	(3,231,758)
<u>(2,783,213)</u>	<u>(25,730,061)</u>	<u>(3,178,291)</u>
39,079	76,371	-
<u>39,079</u>	<u>76,371</u>	<u>-</u>
753,330	2,065,598	162,269
41,728,092	141,203,882	2,976,087
<u>\$ 42,481,422</u>	<u>\$ 143,269,480</u>	<u>\$ 3,138,356</u>
\$ (91,428)	\$ 23,529,019	\$ 818,054
1,814,015	18,049,260	2,994,589
(680,064)	(8,660,988)	(4,680)
(24,129)	(106,847)	(177,900)
107,642	132,642	-
626,400	1,814,409	(367,655)
110	(25,130)	-
79,321	195,502	(703)
12,467	79,796	21,979
-	(54,435)	-
<u>1,935,762</u>	<u>11,424,209</u>	<u>2,465,630</u>
<u>\$ 1,844,334</u>	<u>\$ 34,953,228</u>	<u>\$ 3,283,684</u>
\$ -	\$ 3,185,092	\$ 149,658

**CITY OF HIGH POINT, NORTH CAROLINA**

Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2013

ASSETS	GENERAL AGENCY FUND	PENSION TRUST FUND	PRIVATE PURPOSE TRUST FUND
Cash and cash equivalents.....	\$ 245,434	\$ 359,937	\$ 907,877
Accounts receivable.....	103	-	-
Accrued interest.....	-	466	-
	<u>245,537</u>	<u>360,403</u>	<u>907,877</u>
Total assets.....			
LIABILITIES			
Accounts payable.....	<u>245,537</u>	-	<u>2,920</u>
Total liabilities.....	<u>245,537</u>	-	<u>2,920</u>
NET POSITION			
Held in trust for pension benefits.....	<u>\$ -</u>	<u>\$ 360,403</u>	<u>\$ 904,957</u>

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

**CITY OF HIGH POINT, NORTH CAROLINA**

Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2013

	<u>PENSION TRUST FUND</u>	<u>PRIVATE PURPOSE TRUST FUND</u>
Additions:		
Employer contributions.....	\$ 50,000	\$ -
Intergovernmental.....	-	69,831
Investment earnings (net).....	-	426
Total additions.....	<u>50,000</u>	<u>70,257</u>
Deductions:		
Benefits.....	-	55,230
Administrative expenses.....	78	2,892
Total deductions.....	<u>78</u>	<u>58,122</u>
Change in net position.....	49,922	12,135
Net position, beginning of year.....	310,481	892,822
Net position, end of year.....	<u>\$ 360,403</u>	<u>\$ 904,957</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, 2013

## 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).

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 108,285. 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 Position, 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 position is reported in three parts—net investment in capital assets; restricted; and unrestricted.

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.).

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position 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 position, 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 and 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 the receipts and disbursements of those funds the City holds on behalf of other organizations and specialized purposes not inconsistent with the City's general governmental purposes, including Firefighters' Local Relief Fund, the Police Property Crimes escrow and Historic Preservation Commission.

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. Non-major 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 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were

billed during this period are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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 position 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, Deferred Outflows/Inflows of Resources and Fund 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.

## 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, 2012. 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 2012 tax levy. The City's current combined tax rate is \$.675. 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, 2013, was \$.6397 per \$100, which means that the City has a tax margin of \$.8603 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. 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 considered to be unavailable 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.

7. 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.

8. 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.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City does not have any items meeting this criteria at June 30, 2013.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has four items that meet the criterion for this category – prepaid taxes, property taxes receivable, unearned revenues and unamortized gain on revenue refunding bonds.

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 position. Bond premiums and discounts 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 expensed in the reporting period in which they are incurred.

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's 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 Position / Fund Balances

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted.

- Net investment in capital assets represents the portion of net position associated with nonliquid-capital assets less the outstanding capital asset related debt.
- Restricted net position represents 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 position represents resources with no externally imposed restrictions on use. While the City has allocated portions of unrestricted net position for various purposes, the City has the unrestricted authority to revisit or alter the allocation with managerial or City Council decision.

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 revenues classified as unavailable, 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 as authorized in a formal action utilizing ordinance, ordinance amendment, or resolution as approved and 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 formally adopted by the City Council allow the governing body to take 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 2013-2014 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 economic 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, 2013</u>
Subsequent year's expenditures	\$ 2,954,786
General government (StreetScape)	138,403
General government (Workers' Compensation)	250,000
General government (Human Resources)	65,500
General government (Financial Services)	80,000
Public safety	4,259
Culture and recreation (Theatre)	3,925
Culture and recreation (Museum)	18,500
Culture and recreation (Library)	50,201
Culture and recreation (Parks and Rec.)	355,967
Planning and econ. dev. (Base Mapping)	145,763
Planning and econ. dev. (Core City)	147,846
Public services and transportation (Trans.)	367,690
Public services and transportation (Pub. Svcs.)	195,748
Total assigned fund balances	<u>\$ 4,778,588</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 GAAP 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.

### I. Reconciliation of Governmental Funds to Government Wide Activities

The preparation of financial statements requires summarizing certain details reconciling the modified accrual basis of accounting for the governmental funds to the full accrual basis presented for governmental activities. The following liabilities are summarized to the reconciliation in the financial statement:

Accrued interest payable	\$ 847,825
Compensated absences	4,356,892
Installment contracts payable	4,832,300
OPEB liability	4,367,876
General obligation bonds payable	<u>72,071,112</u>
Effect of adding certain liabilities not payable in the current period	<u>\$86,476,005</u>

## 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, 2013, the City's deposits had a carrying amount of \$23,119,832 and a bank balance of \$24,269,269. The carrying amount of deposits for the ABC Board was \$2,525,156 and the bank balance was \$2,368,811. Of the bank balances, the City and the ABC Board had \$1,421,583 and \$475,128 respectively covered by federal depository insurance and the remainder of \$22,847,686 and \$1,893,683 respectively was covered by collateral held under the pooling method. At June 30, 2013 the City and the ABC Board held petty cash funds of \$20,398 and \$13,650 respectively.

2. Investments

At June 30, 2013, the City's investment balances were as follows:

	Fair Value	Maturity	Rating
U.S. Treasuries & Agencies	\$ 33,499,288	1 to 5 Years	AAA/Aaa
Commercial Paper	12,091,980	var to 1/15/2014	A1P1
NC Capital Management Trust - Cash Portfolio	132,959,647	N/A	AAAm
NC Capital Management Trust - Term Portfolio	10,019,294	0.17 Years	Unrated
	<u>\$ 188,570,209</u>		

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits at least half of the City's investment portfolio to maturities of less than 12 months. Also, the City's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than five years.

Credit risk. The City's investment policy limits the City's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. At June 30, 2013 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, 2013. 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 investment policy requires all book-entry investment securities to be in the City's name and delivered versus payment to a City-named third-party custodian. Certificated securities are held in the custody of the Financial Services Director.

Concentration of Credit Risk. The City's investment policy places limits on the amount that the City may invest in any one type of security and also any one issuer. There is no limit for direct obligations of the U.S. Treasury or investments in mutual funds certified by the Department of State Treasurer (NCCMT). Securities issued by agencies of the U.S. government are limited to a maximum of 75% of the portfolio and individually limited to 30% concentration to any one government agency. Commercial paper and bankers acceptances may not exceed 30% and 20%, respectively, of the portfolio. Policy also limits investments to 2% of the portfolio for any individual non-governmental issuers. More than 5% of the

City's investments are in U.S. Government Agencies which are primarily Federal Home Loan Mortgage Corporation (7.7%) and Federal National Mortgage Association (5.1%) securities.

3. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Statements of Net Position, Governmental Funds Balance Sheet and Proprietary Fund Statement of Net Position, are net of the following allowances for doubtful accounts:

<u>Fund</u>	
General Fund:	
Taxes receivable	\$ 2,547,410
Accounts receivable	<u>597,155</u>
Total General Fund	3,144,565
Water and Sewer Fund:	
Accounts receivable	607,615
Electric Fund:	
Accounts receivable	1,892,082
Landfill Fund:	
Accounts receivable	96,914
Storm Water Fund:	
Accounts receivable	29,097
Total Allowances	<u><u>\$ 5,770,273</u></u>

#### 4. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2013, follows:

	Primary Government			
	Beginning Balance	Increases & Reclassifications	Decreases & Reclassifications	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated				
Land and other nondepreciable capital assets..	\$ 17,665,426	\$ 1,012,159	\$ -	\$ 18,677,585
Intangibles.....	115,889	-	-	115,889
Construction in progress.....	12,804,267	10,744,232	5,910,829	17,637,670
Total capital assets not being depreciated	<u>30,585,582</u>	<u>11,756,391</u>	<u>5,910,829</u>	<u>36,431,144</u>
Capital assets being depreciated				
Buildings and other improvements.....	68,781,254	-	-	68,781,254
Intangibles.....	200,608	-	-	200,608
Equipment.....	59,860,313	5,081,529	3,221,262	61,720,580
Infrastructure.....	504,227,841	13,322,664	-	517,550,505
Total capital assets being depreciated	<u>633,070,016</u>	<u>18,404,193</u>	<u>3,221,262</u>	<u>648,252,947</u>
Less accumulated depreciation for:				
Buildings and other improvements.....	34,810,085	2,071,820	-	36,881,905
Intangibles.....	45,299	25,885	-	71,184
Equipment.....	39,323,426	4,054,648	3,152,177	40,225,897
Infrastructure.....	377,753,968	9,037,349	-	386,791,317
Total accumulated depreciation	<u>451,932,778</u>	<u>15,189,702</u>	<u>3,152,177</u>	<u>463,970,303</u>
Total capital assets being depreciated (net).....	<u>181,137,238</u>			<u>184,282,644</u>
Governmental activities capital assets, net.....	<u>\$ 211,722,820</u>			<u>\$ 220,713,788</u>
<b>Business-type activities:</b>				
<i>Water &amp; Sewer Fund</i>				
Capital assets not being depreciated				
Land and other nondepreciable capital assets..	\$ 7,488,038	\$ 1,229	\$ -	\$ 7,489,267
Construction in progress.....	16,606,761	2,609,282	13,504,257	5,711,786
Total capital assets not being depreciated.....	<u>24,094,799</u>	<u>2,610,511</u>	<u>13,504,257</u>	<u>13,201,053</u>
Capital assets being depreciated				
Buildings and other improvements.....	73,896,890	73,600	-	73,970,490
Equipment.....	12,917,467	223,382	58,872	13,081,977
Infrastructure.....	342,658,953	16,479,728	-	359,138,681
Capital assets being depreciated.....	<u>429,473,310</u>	<u>16,776,710</u>	<u>58,872</u>	<u>446,191,148</u>
Less accumulated depreciation for:				
Buildings and other improvements.....	36,082,685	1,741,500	-	37,824,185
Equipment.....	6,997,840	427,109	58,872	7,366,077
Infrastructure.....	107,630,822	10,150,699	-	117,781,521
Total accumulated depreciation.....	<u>150,711,347</u>	<u>12,319,308</u>	<u>58,872</u>	<u>162,971,783</u>
Total capital assets being depreciated (net).....	<u>278,761,963</u>			<u>283,219,365</u>
Water & Sewer fund capital assets, net.....	<u>\$ 302,856,762</u>			<u>\$ 296,420,418</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.....	<u>3,135,176</u>	<u>3,392,426</u>	<u>-</u>	<u>6,527,602</u>
Total capital assets not being depreciated.....	<u>3,893,540</u>	<u>3,392,426</u>	<u>-</u>	<u>7,285,966</u>
Capital assets being depreciated				
Buildings and other improvements.....	154,965	-	-	154,965
Intangibles.....	2,573,325	-	-	2,573,325
Equipment.....	15,024,636	13,406	66,521	14,971,521
Infrastructure.....	<u>100,211,750</u>	<u>-</u>	<u>11,333</u>	<u>100,200,417</u>
Capital assets being depreciated.....	<u>117,964,676</u>	<u>13,406</u>	<u>77,854</u>	<u>117,900,228</u>
Less accumulated depreciation for:				
Buildings and other improvements.....	154,965	-	-	154,965
Intangibles.....	1,029,331	257,333	-	1,286,664
Equipment.....	14,592,061	97,380	66,521	14,622,920
Infrastructure.....	<u>52,791,239</u>	<u>3,561,224</u>	<u>11,333</u>	<u>56,341,130</u>
Total accumulated depreciation.....	<u>68,567,596</u>	<u>3,915,937</u>	<u>77,854</u>	<u>72,405,679</u>
Total capital assets being depreciated (net).....	<u>49,397,080</u>			<u>45,494,549</u>
Electric fund capital assets, net.....	<u>\$ 53,290,620</u>			<u>\$ 52,780,515</u>
<i>Mass Transit Fund</i>				
Capital assets not being depreciated				
Land and other nondepreciable capital assets..	\$ 581,396	\$ -	\$ -	\$ 581,396
Construction in progress.....	<u>73,544</u>	<u>-</u>	<u>73,544</u>	<u>-</u>
Total capital assets not being depreciated.....	<u>654,940</u>	<u>-</u>	<u>73,544</u>	<u>581,396</u>
Capital assets being depreciated				
Buildings and other improvements.....	1,575,482	976,460	-	2,551,942
Equipment.....	<u>5,305,132</u>	<u>150,137</u>	<u>12,950</u>	<u>5,442,319</u>
Capital assets being depreciated.....	<u>6,880,614</u>	<u>1,126,597</u>	<u>12,950</u>	<u>7,994,261</u>
Less accumulated depreciation for:				
Buildings and other improvements.....	558,734	55,109	-	613,843
Equipment.....	<u>3,861,240</u>	<u>527,969</u>	<u>12,949</u>	<u>4,376,260</u>
Total accumulated depreciation.....	<u>4,419,974</u>	<u>583,078</u>	<u>12,949</u>	<u>4,990,103</u>
Total capital assets being depreciated (net).....	<u>2,460,640</u>			<u>3,004,158</u>
Mass Transit fund capital assets, net.....	<u>\$ 3,115,580</u>			<u>\$ 3,585,554</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.....	6,494,749	242,480	-	6,737,229
Equipment.....	416,962	-	-	416,962
Total accumulated depreciation.....	6,911,711	242,480	-	7,154,191
Total capital assets being depreciated (net).....	2,195,391			1,952,911
Parking fund capital assets, net.....	\$ 3,094,111			\$ 2,851,631
<i>Landfill Facilities Fund</i>				
Capital assets not being depreciated				
Land and other nondepreciable capital assets.....	\$ 1,676,601	\$ -	\$ -	\$ 1,676,601
Construction in progress.....	6,629,703	145,873	6,521,492	254,084
Total capital assets not being depreciated.....	8,306,304	145,873	6,521,492	1,930,685
Capital assets being depreciated				
Buildings and other improvements.....	13,675,913	6,845,266	-	20,521,179
Equipment.....	2,846,934	-	-	2,846,934
Capital assets being depreciated.....	16,522,847	6,845,266	-	23,368,113
Less accumulated depreciation for:				
Buildings and other improvements.....	12,378,676	474,178	-	12,852,854
Equipment.....	2,232,503	77,887	-	2,310,390
Total accumulated depreciation.....	14,611,179	552,065	-	15,163,244
Total capital assets being depreciated (net).....	1,911,668			8,204,869
Landfill facilities fund capital assets, net.....	\$ 10,217,972			\$ 10,135,554

	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...	\$ 432,178	\$ -	\$ -	\$ 432,178
Construction in progress.....	6,783,811	356,333	6,030,135	1,110,009
Total capital assets not being depreciated.....	7,215,989	356,333	6,030,135	1,542,187
Capital assets being depreciated				
Equipment.....	138,126	-	46,995	91,131
Infrastructure.....	8,411,367	6,060,042	-	14,471,409
Capital assets being depreciated.....	8,549,493	6,060,042	46,995	14,562,540
Less accumulated depreciation for:				
Equipment.....	111,177	7,102	36,029	82,250
Infrastructure.....	733,627	429,290	-	1,162,917
Total accumulated depreciation.....	844,804	436,392	36,029	1,245,167
Total capital assets being depreciated (net).....	7,704,689			13,317,373
Storm water fund capital assets, net.....	14,920,678			14,859,560
Business-type activities capital assets, net...	\$ 387,495,723			\$ 380,633,232

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

Governmental activities:	
General Government .....	\$ 3,577,521
Public Safety.....	852,835
Public Services and Transportation.....	9,187,574
Culture and Recreation.....	1,408,660
Total governmental activities depreciation expense	\$ 15,026,590
Business-type activities:	
Water and Sewer.....	\$ 12,319,308
Electric.....	3,915,937
Mass Transit.....	583,078
Parking Facilities.....	242,480
Landfill Facilities.....	552,065
Storm Water Facilities.....	436,392
Total business-type activities depreciation expense	\$ 18,049,260

During the fiscal year, assets were transferred between governmental activities in the amount of \$91,528. The related amounts in accumulated depreciation of \$91,528 were made along with the current fiscal year depreciation expense. There were also transfers from business-type activities to governmental activities in the amount of \$82,548 along with accumulated depreciation of \$71,584.

A summary of capital assets for the ABC Board at June 30, 2013 follows:

	<u>Assets</u>
Land and buildings	\$ 3,582,051
Equipment	868,796
Leasehold improvements	40,163
Accumulated depreciation	<u>(2,151,168)</u>
Total ABC Board	<u>\$ 2,339,842</u>

B. Liabilities

1. Accounts payable and accrued expenses as of June 30, 2013, consisted of the following:

	<u>Accounts Payable</u>	<u>Accrued Payroll and expenses</u>	<u>Total</u>
<b>Governmental Activities</b>			
General .....	\$ 1,582,582	\$ 2,605,601	\$ 4,188,183
General Capital Projects .....	745,642	83,684	829,326
Other non-major governmental funds .	97,146	-	97,146
Internal Service Fund .....	<u>367,755</u>	<u>93,260</u>	<u>461,015</u>
Total governmental .....	<u>2,793,125</u>	<u>2,782,545</u>	<u>5,575,670</u>
<b>Business -Type Activities</b>			
Water and Sewer .....	1,547,108	378,332	1,925,440
Electric .....	10,373,344	343,552	10,716,896
Other non-major enterprise funds .....	<u>589,399</u>	<u>188,900</u>	<u>778,299</u>
Total enterprise funds .....	<u>12,509,851</u>	<u>910,784</u>	<u>13,420,635</u>
Total Primary Government .....	<u>\$ 15,302,976</u>	<u>\$ 3,693,329</u>	<u>\$ 18,996,305</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 6.74% and 6.77%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 6.74% 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, 2013, 2012 and 2011 were \$4,372,809, \$4,389,753, and \$4,116,077, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2013, 2012 and 2011 were \$58,408, \$58,448, and \$53,678, 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, 2012, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits.....	40
Active plan members.....	<u>223</u>
Total.....	<u><u>263</u></u>

2. Summary of Significant Accounting Policies.

Basis of Accounting. The City has chosen to fund the Separation Allowance on a pay-as-you-go basis. 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, 2013 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, 2012 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, 2012 was eighteen 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.....	\$ 683,697
Interest on net pension asset.....	(331)
Adjustment to annual required contribution.....	412
Annual pension cost.....	<u>683,778</u>
Contributions made.....	<u>752,326</u>
Decrease in net pension obligation.....	(68,548)
Net pension obligation (asset), beginning of year.....	<u>(6,613)</u>
Net pension obligation (asset), end of year.....	<u><u>\$ (75,161)</u></u>

3-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation/(Asset)
6/30/2011	\$ 707,490	102.99%	\$ 77,526
6/30/2012	670,351	112.55%	(6,613)
6/30/2013	683,778	110.02%	(75,161)

5. Funded Status and Funding Progress.

As of December 31, 2012, the most recent actuarial valuation date, the plan was 4.59% 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 \$7,318,203, and the actuarial value of assets was \$335,651, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,982,552. The covered payroll (annual payroll of active employees covered by the plan) was \$12,243,693 and the ratio of the UAAL to the covered payroll was 57.03%.

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, 2013 were \$1,894,982, which consisted of \$635,630 from the City and \$1,259,352 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 \$65,313 corresponding revenues for those payments made by the State of North Carolina for the year ended June 30, 2013. 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 (the Retiree Health 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 and in the ABC Board's Retiree Health Plan at December 31, 2012, the date of the latest actuarial valuations consisted of the following:

	<u>City</u>	<u>ABC Board</u>
Active Employees	1,365	25
Retired Employees	89	4
Total	<u>1,454</u>	<u>29</u>

Funding Policy. The City currently pays for postemployment healthcare benefits on a pay-as-you-go basis. Retirees contribute the full blended premium of the healthcare coverage plan to the City as may be renegotiated and adjusted periodically. Although the City is studying the establishment of a

trust that would be used to accumulate and invest assets necessary to pay for the accumulated liability, these financial statements assume the pay-as-you-go method will continue.

The current annual required contribution (ARC) rate is 1.73% of annual covered payroll. For the current year, the City contributed \$913,230, 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 \$726,869 during the fiscal year. The City's obligation to contribute to the 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, 2013, the ABC Board contributed \$47,760 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 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.

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 \$913,230 which, when coupled with the actuarially determined implicit subsidy of \$351,152 for the purpose of determining the Net OPEB Obligation, resulted in a net increase in the OPEB obligation of \$617,218 as of June 30, 2013. The ABC Board's OPEB cost (expense) is also calculated based on the ARC for the current year as actuarially determined in accordance with the parameters of GASB Statement No. 45. For years prior to June 30, 2013, the Board 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:

	<u>City</u>	<u>ABC Board</u>
Annual required contribution (ARC)	\$1,144,440	\$29,430
Interest on net OPEB obligation	230,268	1,103
Adjustment to ARC	(219,977)	(1,054)
Annual OPEB Cost (pay-as-you-go)	1,154,731	29,479
Contributions made	(537,513)	(47,760)
Increase in net OPEB obligation	617,218	(18,281)
Net OPEB obligation, beginning of year	5,756,697	27,576
Net OPEB obligation, end of year	<u>\$6,373,915</u>	<u>\$9,295</u>

The net OPEB obligation above as shown for the City is net of an OPEB asset of \$6,600 shown in the Parking Facilities Fund.

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
2011	\$ 1,608,698	6.99%	\$ 4,829,132
2012	1,117,065	16.96%	5,756,697
2013	1,154,731	46.55%	6,373,915

Funded Status and Funding Progress. As of December 31, 2012, 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 \$10,681,634. The covered payroll (annual payroll of active employees covered by the plan) was \$64,274,900, and the ratio of the UAAL to the covered payroll was 16.6%.

The ABC Board's Plan was not funded as of December 31, 2012, the most recent actuarial valuation date. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$433,675. The covered payroll (annual payroll of active employees covered by the plan) was \$834,156, and the ratio of the UAAL to the covered payroll was 52%.

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, 2012 actuarial valuation for the HCB Plan and the ABC Board's Retiree Health Plan, 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 8.50 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, 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 \$14,468,000 reported as landfill closure and postclosure care liability at June 30, 2013 represents a cumulative amount reported to-date based on the use of 100 percent of the total estimated capacity of the first, second and third phases of the landfill as well as the newly opened fourth phase. The City will recognize the remaining estimated costs of closure and postclosure as new phases are developed. These amounts are based on what it would cost to perform all closure and postclosure care in 2013. 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 ceased accepting additional waste in fiscal year 2013. Phase IV opened to begin accepting waste in fiscal year 2013.

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, 2013, the City has accumulated \$14,468,000 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 Outflows and Inflows of Resources

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. Deferred inflows of resources 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)	\$ 367,772	\$ -	\$ -	\$ -	\$ -
Prepaid property taxes (unearned).....	195,244	-	-	-	-
Taxes receivable (net) (unavailable).....	2,641,969	-	-	-	-
Notes (unearned).....	-	-	4,976,838	-	-
Grants (unavailable).....	-	746,596	324,783	-	-
Grants (unearned).....	-	-	-	-	6,939
Developer contributions (unearned).....	-	-	-	974,166	-
Unamortized gain on refunding bonds.....	-	-	-	1,398,562	184,710
Unexpended pond maintenance funds (unearned).....	-	-	-	-	1,949,183
Total.....	\$ 3,204,985	\$ 746,596	\$ 5,301,621	\$ 2,372,728	\$ 2,140,832

## 6. Commitments

Commitments for the purchase of goods and services and for the construction and acquisition of assets are as follows at June 30, 2013:

General Fund	\$ 786,214
Special Revenue	616,261
General Capital Projects	3,973,955
Proprietary Funds	9,696,484
	<u>\$ 15,072,914</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, 2013, 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 and there have been no significant reductions in insurance coverage in the prior year.

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, 2013, 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, 2013, including interest of \$309,632 is as follows:

Year Ending <u>June 30,</u>	Governmental <u>Activities Principal</u>	Governmental <u>Activities Interest</u>
2014 .....	\$ 2,801,830	\$ 146,468
2015 .....	1,135,633	63,081
2016 .....	742,746	43,190
2017 .....	482,924	27,718
2018 .....	200,000	17,505
2019-2020 .....	300,000	11,670
<b>TOTAL</b>	<b>\$ 5,663,133</b>	<b>\$ 309,632</b>

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, 2013 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%	\$ 638,845
\$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%	661,154
\$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%	8,654,114
\$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%	10,486,695
\$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%	3,650,000
\$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%	10,393,696
\$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%	9,040,625
\$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%	3,585,000
\$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%	5,495,000
\$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%	6,150,983
Total serviced by governmental funds	<u>72,071,112</u>

Serviced by Enterprise Funds:

**Water & Sewer Fund**

\$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%	\$ 496,564
\$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%	12,125,886
\$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%	13,080,000
\$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>5,971,608</u>
Total serviced by Water & Sewer Fund	<u>31,674,058</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%	34,599
\$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%	338,846
\$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%	1,458,305
\$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%	2,466,304
\$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%	2,174,375
\$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>3,152,409</u>
Total serviced by Storm Water Fund	<u>12,889,838</u>
Discount on general obligation bonds	<u>(290,386)</u>

Total general obligation bonds, net of discounts \$ 116,344,622

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
2014	\$ 4,585,207	\$ 3,139,192	\$ 4,029,280	\$ 1,442,183	\$ 430,513	\$ 572,294
2015	5,367,959	2,952,602	4,038,672	1,265,684	633,369	556,320
2016	5,244,665	2,726,148	4,622,870	1,086,258	537,464	528,600
2017	5,207,419	2,494,667	4,924,342	880,494	648,238	507,871
2018	5,033,111	2,275,245	3,848,942	670,355	822,947	480,742
2019-2023	22,580,138	8,272,765	9,216,962	1,216,587	4,997,899	1,783,218
2024-2028	19,588,230	3,565,312	992,990	48,457	4,008,783	728,661
2029-2032	4,464,383	343,770	-	-	810,625	62,191
Total	<u>\$ 72,071,112</u>	<u>\$ 25,769,701</u>	<u>\$ 31,674,058</u>	<u>\$ 6,610,018</u>	<u>\$ 12,889,838</u>	<u>\$ 5,219,897</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%	\$ 2,365,000
\$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%	27,150,000
\$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%	39,430,000
\$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%	2,090,000
\$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%	31,840,000
Total serviced by Water & Sewer Fund	<u>123,350,000</u>
Premiums on revenue bonds	<u>1,067,609</u>
Total revenue bonds, net of premiums	<u>\$ 124,417,609</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 34.5% 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
2014	\$ 3,605,000	\$ 5,491,129
2015	3,740,000	5,349,904
2016	3,975,000	5,202,291
2017	4,130,000	5,043,203
2018	4,285,000	4,873,694
2019-2023	26,840,000	21,302,194
2024-2028	33,245,000	14,436,258
2029-2033	36,430,000	5,939,372
2034-2036	7,100,000	439,365
Total	<u>\$ 123,350,000</u>	<u>\$ 68,077,410</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, 2013, is as follows:

Prior Year Unrestricted Net Assets	\$ 44,956,670
Operating revenue	45,507,845
Operating expenses, excluding depreciation, bond interest and accrued OPEB	19,046,882
Income available for debt service	26,460,963
Parity debt service requirement	9,343,666
Total debt service requirement	16,720,685
Coverage on parity debt including 15% prior year unrestricted net assets	355%
Coverage on total debt excluding 15% prior year unrestricted net assets	158%

### 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, 2013, a total of \$2,599,678 had been drawn-down and principal payments of \$2,079,018 had been made leaving an outstanding balance of \$520,660. Interest expense was \$22,522 for the year ended June 30, 2013.

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, 2013, \$7,137,854 had been drawn-down and principal payments of \$6,353,510 had been made, leaving an outstanding balance of \$784,344. Interest expense was \$35,707 for the year ended June 30, 2013.

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, 2013, \$15,000,000 had been drawn-down and principal payments of \$8,250,000 have been made, leaving an outstanding balance of \$6,750,000. Interest expense was \$191,250 for the year ended June 30, 2013.

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, 2013, \$1,307,509 had been drawn-down and principal forgiveness of \$653,755 granted. In addition principal payments of \$99,396 have been made, leaving an outstanding balance of \$554,358.

#### Watershed Bonds Note Payable

The City has had 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 ranged between 2.83% and 5.35%. The balance as of June 30, 2013 was \$0, having been paid in full during the current fiscal year. Interest expense was \$1,786 for the year ended June 30, 2013.

Annual Debt Service Requirements:

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

Year Ending June 30,	Business Activities-Loans and Notes Payable			
	Water and Sewer			
	State Clean Water Bond Loan		Federal Revolving Loans	
	Principal	Interest	Principal	Interest
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	-	-	782,609	95,625
2019-2023	-	-	3,163,046	191,250
2024-2028	-	-	163,046	-
2029-2030	-	-	65,221	-
Total	\$ 520,660	\$ 44,565	\$ 8,088,702	\$ 896,332

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.

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.

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, 2013</u>
May 1, 2003	Water and Sewer Bonds, Series 2003	3.50%-4.25%	\$ -
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, 2013, the City of High Point had authorized bonds of \$21,560,000 and a legal debt margin of \$638,388,446. 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
<b>Governmental Activities:</b>					
Bonds and notes payable:					
General obligation bonds .....	\$ 76,614,434	\$ -	\$ 4,543,322	\$ 72,071,112	\$ 4,585,207
Installment purchase agreements .....	8,582,565	-	2,919,432	5,663,133	2,801,830
Total bonds and notes payable .....	<u>85,196,999</u>	<u>-</u>	<u>7,462,754</u>	<u>77,734,245</u>	<u>7,387,037</u>
Other liabilities:					
Compensated absences .....	4,330,104	3,540,678	3,371,879	4,498,903	3,212,993
Other post employment benefits .....	4,065,986	428,318	-	4,494,304	-
Pension liabilities .....	-	-	-	-	-
Total other liabilities .....	<u>8,396,090</u>	<u>3,968,996</u>	<u>3,371,879</u>	<u>8,993,207</u>	<u>3,212,993</u>
Governmental activities long-term liabilities .....	<u>\$ 93,593,089</u>	<u>\$ 3,968,996</u>	<u>\$ 10,834,633</u>	<u>\$ 86,727,452</u>	<u>\$ 10,600,030</u>
<b>Business-type Activities:</b>					
Bonds and notes payable					
Water and Sewer General Obligation Bonds .....	\$ 35,963,542	\$ -	\$ 4,289,484	\$ 31,674,058	\$ 4,029,280
Water and Sewer Revenue Bonds .....	127,120,000	-	3,770,000	123,350,000	3,605,000
Premium on Water and Sewer Revenue Bonds .....	1,216,851	-	149,242	1,067,609	-
Total Water and Sewer Revenue Bonds .....	<u>128,336,851</u>	<u>-</u>	<u>3,919,242</u>	<u>124,417,609</u>	<u>3,605,000</u>
Storm Water General Obligation Bonds .....	13,232,029	-	342,191	12,889,838	430,513
Notes and loans payable .....	10,012,845	-	1,403,483	8,609,362	1,305,716
Less discount on refunding .....	(304,905)	14,519	-	(290,386)	-
Total bonds and notes payable .....	<u>187,240,362</u>	<u>14,519</u>	<u>9,954,400</u>	<u>177,300,481</u>	<u>9,370,509</u>
Other liabilities					
Landfill closure and post-closure .....	13,919,864	548,136	-	14,468,000	-
Other post employment benefits .....	1,690,709	195,502	-	1,886,211	-
Compensated absences .....	1,181,163	946,655	866,859	1,260,959	789,286
Total other liabilities .....	<u>16,791,736</u>	<u>1,690,293</u>	<u>866,859</u>	<u>17,615,170</u>	<u>789,286</u>
Business-type activities long-term liabilities .....	<u>\$ 204,032,098</u>	<u>\$ 1,704,812</u>	<u>\$ 10,821,259</u>	<u>\$ 194,915,651</u>	<u>\$ 10,159,795</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, 2013 is as follows:

Transfers to	Transfers from						Total
	General	Nonmajor Governmental	Water and Sewer	Electric	Nonmajor Enterprise	Internal Service	
General Fund.....	\$ -	\$ -	\$ 50,000	\$ 1,921,435	\$ -	\$ -	\$ 1,971,435
General Capital Projects Fund...	162,500	-	-	-	-	-	162,500
Non-major governmental funds	6,077,728	47,723	139,149	128,547	45,058	31,806	6,470,011
Non-major enterprise funds.....	<u>589,515</u>	<u>896,642</u>	-	-	-	-	<u>1,486,157</u>
Total.....	<u>\$ 6,829,743</u>	<u>\$ 944,365</u>	<u>\$ 189,149</u>	<u>\$ 2,049,982</u>	<u>\$ 45,058</u>	<u>\$ 31,806</u>	<u>\$ 10,090,103</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 \$ 816,771

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

During the fiscal year ended June 30, 2013, the City has recognized on-behalf payments for pension contributions made by the state as a revenue and an expenditure of \$65,313 for the 177 participating employed firefighters. The employees elected to be members of the Firemen's and Rescue Workers' 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. See Note 2.B.2.d.

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, 2012 is presented below (in thousands of dollars):

	<u>Total</u>
Current and other assets.....	\$ 1,071,424
Capital assets.....	1,141,008
Deferred outflows of resources.....	<u>96,533</u>
Total assets and deferred outflows of resources.....	<u>2,308,965</u>
Current liabilities.....	160,413
Long term debt & other non-current liabilities.....	2,067,983
Deferred inflows of resources.....	<u>12,017</u>
Total liabilities and deferred outflows of resources.....	<u>2,240,413</u>
Total net position.....	<u>\$ 68,552</u>
Total revenues.....	\$ 490,035
Total expenses.....	<u>509,933</u>
Net increase in net position.....	<u>\$ (19,898)</u>

As of December 31, 2012, the Agency had outstanding \$1,516,515,000 of bonds.

The following is a summary of debt service requirements for bonds outstanding at December 31, 2012 (in thousands of dollars):

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 198,935	\$ 69,694	\$ 268,629
2014	117,720	64,279	181,999
2015	128,150	58,273	186,423
2016	138,235	52,352	190,587
2017	147,475	45,274	192,749
2018-2022	444,560	130,776	575,336
2023-2027	171,890	69,512	241,402
2028-2032	169,550	22,718	192,268
	<u>\$ 1,516,515</u>	<u>\$ 512,878</u>	<u>\$ 2,029,393</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, 2013 totaled \$95,120,852. 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 \$300,011 for member dues and \$732,336 for water purchases during the fiscal year ended June 30, 2013. 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.
- D. The City and the members of the City's fire department each appoint two members to the five member local board of trustees for the Firefighters' Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firefighters' Relief Fund is funded by a portion of the fire and lightning insurance premiums that insurers remit to the State. The State passes these moneys to the local board of the Firefighters' Relief Fund. The funds are used to assist fire fighters in various ways. The City obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the City's fire department by the board of trustees. During the fiscal year ended June 30, 2013, the City reported revenues and expenditures for the payments of \$3,000 made through the Firefighters' Relief Fund. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2013. The Firefighters' Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

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 \$28,803 to the Council during the fiscal year ended June 30, 2013.
- 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, 1000A Ted Johnson Parkway, Greensboro, NC 27409.

- 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 \$1,364,108 to the Bureau during the fiscal year ended June 30, 2013. 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, 2013, 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.

The City has 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, 2013, the company had received \$160,000 under this incentive program. The maximum amount of reimbursements available to the company over the term of the program is \$2,400,000, leaving a remaining potential balance of \$2,240,000.

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. Change in Accounting Principles/Restatement

The City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement No. 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position. Additionally, GASB Statement No. 65 requires that deferred costs from the refunding of debt, which

were previously deferred and amortized, be presented as deferred outflows of resources. Bond issuance costs which were previously deferred and amortized must now be included in current expenditures. Those previously deferred issuance costs totaling \$2,251,797 and \$39,484 in the Water and Sewer Fund and Storm Water Fund, respectively, were recognized as a prior period expense in the current year. As a result, beginning net position, as previously reported, decreased from \$182,482,048 to \$180,230,251 in the Water and Sewer Fund and from \$7,746,991 to \$7,707,507 in the Storm Water Fund.

Note 11. New GASB Pronouncements

The GASB has issued several pronouncements prior to June 30, 2013, 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. 66: *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*. This Statement is effective for periods beginning after December 15, 2012 (the City's 2013-2014 fiscal year).
- GASB Statement No. 68: *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*. This Statement is effective for periods beginning after June 15, 2014 (the City's 2014-2015 fiscal year).
- GASB Statement No. 69: *Government Combinations and Disposals of Government Operations*. This Statement is effective for periods beginning after December 15, 2013 (the City's 2014-2015 fiscal year).
- GASB Statement No. 70: *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement is effective for periods beginning after June 15, 2013 (the City's 2013-2014 fiscal year).



## **Required Supplemental Information**

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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
12/31/2007	\$ 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%
12/31/2012	335,651	7,318,203	6,982,552	4.59%	12,243,693	57.03%

**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>
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%
2013	683,697	110.0%

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	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	18 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%
12/31/2012	-	10,681,634	10,681,634	0.00%	64,274,900	16.62%

**CITY OF HIGH POINT, NORTH CAROLINA**

Healthcare Benefits Plan  
Required Supplementary Information  
Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2008	\$ 1,033,786	8.28%
2009	1,033,786	14.07%
2010	1,608,698	6.99%
2011	1,608,698	6.99%
2012	1,111,107	17.06%
2013	1,144,440	46.97%

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	12/31/2012
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	8.50% - 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, 2013

	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	PRIOR YEAR ACTUAL
Revenues:				
Taxes				
Property taxes	\$ 55,987,089	\$ 56,467,946	\$ 480,857	\$ 57,642,453
Tax interest	279,000	294,243	15,243	304,554
Total taxes	<u>56,266,089</u>	<u>56,762,189</u>	<u>496,100</u>	<u>57,947,007</u>
Sales and use taxes				
Sales tax	15,500,000	15,185,120	(314,880)	14,930,500
Room occupancy tax	1,610,000	1,668,922	58,922	1,612,226
Rental vehicle tax	120,000	128,367	8,367	128,314
Total sales and use taxes	<u>17,230,000</u>	<u>16,982,409</u>	<u>(247,591)</u>	<u>16,671,040</u>
Intergovernmental revenues				
Utility franchise tax	4,898,500	5,073,843	175,343	4,790,130
Powell bill	2,792,000	2,857,838	65,838	2,778,678
Video programming	1,100,000	1,014,489	(85,511)	1,004,691
Guilford County	1,329,740	1,341,603	11,863	1,367,810
Hold harmless tax reimbursement	800,000	565,106	(234,894)	757,800
ABC Board revenues	756,000	1,133,704	377,704	825,678
DOT signal and sign reimbursement	353,000	461,397	108,397	355,935
Housing authority	249,000	229,177	(19,823)	208,671
Highway maintenance	220,000	209,414	(10,586)	220,000
Beer and wine tax	484,500	425,945	(58,555)	454,017
Other intergovernmental revenues	28,032	226,449	198,417	332,319
Total intergovernmental revenues	<u>13,010,772</u>	<u>13,538,965</u>	<u>528,193</u>	<u>13,095,729</u>
Licenses and permits				
Privilege licenses	2,410,000	2,459,826	49,826	2,361,488
Fines and forfeitures	85,000	56,217	(28,783)	72,272
Inspection and development fees and permits	894,500	976,227	81,727	998,030
Other licenses and fees	300	139	(161)	346
Total licenses and permits	<u>3,389,800</u>	<u>3,492,409</u>	<u>102,609</u>	<u>3,432,136</u>
Charges for services				
Self-sustaining recreation programs	2,615,715	2,171,869	(443,846)	2,418,864
Recycling and environmental services charges	592,000	618,772	26,772	600,140
Sales and rentals	1,412,401	1,400,688	(11,713)	1,290,604
Other charges and services	246,000	445,204	199,204	254,152
Total charges for services	<u>4,866,116</u>	<u>4,636,533</u>	<u>(229,583)</u>	<u>4,563,760</u>
Interest income and miscellaneous revenues				
Interest income	300,000	62,215	(237,785)	318,343
Miscellaneous	780,991	932,327	151,336	394,709
Sale of capital assets	-	16,941	16,941	37,752
Administrative reimbursements	6,052,720	6,052,720	-	5,780,534
Total interest income and miscellaneous revenues	<u>7,133,711</u>	<u>7,064,203</u>	<u>(69,508)</u>	<u>6,531,338</u>
Total revenues	<u>101,896,488</u>	<u>102,476,708</u>	<u>580,220</u>	<u>102,241,010</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, 2013

	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	PRIOR YEAR ACTUAL
Expenditures:				
General government				
Governing body	431,628	430,366	1,262	358,366
Administration and general	4,059,030	3,281,327	777,703	3,113,517
Human resources	1,839,200	1,693,618	145,582	1,488,556
Financial services	1,852,431	1,625,845	226,586	1,700,555
Engineering services	1,556,649	1,469,837	86,812	1,440,144
Communications	2,207,888	2,229,183	(21,295)	2,140,879
Systems project administration	393,515	306,030	87,485	251,244
Information services	4,438,500	4,055,175	383,325	3,802,466
Public services administration	369,925	364,287	5,638	358,398
Contingency	620,000	-	620,000	-
Total general government	17,768,766	15,455,668	2,313,098	14,654,125
Public safety				
Police	23,217,483	23,311,771	(94,288)	22,106,015
Fire	20,243,508	19,989,259	254,249	19,024,918
Total public safety	43,460,991	43,301,030	159,961	41,130,933
Transportation				
Administration	1,092,014	920,183	171,831	678,673
Signs and signals	3,913,597	3,719,814	193,783	3,677,133
Streets maintenance	6,760,578	5,176,793	1,583,785	3,407,068
Total transportation	11,766,189	9,816,790	1,949,399	7,762,874
Environmental services				
Environmental services	6,400,325	6,330,645	69,680	6,392,324
Cemeteries	233,040	231,466	1,574	224,869
Total environmental service	6,633,365	6,562,111	71,254	6,617,193
Total public service	18,399,554	16,378,901	2,020,653	14,380,067
Community and economic development				
Planning	1,146,366	998,416	147,950	999,790
Housing	67,382	67,625	(243)	66,738
Building inspections	2,005,124	2,038,596	(33,472)	1,829,150
Furniture market authority	2,915,000	2,914,515	485	2,881,070
Core city development	620,575	520,902	99,673	223,783
Economic development	1,339,927	1,187,686	152,241	688,823
Total community and economic development	8,094,374	7,727,740	366,634	6,689,354
Cultural and recreation				
Parks and recreation	11,118,018	10,218,752	899,266	9,832,648
Library	4,518,831	4,123,711	395,120	4,068,425
Museum	684,581	631,697	52,884	615,531
Theatre	1,306,127	1,202,650	103,477	1,169,297
Special appropriations - agencies	1,638,563	1,567,671	70,892	1,497,678
Total cultural and recreation and spec approp.	19,266,120	17,744,481	1,521,639	17,183,579
Total expenditures	106,989,805	100,607,820	6,381,985	94,038,058
Excess (deficiency) of revenues over (under) expenditures	(5,093,317)	1,868,888	6,962,205	8,202,952

(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, 2013

	<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
Transfers from (to) other funds:				
General Debt Service Fund	(5,903,420)	(5,903,420)	-	(5,903,420)
Special Grants Fund	(143,623)	(54,308)	89,315	(226,603)
Community Development Fund	(120,000)	(120,000)	-	(124,950)
General Capital Projects Fund	(162,500)	(162,500)	-	(162,500)
Central Services Fund	150,000	-	(150,000)	-
Water/Sewer Fund	350,000	50,000	(300,000)	50,000
Electric Fund	1,110,000	1,110,000	-	1,110,000
Mass Transit Fund	(477,353)	(477,353)	-	(348,817)
Parking Facilities Fund	(112,162)	(112,162)	-	(95,953)
LEO Pension Trust Fund	(50,000)	(50,000)	-	(50,000)
Transfers in related to payment in lieu of taxes	811,435	811,435	-	785,500
Fund balance appropriated	<u>9,640,940</u>	<u>-</u>	<u>(9,640,940)</u>	<u>-</u>
Total other financing sources (uses)	<u>5,093,317</u>	<u>(4,908,308)</u>	<u>(10,001,625)</u>	<u>(3,591,743)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(3,039,420)</u>	<u>\$ (3,039,420)</u>	<u>4,611,209</u>
Fund balance, beginning of year		<u>30,988,033</u>		<u>26,376,824</u>
Fund balance, end of year		<u>\$ 27,948,613</u>		<u>\$ 30,988,033</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, 2013

	<u>PROJECT AUTHORIZATION</u>	<u>PRIOR YEAR</u>	<u>ACTUAL CURRENT YEAR</u>	<u>TOTAL TO DATE</u>
Revenues:				
Restricted intergovernmental.....	\$ 1,096,000	\$ -	\$ 313,126	\$ 313,126
Administrative reimbursements.....	180,000	-	180,000	180,000
Total revenues.....	<u>1,276,000</u>	<u>-</u>	<u>493,126</u>	<u>493,126</u>
Expenditures:				
General government.....	253,938	161,012	15,925	176,937
Public services-transportation.....	35,901,827	10,794,095	8,546,765	19,340,860
Cultural and recreation.....	4,845,290	2,988,120	1,394,522	4,382,642
Interest expense.....	180,000	-	33,420	33,420
Total expenditures.....	<u>41,181,055</u>	<u>13,943,227</u>	<u>9,990,632</u>	<u>23,933,859</u>
Other financing sources (uses):				
General obligation bonds.....	38,957,117	38,957,117	-	38,957,117
Transfer from General Fund.....	947,938	785,438	162,500	947,938
Total other financing sources (uses)	<u>39,905,055</u>	<u>39,742,555</u>	<u>162,500</u>	<u>39,905,055</u>
Excess of revenues and financing sources over (under) expenditures.....	<u>\$ -</u>	<u>\$ 25,799,328</u>	<u>(9,335,006)</u>	<u>\$ 16,464,322</u>
Fund Balance, beginning of year.....			<u>25,799,328</u>	
Fund Balance, end of year.....			<u>\$ 16,464,322</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, 2013

	<u>SPECIAL REVENUE</u>	<u>GENERAL DEBT SERVICE</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>			
Cash and investments.....	\$ -	\$ 18,018,990	\$ 18,018,990
Receivables:			
Accounts and grants.....	1,324,505	963	1,325,468
Notes and loans.....	4,976,838	-	4,976,838
Accrued interest.....	-	23,366	23,366
Restricted Assets:			
Cash and investments.....	1,335,370	-	1,335,370
<b>TOTAL ASSETS</b>	<u>\$ 7,636,713</u>	<u>\$ 18,043,319</u>	<u>\$ 25,680,032</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses.....	\$ 95,846	\$ 1,300	\$ 97,146
Due to Other Funds.....	665,637	-	665,637
<b>TOTAL LIABILITIES</b>	<u>761,483</u>	<u>1,300</u>	<u>762,783</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable grants receivables.....	324,783	-	324,783
Unavailable notes and loans receivables.....	4,976,838	-	4,976,838
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>5,301,621</u>	<u>-</u>	<u>5,301,621</u>
Fund balances:			
Restricted:			
Stabilization by state statute.....	1,615,982	24,329	1,640,311
Grant programs.....	666,563	-	666,563
Debt service.....	-	18,017,690	18,017,690
Unassigned.....	(708,936)	-	(708,936)
<b>TOTAL FUND BALANCES</b>	<u>1,573,609</u>	<u>18,042,019</u>	<u>19,615,628</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 7,636,713</u>	<u>\$ 18,043,319</u>	<u>\$ 25,680,032</u>

**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, 2013

	SPECIAL REVENUE	GENERAL DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:			
Property taxes.....	\$ -	\$ 3,048,906	\$ 3,048,906
Restricted intergovernmental.....	5,735,963	-	5,735,963
Unrestricted intergovernmental.....	-	279,010	279,010
Interest on investments.....	6,868	17,908	24,776
Miscellaneous.....	360,082	258,205	618,287
Total revenues.....	<u>6,102,913</u>	<u>3,604,029</u>	<u>9,706,942</u>
Expenditures:			
General government.....	79,527	-	79,527
Public safety.....	1,959,615	-	1,959,615
Public services.....	1,519,706	-	1,519,706
Community and economic development.....	2,989,665	-	2,989,665
Cultural and recreation.....	91,601	-	91,601
Debt service:			
Principal retirement.....	-	5,837,629	5,837,629
Interest and fiscal charges.....	-	3,345,174	3,345,174
Total expenditures.....	<u>6,640,114</u>	<u>9,182,803</u>	<u>15,822,917</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(537,201)</u>	<u>(5,578,774)</u>	<u>(6,115,975)</u>
Other financing sources (uses):			
Transfers in .....	174,308	6,295,703	6,470,011
Transfers out.....	(47,723)	(896,642)	(944,365)
Total other financing sources (uses).....	<u>126,585</u>	<u>5,399,061</u>	<u>5,525,646</u>
Net change in fund balances.....	(410,616)	(179,713)	(590,329)
Fund balances, beginning of year.....	1,984,225	18,221,732	20,205,957
Fund balances, end of year.....	<u>\$ 1,573,609</u>	<u>\$ 18,042,019</u>	<u>\$ 19,615,628</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, 2013

	<u>SPECIAL GRANTS</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>TOTAL</u>
Assets:			
Restricted cash.....	\$ 1,335,370	\$ -	\$ 1,335,370
Receivables:			
Accounts and grants.....	277,548	1,046,957	1,324,505
Notes and loans .....	-	4,976,838	4,976,838
Total Assets	<u>\$ 1,612,918</u>	<u>\$ 6,023,795</u>	<u>\$ 7,636,713</u>
Liabilities:			
Accounts payable and accrued expenses.....	\$ 56,666	\$ 39,180	\$ 95,846
Interfund payable.....	-	665,637	665,637
Total Liabilities	<u>56,666</u>	<u>704,817</u>	<u>761,483</u>
Deferred inflows of resources:			
Unavailable grants receivables.....	54,094	270,689	324,783
Unavailable notes and loans receivables.....	-	4,976,838	4,976,838
Total Deferred Inflows of Resources	<u>54,094</u>	<u>5,247,527</u>	<u>5,301,621</u>
Fund balances:			
Restricted:			
Stabilization by state statute.....	835,595	780,387	1,615,982
Grant programs.....	666,563	-	666,563
Unassigned.....	-	(708,936)	(708,936)
Total Fund Balances	<u>1,502,158</u>	<u>71,451</u>	<u>1,573,609</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,612,918</u>	<u>\$ 6,023,795</u>	<u>\$ 7,636,713</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, 2013

	<u>SPECIAL GRANTS</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>TOTAL</u>
<b>Revenues:</b>			
Restricted intergovernmental.....	\$ 3,477,201	\$ 2,258,762	\$ 5,735,963
Interest on investments.....	6,868	-	6,868
Miscellaneous.....	46,000	314,082	360,082
Total revenues.....	<u>3,530,069</u>	<u>2,572,844</u>	<u>6,102,913</u>
<b>Expenditures:</b>			
General government.....	79,527	-	79,527
Public safety.....	1,959,615	-	1,959,615
Public services.....	1,519,706	-	1,519,706
Planning and community development.....	139,319	2,850,346	2,989,665
Cultural and recreation.....	91,601	-	91,601
Total expenditures.....	<u>3,789,768</u>	<u>2,850,346</u>	<u>6,640,114</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(259,699)</u>	<u>(277,502)</u>	<u>(537,201)</u>
<b>Other financing sources (uses):</b>			
Transfers in	54,308	120,000	174,308
Transfers out	(47,723)	-	(47,723)
Total other financing sources (uses).....	<u>6,585</u>	<u>120,000</u>	<u>126,585</u>
Net change in fund balances.....	(253,114)	(157,502)	(410,616)
Fund balances, beginning of year.....	<u>1,755,272</u>	<u>228,953</u>	<u>1,984,225</u>
Fund balances, end of year.....	<u>\$ 1,502,158</u>	<u>\$ 71,451</u>	<u>\$ 1,573,609</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, 2013

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Restricted intergovernmental:				
Federal grants.....	\$ 2,540,449	\$ 1,637,724	\$ (902,725)	\$ 1,951,075
State grants.....	1,430,628	1,347,693	(82,935)	1,131,865
State 911.....	462,211	462,211	-	443,675
Contributions from other agencies.....	56,998	29,573	(27,425)	32,842
Interest on investments.....	3,904	3,905	1	5,211
Interest on investments - State 911.....	2,963	2,963	-	4,802
Miscellaneous.....	57,649	46,000	(11,649)	46,040
Total revenues.....	<u>4,554,802</u>	<u>3,530,069</u>	<u>(1,024,733)</u>	<u>3,615,510</u>
Expenditures:				
General government.....	186,560	79,527	107,033	305,626
Public safety - State 911.....	1,170,276	979,367	190,909	276,161
Public safety.....	2,520,369	980,248	1,540,121	1,143,687
Public services.....	2,136,386	1,519,706	616,680	1,417,100
Planning and community development.....	518,847	139,319	379,528	104,145
Cultural and recreation.....	138,688	91,601	47,087	79,829
Total expenditures.....	<u>6,671,126</u>	<u>3,789,768</u>	<u>2,881,358</u>	<u>3,326,548</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,116,324)</u>	<u>(259,699)</u>	<u>1,856,625</u>	<u>288,962</u>
Other financing sources (uses):				
Transfer from General Fund.....	143,623	54,308	(89,315)	226,603
Transfer to General Debt Service Fund - State 911.....	(47,723)	(47,723)	-	(47,723)
Appropriated fund balance.....	2,020,424	-	(2,020,424)	-
Total other financing sources (uses).....	<u>2,116,324</u>	<u>6,585</u>	<u>(2,109,739)</u>	<u>178,880</u>
Net change in fund balance	<u>\$ -</u>	<u>(253,114)</u>	<u>\$ (253,114)</u>	467,842
Fund balance, beginning of year.....		<u>1,755,272</u>		<u>1,287,430</u>
Fund balance, end of year.....		<u>\$ 1,502,158</u>		<u>\$ 1,755,272</u>

Note: The City transferred \$47,723 of eligible 911 funds to the General Debt Service Fund for debt service payment 9 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, 2013

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
<b>Revenues:</b>				
Restricted intergovernmental.....	\$ 5,443,825	\$ 2,258,762	\$ (3,185,063)	\$ 1,948,415
Miscellaneous.....	302,266	314,082	11,816	296,895
Total revenues.....	<u>5,746,091</u>	<u>2,572,844</u>	<u>(3,173,247)</u>	<u>2,245,310</u>
<b>Expenditures:</b>				
Community development block grant.....	1,125,923	918,872	207,051	860,323
Home program.....	1,772,302	1,087,859	684,443	468,283
Lead based paint.....	2,568,405	756,838	1,811,567	551,171
Shelter care.....	148,525	76,605	71,920	65,572
Neighborhood stabilization program.....	360,740	10,172	350,568	394,413
Total planning and community development expenditures....	<u>5,975,895</u>	<u>2,850,346</u>	<u>3,125,549</u>	<u>2,339,762</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(229,804)</u>	<u>(277,502)</u>	<u>(47,698)</u>	<u>(94,452)</u>
<b>Other financing sources (uses):</b>				
Transfer from General Fund.....	120,000	120,000	-	124,950
Appropriated fund balance.....	109,804	-	(109,804)	-
Total other financing sources (uses).....	<u>229,804</u>	<u>120,000</u>	<u>(109,804)</u>	<u>124,950</u>
Net change in fund balance.....	<u>\$ -</u>	<u>(157,502)</u>	<u>\$ (157,502)</u>	30,498
Fund balance, beginning of year.....		<u>228,953</u>		<u>198,455</u>
Fund balance, end of year.....		<u>\$ 71,451</u>		<u>\$ 228,953</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, 2013

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
<b>Revenues:</b>				
Property taxes.....	\$ 3,052,741	\$ 3,048,906	\$ (3,835)	\$ 3,054,308
Interest on investments.....	150,000	17,908	(132,092)	160,770
Unrestricted intergovernmental.....	291,699	279,010	(12,689)	291,699
Miscellaneous.....	264,185	258,205	(5,980)	264,185
Total Revenues.....	<u>3,758,625</u>	<u>3,604,029</u>	<u>(154,596)</u>	<u>3,770,962</u>
<b>Expenditures:</b>				
<b>Debt service:</b>				
Principal.....	5,758,052	5,798,242	(40,190)	6,148,487
Principal (public safety - State 911).....	39,387	39,387	-	39,387
Interest.....	3,684,102	3,326,438	357,664	3,584,438
Interest (public safety - State 911).....	8,336	8,336	-	8,336
Fiscal charges.....	130,480	10,400	120,080	145,416
Total Expenditures.....	<u>9,620,357</u>	<u>9,182,803</u>	<u>437,554</u>	<u>9,926,064</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,861,732)</u>	<u>(5,578,774)</u>	<u>282,958</u>	<u>(6,155,102)</u>
<b>Other financing sources (uses):</b>				
Bond issuance premium.....	-	-	-	262,272
Transfer from General Fund.....	5,903,420	5,903,420	-	5,903,420
Transfer from Special Grants Fund (State 911).....	47,723	47,723	-	47,723
Transfer from General Capital Projects Fund.....	-	-	-	877,128
Transfer from Central Services Fund.....	31,805	31,806	1	31,806
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.....	27,830	27,830	-	27,830
Transfer from Storm Water Fund.....	5,301	5,301	-	5,301
Transfer to Storm Water Fund.....	(896,642)	(896,642)	-	(915,321)
Appropriated fund balance.....	462,671	-	(462,671)	-
Total other financing sources (uses).....	<u>5,861,732</u>	<u>5,399,061</u>	<u>(462,671)</u>	<u>6,519,782</u>
Net change in fund balance.....	<u>\$ -</u>	<u>(179,713)</u>	<u>\$ (179,713)</u>	364,680
Fund balance, beginning of year.....		<u>18,221,732</u>		<u>17,857,052</u>
Fund balance, end of year.....		<u>\$ 18,042,019</u>		<u>\$ 18,221,732</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, 2013

ASSETS	MASS TRANSIT	PARKING FACILITIES	LANDFILL FACILITIES	STORM WATER	TOTAL
<b>Current assets:</b>					
Cash and investments.....	\$ 377,626	\$ 336,962	\$ 32,950,756	\$ 7,549,001	\$ 41,214,345
<b>Receivables:</b>					
Accounts and grants (net).....	1,332,596	393	685,399	129,928	2,148,316
Accrued interest.....	592	445	42,364	9,734	53,135
Inventory.....	101,472	-	-	-	101,472
Prepaid expenses.....	112,335	6,602	-	-	118,937
<b>Total current assets.....</b>	<b>1,924,621</b>	<b>344,402</b>	<b>33,678,519</b>	<b>7,688,663</b>	<b>43,636,205</b>
<b>Noncurrent assets:</b>					
<b>Restricted assets:</b>					
Cash and investments.....	-	5,555	-	1,261,522	1,267,077
Interfund loan receivable.....	-	-	816,771	-	816,771
<b>Capital assets:</b>					
Land.....	581,396	898,720	1,676,601	432,178	3,588,895
Buildings and other improvements.....	2,551,942	8,690,140	20,521,179	-	31,763,261
Machinery and equipment.....	5,442,319	416,962	2,846,934	91,131	8,797,346
Infrastructure.....	-	-	-	14,471,409	14,471,409
Construction in progress.....	-	-	254,084	1,110,009	1,364,093
Accumulated depreciation.....	(4,990,103)	(7,154,191)	(15,163,244)	(1,245,167)	(28,552,705)
<b>Total capital assets.....</b>	<b>3,585,554</b>	<b>2,851,631</b>	<b>10,135,554</b>	<b>14,859,560</b>	<b>31,432,299</b>
<b>Total assets.....</b>	<b>5,510,175</b>	<b>3,201,588</b>	<b>44,630,844</b>	<b>23,809,745</b>	<b>77,152,352</b>
<b>LIABILITIES</b>					
<b>Liabilities :</b>					
<b>Current liabilities:</b>					
Accounts payable and accrued expenses.....	233,000	8,863	357,454	178,982	778,299
Current maturities of long-term debt.....	-	-	-	430,513	430,513
Current maturities of compensated absences.....	55,472	5,974	76,668	52,251	190,365
Accrued interest payable.....	-	-	-	149,273	149,273
Deposits.....	-	5,555	-	-	5,555
Due to other funds.....	653,479	-	-	-	653,479
<b>Total current liabilities.....</b>	<b>941,951</b>	<b>20,392</b>	<b>434,122</b>	<b>811,019</b>	<b>2,207,484</b>
<b>Long-term liabilities:</b>					
Accrued closure/post closure costs.....	-	-	14,468,000	-	14,468,000
Other post employment benefits accrual.....	224,275	-	242,746	189,589	656,610
General obligation bonds payable.....	-	-	-	12,459,325	12,459,325
Compensated absences.....	53,428	2,069	55,546	11,781	122,824
<b>Total long-term liabilities.....</b>	<b>277,703</b>	<b>2,069</b>	<b>14,766,292</b>	<b>12,660,695</b>	<b>27,706,759</b>
<b>Total liabilities.....</b>	<b>1,219,654</b>	<b>22,461</b>	<b>15,200,414</b>	<b>13,471,714</b>	<b>29,914,243</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows of resources.....	6,939	-	-	2,133,893	2,140,832
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>6,939</b>	<b>-</b>	<b>-</b>	<b>2,133,893</b>	<b>2,140,832</b>
<b>NET POSITION</b>					
Net investment in capital assets.....	3,585,554	2,851,631	10,135,554	3,046,534	19,619,273
Restricted .....	377,526	-	-	-	377,526
Unrestricted.....	320,502	327,496	19,294,876	5,157,604	25,100,478
<b>Total Net Position.....</b>	<b>\$ 4,283,582</b>	<b>\$ 3,179,127</b>	<b>\$ 29,430,430</b>	<b>\$ 8,204,138</b>	<b>\$ 45,097,277</b>

CITY OF HIGH POINT, NORTH CAROLINA

Combining Statement of Revenues, Expenses and Changes in Net Position  
All Nonmajor Enterprise Funds  
For the Fiscal Year Ended June 30, 2013

	MASS TRANSIT	PARKING FACILITIES	LANDFILL FACILITIES	STORM WATER	TOTAL NONMAJOR ENTERPRISE FUNDS
<b>OPERATING REVENUES:</b>					
Charges for services.....	\$ 568,729	\$ 304,061	\$ 7,375,014	\$ 2,470,507	\$ 10,718,311
Licenses and permits.....	357,147	-	-	-	357,147
Intergovernmental.....	1,606,999	-	59,427	-	1,666,426
Total operating revenues.....	<u>2,532,875</u>	<u>304,061</u>	<u>7,434,441</u>	<u>2,470,507</u>	<u>12,741,884</u>
<b>OPERATING EXPENSES:</b>					
Management and administration.....	3,222,894	323,808	5,597,808	1,874,787	11,019,297
Depreciation and amortization.....	583,078	242,480	552,065	436,392	1,814,015
Total operating expenses.....	<u>3,805,972</u>	<u>566,288</u>	<u>6,149,873</u>	<u>2,311,179</u>	<u>12,833,312</u>
Operating income (loss).....	<u>(1,273,097)</u>	<u>(262,227)</u>	<u>1,284,568</u>	<u>159,328</u>	<u>(91,428)</u>
<b>Nonoperating revenues (expenses):</b>					
Interest on investments.....	3,478	1,332	31,311	-	36,121
Miscellaneous and other nonoperating.....	27,500	-	6,548	(795)	33,253
Interest expense and fiscal charges.....	-	-	-	(556,486)	(556,486)
Amortization of gain on refunding.....	-	-	-	14,208	14,208
Reimbursements to other funds.....	-	-	(622,076)	-	(622,076)
Gain (loss) on disposal of property.....	213	-	-	(10,965)	(10,752)
Total nonoperating revenues (expenses).....	<u>31,191</u>	<u>1,332</u>	<u>(584,217)</u>	<u>(554,038)</u>	<u>(1,105,732)</u>
Income (loss) before capital contributions and transfers.....	<u>(1,241,906)</u>	<u>(260,895)</u>	<u>700,351</u>	<u>(394,710)</u>	<u>(1,197,160)</u>
Transfers in.....	477,353	112,162	-	896,642	1,486,157
Transfers out.....	<u>(1,325)</u>	<u>(10,602)</u>	<u>(27,830)</u>	<u>(5,301)</u>	<u>(45,058)</u>
Total transfers.....	<u>476,028</u>	<u>101,560</u>	<u>(27,830)</u>	<u>891,341</u>	<u>1,441,099</u>
Change in net position.....	<u>(765,878)</u>	<u>(159,335)</u>	<u>672,521</u>	<u>496,631</u>	<u>243,939</u>
Net position, beginning of the year, as previously presented.....	5,049,460	3,338,462	28,757,909	7,746,991	44,892,822
Prior period adjustment - change in accounting principle.....	-	-	-	(39,484)	(39,484)
Net position, beginning of the year, as restated.....	<u>5,049,460</u>	<u>3,338,462</u>	<u>28,757,909</u>	<u>7,707,507</u>	<u>44,853,338</u>
Net position, ending of the year.....	<u>\$ 4,283,582</u>	<u>\$ 3,179,127</u>	<u>\$ 29,430,430</u>	<u>\$ 8,204,138</u>	<u>\$ 45,097,277</u>

City of High Point, North Carolina

Combining Statement of Cash Flows  
All Nonmajor Enterprise Funds  
For the Fiscal Year Ended June 30, 2013

	Business-Type - Enterprise Funds				
	MASS TRANSIT	PARKING	LANDFILL	STORM WATER	TOTAL
		FACILITIES	FACILITIES		
<b>Cash Flows From Operating Activities</b>					
Receipts from customers and users.....	\$ 1,896,077	\$ 303,937	\$ 7,381,016	\$ 2,480,900	\$ 12,061,930
Payments to employees and related fringe benefits.....	(2,017,796)	(182,964)	(2,092,935)	(1,029,720)	(5,323,415)
Payments to suppliers and operating costs.....	(940,894)	(145,291)	(2,840,956)	(967,040)	(4,894,181)
<b>Net cash provided by (used in) by operating activities</b>	<b>(1,062,613)</b>	<b>(24,318)</b>	<b>2,447,125</b>	<b>484,140</b>	<b>1,844,334</b>
<b>Cash Flows From Non-Capital Financing Activities</b>					
Transfers in.....	477,353	112,162	-	896,642	1,486,157
Transfers out.....	(1,325)	(10,602)	(27,830)	(5,301)	(45,058)
Advances from other funds.....	653,479	-	146,580	-	800,059
Miscellaneous and other nonoperating.....	27,500	-	6,548	-	34,048
Reimbursements to other funds.....	-	-	(622,076)	-	(622,076)
<b>Net Cash provided by (used in) noncapital financing activities</b>	<b>1,157,007</b>	<b>101,560</b>	<b>(496,778)</b>	<b>891,341</b>	<b>1,653,130</b>
<b>Cash Flows From Financing Activities</b>					
Principal payments on long-term debt.....	-	-	-	(342,191)	(342,191)
Interest payments on long-term debt.....	-	-	-	(532,296)	(532,296)
Proceeds collected on the sale of capital assets.....	213	-	-	-	213
Acquisition and construction of capital assets.....	(1,053,052)	-	(469,647)	(386,240)	(1,908,939)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(1,052,839)</b>	<b>-</b>	<b>(469,647)</b>	<b>(1,260,727)</b>	<b>(2,783,213)</b>
<b>Cash Flows Provided By (Used In) Investing Activities</b>					
Interest earned on investments.....	3,547	1,296	34,516	(280)	39,079
<b>Net cash provided by (used in) investing activities</b>	<b>3,547</b>	<b>1,296</b>	<b>34,516</b>	<b>(280)</b>	<b>39,079</b>
<b>Net increase (decrease) in cash and investments</b>	<b>(954,898)</b>	<b>78,538</b>	<b>1,515,216</b>	<b>114,474</b>	<b>753,330</b>
<b>Cash and investments, beginning of the year</b>	<b>1,332,524</b>	<b>263,979</b>	<b>31,435,540</b>	<b>8,696,049</b>	<b>41,728,092</b>
<b>Cash and investments end of the year</b>	<b>\$ 377,626</b>	<b>\$ 342,517</b>	<b>\$ 32,950,756</b>	<b>\$ 8,810,523</b>	<b>\$ 42,481,422</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss).....	\$ (1,273,097)	\$ (262,227)	\$ 1,284,568	\$ 159,328	\$ (91,428)
<b>Adjustments to Reconcile Operating Income (Loss) to</b>					
<b>Net Cash Provided by (Used in) Operating Activities:</b>					
Depreciation and amortization.....	583,078	242,480	552,065	436,392	1,814,015
<b>Change in Assets and Liabilities:</b>					
(Increase) Decrease in Accounts Receivables.....	(636,798)	(234)	(53,425)	10,393	(680,064)
(Increase) Decrease in Inventories.....	(24,129)	-	-	-	(24,129)
(Increase) Decrease in Prepaid Expenses.....	114,244	(6,602)	-	-	107,642
Increase (Decrease) in Payables and Accrued Expenses.....	108,777	2,644	639,877	(124,898)	626,400
Increase (Decrease) in Deposits.....	-	110	-	-	110
Increase (Decrease) in OPEB Liability.....	49,033	(426)	20,921	9,793	79,321
Increase (Decrease) in Vacation Leave Accrual.....	16,279	(63)	3,119	(6,868)	12,467
Total adjustments.....	210,484	237,909	1,162,557	324,812	1,935,762
<b>Net cash provided by (used in) operating activities.....</b>	<b>\$ (1,062,613)</b>	<b>\$ (24,318)</b>	<b>\$ 2,447,125</b>	<b>\$ 484,140</b>	<b>\$ 1,844,334</b>

**CITY OF HIGH POINT, NORTH CAROLINA**

Water and Sewer Fund  
 Schedule of Revenues, Expenditures, and Changes in Net Position  
 Budget and Actual (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2013

	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	PRIOR YEAR ACTUAL
Operating revenues:				
Charges for services.....	\$ 43,139,130	\$ 44,601,648	\$ 1,462,518	\$ 43,314,099
Miscellaneous.....	62,500	406,253	343,753	664,704
Intergovernmental.....	435,938	416,974	(18,964)	435,938
Total operating revenues.....	<u>43,637,568</u>	<u>45,424,875</u>	<u>1,787,307</u>	<u>44,414,741</u>
Operating expenditures:				
Management and administration.....	2,561,573	2,129,697	431,876	2,081,314
System maintenance and distribution.....	6,710,766	6,035,887	674,879	5,864,847
Treatment plants.....	9,460,363	9,065,388	394,975	8,521,100
Other services and charges.....	938,251	387,803	550,448	337,928
Total operating expenditures.....	<u>19,670,953</u>	<u>17,618,775</u>	<u>2,052,178</u>	<u>16,805,189</u>
Operating income	<u>23,966,615</u>	<u>27,806,100</u>	<u>3,839,485</u>	<u>27,609,552</u>
Nonoperating revenues (expenditures):				
Interest on investments.....	220,000	22,536	(197,464)	302,358
Miscellaneous and other nonoperating.....	-	4,066	4,066	27,165
Proceeds from disposal of capital assets.....	-	-	-	37,100
Interest expense and fiscal charges.....	(8,104,805)	(7,279,737)	825,068	(8,370,580)
Payment of debt principal.....	(9,109,231)	(9,452,943)	(343,712)	(8,353,007)
Reimbursement to General Fund.....	(2,809,498)	(2,809,498)	-	(2,681,323)
Reimbursement to Electric Fund.....	(1,755,484)	(1,755,484)	-	(1,744,333)
Total non-operating revenues (expenditures).....	<u>(21,559,018)</u>	<u>(21,271,060)</u>	<u>287,958</u>	<u>(20,782,620)</u>
Income before other financing sources (uses)	<u>2,407,597</u>	<u>6,535,040</u>	<u>4,127,443</u>	<u>6,826,932</u>
Other financing sources (uses):				
Proceeds from general obligation refunding bonds.....	-	-	-	7,032,151
Proceeds from revenue refunding bonds.....	-	-	-	35,760,728
Payment to trustee for refunded bonds.....	-	-	-	(42,270,653)
Transfer to General Fund.....	(350,000)	(50,000)	300,000	(50,000)
Transfer to General Debt Service Fund.....	(139,149)	(139,149)	-	(139,149)
Transfer to Water & Sewer Capital Projects Fund.....	(3,965,000)	(3,965,000)	-	(3,587,000)
Appropriated net position.....	2,046,552	-	(2,046,552)	-
Total other financing sources (uses).....	<u>(2,407,597)</u>	<u>(4,154,149)</u>	<u>(1,746,552)</u>	<u>(3,253,923)</u>
Change in net position - budgetary basis.....	<u>\$ -</u>	<u>2,380,891</u>	<u>\$ 2,380,891</u>	<u>3,573,009</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Water & Sewer Capital Project Ordinance Fund.....		(48,959)		(2,278,421)
Water Capital Reserve Fund.....		(83)		16,909
Sewer Capital Reserve Fund.....		(58)		11,889
Capital additions.....		2,697,874		4,252,337
Capital contributions.....		3,185,092		1,868,126
Depreciation expense.....		(12,319,308)		(11,904,681)
Compensated absences expense.....		(24,175)		21,505
OPEB expense.....		(61,429)		(89,688)
Gain (loss) on disposal of property.....		-		(1,249)
Financing costs deferred.....		-		426,799
Amortization of gain on refunding.....		242,550		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
Bond principal payments.....		9,452,943		8,353,007
Change in net position - full accrual basis.....		<u>\$ 5,505,338</u>		<u>\$ 4,432,995</u>

**CITY OF HIGH POINT, NORTH CAROLINA**

Water & Sewer Capital Projects Ordinance Fund  
 Schedule of Revenues, Expenditures, and Changes in Net Position  
 Budget and Actual (Non-GAAP)  
 From Inception and for the Fiscal Year Ended June 30, 2013

	PROJECT AUTHORIZATION	PRIOR YEAR	ACTUAL CURRENT YEAR	TOTAL TO DATE
<b>Revenues:</b>				
Intergovernmental revenues.....	\$ -	\$ -	\$ 82,970	\$ 82,970
Interest on investments.....	-	2,613,949	4,877	2,618,826
<b>Total revenues.....</b>	<b>-</b>	<b>2,613,949</b>	<b>87,847</b>	<b>2,701,796</b>
<b>Expenditures:</b>				
System maintenance and improvements.....	42,302,919	16,606,760	4,101,806	20,708,566
<b>Other financing sources:</b>				
Proceeds from revenue bonds.....	25,669,423	19,966,863	-	19,966,863
Transfer from Water and Sewer Fund .....	16,633,496	12,668,496	3,965,000	16,633,496
<b>Total other financing sources.....</b>	<b>42,302,919</b>	<b>32,635,359</b>	<b>3,965,000</b>	<b>36,600,359</b>
<b>Change in net position.....</b>	<b>\$ -</b>	<b>\$ 18,642,548</b>	<b>\$ (48,959)</b>	<b>\$ 18,593,589</b>

**CITY OF HIGH POINT, NORTH CAROLINA**

Water Capital Reserve Fund  
 Schedule of Revenues, Expenditures, and Changes in Net Position  
 Budget and Actual (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2013

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Interest on investments.....	\$ -	\$ -	\$ -	\$ 16,909
Expenditures:				
Miscellaneous and other.....	-	83	(83)	-
Change in net position.....	<u>\$ -</u>	<u>\$ (83)</u>	<u>\$ (83)</u>	<u>\$ 16,909</u>

**CITY OF HIGH POINT, NORTH CAROLINA**

Sewer Capital Reserve Fund  
 Schedule of Revenues, Expenditures, and Changes in Net Position  
 Budget and Actual (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2013

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Interest on investments.....	\$ -	\$ -	\$ -	\$ 11,889
Expenditures:				
Miscellaneous and other.....	-	58	(58)	-
Change in net position.....	<u>\$ -</u>	<u>\$ (58)</u>	<u>\$ (58)</u>	<u>\$ 11,889</u>

**CITY OF HIGH POINT, NORTH CAROLINA**

Electric Fund  
 Schedule of Revenues, Expenditures, and Changes in Net Position  
 Budget and Actual (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2013

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating revenues:				
Charges for services.....	\$ 119,050,232	\$ 124,559,969	\$ 5,509,737	\$ 112,805,453
Miscellaneous.....	52,000	32,526	(19,474)	112,823
Total operating revenues.....	<u>119,102,232</u>	<u>124,592,495</u>	<u>5,490,263</u>	<u>112,918,276</u>
Operating expenditures:				
Management and administration.....	774,628	692,810	81,818	676,796
Maintenance and distribution.....	2,766,022	2,325,175	440,847	2,495,251
Power purchases.....	94,939,264	95,171,093	(231,829)	90,788,214
System improvements.....	27,458,480	11,902,386	15,556,094	8,863,637
Other services and charges.....	4,940,612	4,457,864	482,748	4,241,864
Total operating expenditures.....	<u>130,879,006</u>	<u>114,549,328</u>	<u>16,329,678</u>	<u>107,065,762</u>
Operating income (loss):	<u>(11,776,774)</u>	<u>10,043,167</u>	<u>21,819,941</u>	<u>5,852,514</u>
Nonoperating revenues (expenditures):				
Interest on investments.....	215,000	-	(215,000)	305,526
Miscellaneous and other nonoperating.....	6,500	94,591	88,091	11,761
Proceeds from disposal of capital assets.....	-	5,143	5,143	-
Developer contributions.....	974,166	-	(974,166)	1,025,834
Reimbursement from General Fund.....	83,304	83,304	-	85,275
Reimbursement from Water and Sewer Fund.....	1,755,484	1,755,484	-	1,744,333
Reimbursement to General Fund.....	(2,621,146)	(2,621,146)	-	(2,507,905)
Reimbursement to General Capital Projects Fund.....	(80,000)	(80,000)	-	(80,000)
Total nonoperating revenues (expenditures).....	<u>333,308</u>	<u>(762,624)</u>	<u>(1,095,932)</u>	<u>584,824</u>
Income (loss) before other financing sources (uses)	<u>(11,443,466)</u>	<u>9,280,543</u>	<u>20,724,009</u>	<u>6,437,338</u>
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.....	(811,435)	(811,435)	-	(785,500)
Transfer to General Debt Service Fund.....	(128,547)	(128,547)	-	(128,547)
Appropriated net position.....	13,493,448	-	(13,493,448)	-
Total other financing sources (uses).....	<u>11,443,466</u>	<u>(2,049,982)</u>	<u>(13,493,448)</u>	<u>(2,024,047)</u>
Change in net position - budgetary basis.....	<u>\$ -</u>	<u>7,230,561</u>	<u>\$ 7,230,561</u>	<u>4,413,291</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Capital additions.....		3,428,179		896,348
Depreciation expense.....		(3,915,937)		(3,973,016)
Gain (loss) on disposal of property.....		(22,347)		-
Compensated absences expense.....		(43,154)		(16,959)
Increase (decrease) in inventory valuation.....		82,718		471,203
OPEB expense.....		(54,752)		(96,587)
Change in net position - full accrual basis.....		<u>\$ 6,705,268</u>		<u>\$ 1,694,280</u>

**CITY OF HIGH POINT, NORTH CAROLINA**

Mass Transit Fund  
 Schedule of Revenues, Expenditures, and Changes in Net Position  
 Budget and Actual (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2013

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating revenues:				
Charges for services.....	\$ 560,000	\$ 568,729	\$ 8,729	\$ 582,012
Licenses and permits.....	370,000	357,147	(12,853)	353,458
Intergovernmental.....	3,156,345	1,606,999	(1,549,346)	2,014,466
Total operating revenues.....	<u>4,086,345</u>	<u>2,532,875</u>	<u>(1,553,470)</u>	<u>2,949,936</u>
Operating expenditures:				
Management and administration.....	3,655,557	3,307,719	347,838	3,142,609
Terminal improvements.....	1,016,994	902,915	114,079	73,544
Total operating expenses.....	<u>4,672,551</u>	<u>4,210,634</u>	<u>461,917</u>	<u>3,216,153</u>
Operating income (loss)	<u>(586,206)</u>	<u>(1,677,759)</u>	<u>(1,091,553)</u>	<u>(266,217)</u>
Nonoperating revenues:				
Interest on investments.....	-	2,466	2,466	6,996
Miscellaneous and other nonoperating.....	-	27,500	27,500	1,767
Proceeds from disposal of capital assets.....	-	213	213	-
Total non-operating revenues.....	<u>-</u>	<u>30,179</u>	<u>30,179</u>	<u>8,763</u>
Income (loss) before other financing sources (uses)	<u>(586,206)</u>	<u>(1,647,580)</u>	<u>(1,061,374)</u>	<u>(257,454)</u>
Other financing sources (uses):				
Transfer from General Fund.....	477,353	477,353	-	348,817
Transfer from Mass Transit Capital Reserve Fund.....	-	-	-	77,464
Transfer to General Debt Service Fund.....	(1,325)	(1,325)	-	(1,325)
Appropriated net position.....	110,178	-	(110,178)	-
Total other financing sources (uses).....	<u>586,206</u>	<u>476,028</u>	<u>(110,178)</u>	<u>424,956</u>
Change in net position - budgetary basis.....	<u>\$ -</u>	<u>(1,171,552)</u>	<u>\$ (1,171,552)</u>	167,502
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Mass Transit Capital Projects Ordinance Fund.....		1,012		455,891
Mass Transit Capital Reserve Fund.....		-		(532,611)
Capital additions.....		1,053,053		95,919
Capital contributions.....		-		352,718
Compensated absences expense.....		(16,280)		(6,917)
Depreciation expense.....		(583,078)		(551,950)
OPEB expense.....		(49,033)		(24,979)
Change in net position - full accrual basis.....		<u>\$ (765,878)</u>		<u>\$ (44,427)</u>

**CITY OF HIGH POINT, NORTH CAROLINA**

Mass Transit Capital Projects Ordinance Fund  
 Schedule of Revenues, Expenditures, and Changes in Net Position  
 Budget and Actual (Non-GAAP)  
 From Inception and for the Fiscal Year Ended June 30, 2013

	<u>PROJECT</u> <u>AUTHORIZATION</u>	<u>PRIOR</u> <u>YEAR</u>	<u>ACTUAL</u> <u>CURRENT</u> <u>YEAR</u>	<u>TOTAL</u> <u>TO DATE</u>
Revenues:				
Interest on investments.....	\$ -	\$ 744	\$ 1,012	\$ 1,756
Total revenues.....	<u>-</u>	<u>744</u>	<u>1,012</u>	<u>1,756</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>455,147</u>	<u>-</u>	<u>455,147</u>
Change in net position.....	<u>\$ -</u>	<u>\$ 455,891</u>	<u>\$ 1,012</u>	<u>\$ 456,903</u>

**CITY OF HIGH POINT, NORTH CAROLINA**

Mass Transit Capital Reserve Fund  
 Schedule of Revenues, Expenditures, and Changes in Net Position  
 Budget and Actual (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2013

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

**CITY OF HIGH POINT, NORTH CAROLINA**

Parking Facilities Fund  
 Schedule of Revenues, Expenditures, and Changes in Net Position  
 Budget and Actual (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2013

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating revenues:				
Charges for services.....	\$ 280,000	\$ 304,061	\$ 24,061	\$ 357,994
Operating expenditures:				
Management and administration.....	382,560	330,899	51,661	362,716
Operating income (loss)	<u>(102,560)</u>	<u>(26,838)</u>	<u>75,722</u>	<u>(4,722)</u>
Nonoperating revenues (expenditures):				
Interest on investments.....	1,000	1,332	332	1,627
Income (loss) before other financing sources (uses)	<u>(101,560)</u>	<u>(25,506)</u>	<u>76,054</u>	<u>(3,095)</u>
Other financing sources (uses):				
Transfer from General Fund.....	112,162	112,162	-	95,953
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>101,560</u>	<u>101,560</u>	<u>-</u>	<u>85,351</u>
Change in net position - budgetary basis.....	<u>\$ -</u>	76,054	<u>\$ 76,054</u>	82,256
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Depreciation expense.....		(242,480)		(244,909)
Compensated absences expense.....		63		(1,419)
OPEB expense.....		<u>7,028</u>		<u>6,661</u>
Change in net position - full accrual basis.....		<u>\$ (159,335)</u>		<u>\$ (157,411)</u>

**CITY OF HIGH POINT, NORTH CAROLINA**

Landfill Facilities Fund  
 Schedule of Revenues, Expenditures, and Changes in Net Position  
 Budget and Actual (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2013

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating revenues:				
Charges for services.....	\$ 7,150,000	7,375,014	\$ 225,014	7,313,344
Miscellaneous.....	-	-	-	5,925
Intergovernmental.....	70,000	59,427	(10,573)	71,547
Total operating revenues.....	<u>7,220,000</u>	<u>7,434,441</u>	<u>214,441</u>	<u>7,390,816</u>
Operating expenditures:				
Management and administration.....	8,682,966	5,495,279	3,187,687	6,103,831
Operating income (loss)	<u>(1,462,966)</u>	<u>1,939,162</u>	<u>3,402,128</u>	<u>1,286,985</u>
Nonoperating revenues (expenditures):				
Interest on investments.....	60,000	1,168	(58,832)	75,389
Reimbursement to General Fund.....	(622,076)	(622,076)	-	(591,306)
Miscellaneous and other nonoperating.....	-	6,548	6,548	50
Total nonoperating revenues (expenditures).....	<u>(562,076)</u>	<u>(614,360)</u>	<u>(52,284)</u>	<u>(515,867)</u>
Income (loss) before other financing sources (uses)	<u>(2,025,042)</u>	<u>1,324,802</u>	<u>3,349,844</u>	<u>771,118</u>
Other financing sources (uses):				
Transfer to General Debt Service Fund.....	(27,830)	(27,830)	-	(27,830)
Transfer to Landfill Maintenance Reserve Fund.....	(1,635,000)	(1,685,024)	(50,024)	(1,671,635)
Transfer from Landfill Maintenance Reserve Fund.....	-	-	-	150,000
Appropriated net position.....	3,687,872	-	(3,687,872)	-
Total other financing sources (uses).....	<u>2,025,042</u>	<u>(1,712,854)</u>	<u>(3,737,896)</u>	<u>(1,549,465)</u>
Change in net position - budgetary basis.....	<u>\$ -</u>	<u>(388,052)</u>	<u>\$ (388,052)</u>	<u>(778,347)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Landfill closure and postclosure reserve fund.....		1,715,167		1,709,670
Landfill closure and postclosure expense.....		(548,136)		-
Capital additions.....		469,647		1,448,637
Compensated absences expense.....		(3,119)		7,385
Depreciation expense.....		(552,065)		(212,463)
OPEB expense.....		(20,921)		(33,544)
Change in net position - full accrual basis.....		<u>\$ 672,521</u>		<u>\$ 2,141,338</u>

**CITY OF HIGH POINT, NORTH CAROLINA**

Landfill Closure and Postclosure Reserve Fund  
 Schedule of Revenues, Expenditures, and Changes in Net Position  
 Budget and Actual (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2013

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Revenues:				
Interest on investments.....	\$ -	\$ 30,143	\$ 30,143	\$ 188,035
Income (loss) before other financing sources (uses)	<u>-</u>	<u>30,143</u>	<u>30,143</u>	<u>188,035</u>
Other financing sources (uses):				
Transfer from Landfill Facilities Fund.....	-	1,685,024	1,685,024	1,671,635
Transfer to Landfill Facilities Fund.....	-	-	-	(150,000)
Total other financing sources (uses).....	<u>-</u>	<u>1,685,024</u>	<u>1,685,024</u>	<u>1,521,635</u>
Change in net position.....	<u>\$ -</u>	<u>\$ 1,715,167</u>	<u>\$ 1,715,167</u>	<u>\$ 1,709,670</u>

**CITY OF HIGH POINT, NORTH CAROLINA**

Storm Water Fund  
 Schedule of Revenues, Expenditures, and Changes in Net Position  
 Budget and Actual (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2013

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating revenues:				
Charges for services.....	\$ 2,404,397	\$ 2,470,507	\$ 66,110	\$ 2,450,155
Operating expenditures:				
Management and administration.....	2,700,762	2,166,676	534,086	1,689,977
Operating income (loss)	<u>(296,365)</u>	<u>303,831</u>	<u>600,196</u>	<u>760,178</u>
Nonoperating revenues (expenditures):				
Interest on investments.....	40,000	-	(40,000)	48,830
Miscellaneous and other nonoperating.....	-	(795)	(795)	500
Interest expense and fiscal charges.....	(608,247)	(556,485)	51,762	(616,060)
Payment of debt principal.....	<u>(308,140)</u>	<u>(342,191)</u>	<u>(34,051)</u>	<u>(314,399)</u>
Total nonoperating revenues (expenditures).....	<u>(876,387)</u>	<u>(899,471)</u>	<u>(23,084)</u>	<u>(881,129)</u>
Income (loss) before other financing sources (uses)	<u>(1,172,752)</u>	<u>(595,640)</u>	<u>577,112</u>	<u>(120,951)</u>
Other financing sources (uses):				
Proceeds from general obligation refunding bonds.....	-	-	-	3,712,277
Payment to trustee for refunded bonds.....	-	-	-	(3,652,663)
Transfer from General Debt Service Fund.....	896,642	896,642	-	915,321
Transfer to General Debt Service Fund.....	(5,301)	(5,301)	-	(5,301)
Transfer to Storm Water Capital Projects Fund.....	(88,760)	-	88,760	-
Appropriated net position.....	<u>370,171</u>	<u>-</u>	<u>(370,171)</u>	<u>-</u>
Total other financing sources (uses).....	<u>1,172,752</u>	<u>891,341</u>	<u>(281,411)</u>	<u>969,634</u>
Change in net position - budgetary basis.....	<u>\$ -</u>	<u>295,701</u>	<u>\$ 295,701</u>	<u>848,683</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Storm Water Facilities Capital Projects Ordinance Fund .....		(91,427)		(5,484,990)
Capital additions.....		386,240		5,686,857
Depreciation expense.....		(436,392)		(292,305)
Compensated absences expense.....		6,868		(5,271)
OPEB expense.....		(9,793)		(15,701)
General obligation refunding bonds proceeds.....		-		(3,712,277)
Bond principal payments.....		342,191		314,399
Bond proceeds used in defeasance of bonds.....		-		3,652,663
Financing costs deferred.....		-		34,606
Gain (loss) on disposal of property.....		(10,965)		-
Amortization of gain on refunding.....		<u>14,208</u>		<u>(1,626)</u>
Change in net position - full accrual basis.....		<u>\$ 496,631</u>		<u>\$ 1,025,038</u>

**CITY OF HIGH POINT, NORTH CAROLINA**

Storm Water Facilities Capital Projects Ordinance Fund  
 Schedule of Revenues, Expenditures, and Changes in Net Position  
 Budget and Actual (Non-GAAP)  
 From Inception and for the Fiscal Year Ended June 30, 2013

	<u>PROJECT AUTHORIZATION</u>	<u>PRIOR YEAR</u>	<u>ACTUAL CURRENT YEAR</u>	<u>TOTAL TO DATE</u>
Expenditures:				
Maintenance and distribution.....	\$ 8,295,853	\$ 6,783,811	\$ 91,427	\$ 6,875,238
Other financing sources:				
General obligation bonds.....	8,295,853	8,295,853	-	8,295,853
Change in net position.....	\$ -	\$ 1,512,042	\$ (91,427)	\$ 1,420,615



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 Position  
 Budget and Actual (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2013

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
Operating revenues:				
Interfund charges - radio repair.....	\$ 1,118,429	\$ 1,118,429	\$ -	\$ 937,871
Interfund charges - computer replacement.....	848,029	682,466	(165,563)	682,935
Interfund charges - facility services.....	1,681,283	1,556,364	(124,919)	1,869,868
Interfund charges - fleet services.....	9,159,546	9,148,051	(11,495)	8,609,790
Other operating.....	<u>5,000</u>	<u>4,284</u>	<u>(716)</u>	<u>13,422</u>
Total operating revenues.....	<u>12,812,287</u>	<u>12,509,594</u>	<u>(302,693)</u>	<u>12,113,886</u>
Operating expenditures:				
Fleet services.....	9,463,801	9,160,207	303,594	9,308,451
Radio repair shop.....	1,130,871	905,203	225,668	934,884
Facility services.....	1,565,261	1,442,746	122,515	1,704,530
Computer replacement.....	<u>570,136</u>	<u>577,177</u>	<u>(7,041)</u>	<u>1,122,479</u>
Total operating expenditures.....	<u>12,730,069</u>	<u>12,085,333</u>	<u>644,736</u>	<u>13,070,344</u>
Operating income (loss)	<u>82,218</u>	<u>424,261</u>	<u>342,043</u>	<u>(956,458)</u>
Nonoperating revenues (expenditures):				
Miscellaneous and other nonoperating.....	25,000	88,682	63,682	121,455
Proceeds from disposal of capital assets.....	275,000	352,116	77,116	369,944
Interest and fiscal charges.....	(26,220)	(26,220)	-	(21,756)
Principal retirement.....	<u>(272,430)</u>	<u>(272,431)</u>	<u>(1)</u>	<u>(102,788)</u>
Total nonoperating revenues (expenditures).....	<u>1,350</u>	<u>142,147</u>	<u>140,797</u>	<u>366,855</u>
Income (loss) before other financing sources (uses)	<u>83,568</u>	<u>566,408</u>	<u>482,840</u>	<u>(589,603)</u>
Other financing sources (uses):				
Proceeds from issuance of installment purchases	-	-	-	675,000
Transfer to the General Debt Service Fund.....	(31,806)	(31,806)	-	(31,806)
Transfer to the General Fund.....	(150,000)	-	150,000	-
Appropriated net position.....	<u>98,238</u>	<u>-</u>	<u>(98,238)</u>	<u>-</u>
Total other financing sources (uses).....	<u>(83,568)</u>	<u>(31,806)</u>	<u>51,762</u>	<u>643,194</u>
Change in net position - budgetary basis.....	<u>\$ -</u>	<u>534,602</u>	<u>\$ 534,602</u>	<u>53,591</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Capital additions.....		3,231,758		4,519,593
Capital contributions.....		149,658		1,265
Installment purchase principal payments.....		272,431		102,788
Installment purchase issuance.....		-		(675,000)
Depreciation expense.....		(2,994,589)		(3,074,634)
Compensated absences expense.....		(21,979)		547
Increase (decrease) in inventory valuation.....		177,900		(15,873)
OPEB expense.....		703		(16,891)
Gain (loss) on disposal of property.....		<u>(69,084)</u>		<u>(137,683)</u>
Change in net position - full accrual basis.....		<u>\$ 1,281,400</u>		<u>\$ 757,703</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, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Assets:				
Cash and investments	\$ 228,180	\$ 17,254	\$ -	\$ 245,434
Accounts receivable	66	37	-	103
Total Assets	<u>\$ 228,246</u>	<u>\$ 17,291</u>	<u>\$ -</u>	<u>\$ 245,537</u>
Liabilities:				
Accounts payable: due to other organizations	<u>\$ 228,246</u>	<u>\$ 17,291</u>	<u>\$ -</u>	<u>\$ 245,537</u>

## CITY OF HIGH POINT, NORTH CAROLINA

### SUPPORTING SCHEDULES

- (1) Schedule of Ad Valorem Taxes Receivable June 30, 2013
- (2) Analysis of Current Tax Levy June 30, 2013
- (3) Analysis of Current Tax Levy June 30, 2013 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, 2013

Fiscal Year	Uncollected Balance June 30, 2012	Current Net Levy	Collections and Credits	Uncollected Balance June 30, 2013
2012-13	\$ -	\$ 60,356,131	\$ 58,559,431	\$ 1,796,700
2011-12	1,712,092	-	1,014,551	697,541
2010-11	586,268	-	193,321	392,947
2009-10	323,410	-	50,365	273,045
2008-09	256,398	-	26,318	230,080
2007-08	209,800	-	12,889	196,911
2006-07	148,624	-	7,995	140,629
2005-06	144,547	-	4,839	139,708
2004-05	124,994	-	2,978	122,016
Prior	1,209,373	-	9,571	1,199,802
	\$ 4,715,506	\$ 60,356,131	\$ 59,882,258	\$ 5,189,379

Less: allowance for uncollectible accounts:

General Fund

2,547,410

Ad valorem taxes receivable - net

\$ 2,641,969

Reconciliation to revenues:

Ad valorem taxes - General Fund and Debt Service Fund

\$ 59,811,095

Vehicle user fees

357,147

Abatements, releases, and other adjustments - prior years

8,259

Subtotal

60,176,501

Less interest collected

294,243

Total collections and credits

\$ 59,882,258

**CITY OF HIGH POINT, NORTH CAROLINA**

Analysis of Current Tax Levy  
 City - Wide Levy  
 For the fiscal year ended June 30, 2013

	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	\$ 8,417,532,296	0.675	\$ 56,818,343	\$ 55,134,181	\$ 1,684,162
Registered motor vehicles taxed at prior year's rate	450,490,281	0.662	2,982,246	-	2,982,246
Penalties	-		41,295	41,295	-
Total	<u>8,868,022,577</u>		<u>59,841,884</u>	<u>55,175,476</u>	<u>4,666,408</u>
Discoveries - Current year taxes	<u>75,324,000</u>	0.675	<u>508,437</u>	<u>508,437</u>	<u>-</u>
Net Vehicle User Fees	<u>-</u>		<u>383,261</u>	<u>-</u>	<u>383,261</u>
Abatements	<u>(55,918,667)</u>	0.675	<u>(377,451)</u>	<u>(338,197)</u>	<u>(39,254)</u>
Total assessed valuation	<u>\$ 8,887,427,910</u>				
Net levy			60,356,131	55,345,716	5,010,415
Uncollected taxes at June 30			<u>(1,796,700)</u>	<u>(1,101,951)</u>	<u>(694,749)</u>
Current year's taxes collected			<u>\$ 58,559,431</u>	<u>\$ 54,243,765</u>	<u>\$ 4,315,666</u>
Current levy collection percentage			97.02%	98.01%	86.13%

**CITY OF HIGH POINT, NORTH CAROLINA**

Analysis of Current Tax Levy  
City - Wide Levy  
For the fiscal year ended June 30, 2013

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio (1)	100%
Real Property	\$ 7,236,973,161
Personal Property	1,501,465,603
Public Service Companies (2)	148,989,146
Total Assessed Valuation	<u>8,887,427,910</u>
City-wide Tax Rate	0.675
Levy (3)	\$ 60,356,131

(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, penalties and vehicle user fees.

**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, 2013

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>	<u>PRIOR YEAR ACTUAL</u>
<b>Revenues:</b>				
Restricted intergovernmental.....	\$ 462,211	\$ 462,211	\$ -	\$ 443,675
Interest on investments.....	2,963	2,963	-	4,802
Total revenues.....	<u>465,174</u>	<u>465,174</u>	<u>-</u>	<u>448,477</u>
<b>Expenditures:</b>				
Telephone.....	552,993	194,452	358,541	189,572
Furniture.....	-	-	-	1,779
Software.....	-	26,375	(26,375)	-
Hardware.....	617,283	758,540	(141,257)	84,810
Total expenditures.....	<u>1,170,276</u>	<u>979,367</u>	<u>190,909</u>	<u>276,161</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(705,102)</u>	<u>(514,193)</u>	<u>190,909</u>	<u>172,316</u>
<b>Other financing sources (uses):</b>				
Transfer to General Debt Service Fund (Pmt - 911 Comm Ctr).....	(47,723)	(47,723)	-	(47,723)
Appropriated fund balance.....	752,825	-	(752,825)	-
Total other financing sources (uses).....	<u>705,102</u>	<u>(47,723)</u>	<u>(752,825)</u>	<u>(47,723)</u>
Net change in fund balance	<u>\$ -</u>	<u>(561,916)</u>	<u>\$ (561,916)</u>	124,593
Fund balance, beginning of year.....		<u>752,826</u>		<u>628,233</u>
Fund balance, end of year.....		<u>\$ 190,910</u>		<u>\$ 752,826</u>

Note: The City transferred \$47,723 of eligible 911 funds to the General Debt Service Fund for debt service payment 9 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.

<b>Contents</b>	<b>Tables</b>
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 sources: property taxes and enterprise fund revenues.</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.

**CITY OF HIGH POINT, NORTH CAROLINA**

**Table I  
Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities				
Net investment in capital assets	\$ 217,483,238	\$ 213,391,739	\$ 213,536,521	\$ 239,573,737
Restricted	20,775,167	14,141,184	13,946,595	8,485,692
Unrestricted	25,486,747	25,867,575	23,178,515	16,077,362
Total governmental activities net position	<u>\$ 263,745,152</u>	<u>\$ 253,400,498</u>	<u>\$ 250,661,631</u>	<u>\$ 264,136,791</u>
Business-type activities				
Net investment in capital assets	\$ 166,454,291	\$ 186,983,381	\$ 192,054,588	\$ 205,189,262
Restricted	22,696,388	817,141	3,902,913	1,780,548
Unrestricted	51,455,656	64,947,701	67,666,809	81,084,328
Total business-type activities net position	<u>\$ 240,606,335</u>	<u>\$ 252,748,223</u>	<u>\$ 263,624,310</u>	<u>\$ 288,054,138</u>
Primary government				
Net investment in capital assets	\$ 383,937,529	\$ 400,375,120	\$ 405,591,109	\$ 444,762,999
Restricted	43,471,555	14,958,325	17,849,508	10,266,240
Unrestricted	76,942,403	90,815,276	90,845,324	97,161,690
Total primary government net position	<u>\$ 504,351,487</u>	<u>\$ 506,148,721</u>	<u>\$ 514,285,941</u>	<u>\$ 552,190,929</u>

**CITY OF HIGH POINT, NORTH CAROLINA**

**Table I  
Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)**

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 172,482,422	\$ 197,660,324	\$ 170,653,597	\$ 149,269,790	\$ 155,448,461	\$ 160,447,633
46,003,788	18,012,097	19,380,291	35,440,158	36,444,012	32,135,688
23,449,079	19,348,796	21,068,067	9,336,675	8,240,950	10,586,602
<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>	<u>\$ 203,169,923</u>
\$ 154,916,137	\$ 218,661,759	\$ 217,332,086	\$ 214,399,199	\$ 210,314,084	\$ 216,039,543
60,284,877	-	367,613	466,259	1,411,589	14,385,401
90,433,810	83,681,356	90,470,623	102,681,842	115,136,329	107,098,324
<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>	<u>\$ 337,523,268</u>
\$ 327,398,559	\$ 416,322,083	\$ 387,985,683	\$ 363,668,989	\$ 365,762,545	\$ 376,487,176
106,288,665	18,012,097	19,747,904	35,906,417	37,855,601	46,521,089
113,882,889	103,030,152	111,538,690	112,018,517	123,377,279	117,684,926
<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>	<u>\$ 540,693,191</u>

**CITY OF HIGH POINT, NORTH CAROLINA**

**Table II  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)**

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

**CITY OF HIGH POINT, NORTH CAROLINA**

**Table II  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)**

<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$ 25,941,473	\$ 22,155,751	\$ 19,801,263	\$ 20,256,805	\$ 19,866,571	\$ 19,282,697
37,591,692	41,601,246	42,088,245	42,045,942	42,659,230	44,872,018
46,244,845	42,959,675	40,523,136	40,389,457	21,934,140	24,760,999
5,636,936	7,513,814	10,673,496	10,973,509	9,221,189	10,825,087
19,383,650	20,833,203	20,367,904	18,178,971	19,305,989	19,725,203
3,005,580	3,505,011	3,528,704	4,064,372	3,777,961	3,514,708
<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>	<u>122,980,712</u>
32,350,433	41,024,490	41,350,423	42,432,789	42,637,179	42,885,466
96,905,034	100,645,320	101,578,236	107,966,570	112,303,220	117,621,908
3,276,113	3,457,983	3,581,111	3,469,145	3,693,499	3,785,198
883,139	824,324	713,578	599,032	602,286	566,241
5,313,245	8,065,953	4,936,142	7,257,148	5,435,978	6,630,308
1,704,600	1,950,821	2,267,179	2,288,522	2,368,895	2,822,502
<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>174,311,623</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>	<u>\$ 297,292,335</u>
\$ 2,843,382	\$ 4,634,362	\$ 2,210,293	\$ 4,357,748	\$ 3,866,247	\$ 3,775,722
101,221	882,767	1,130,736	792,604	809,186	968,331
3,633,808	73,854	549,938	1,026,480	1,123,573	1,333,046
1,605,898	829,904	950,498	626,344	1,206,444	1,190,632
3,581,369	3,522,348	3,476,910	3,526,797	3,448,944	3,315,830
240,067	680,305	550,570	765,517	550,262	84,310
455,108	1,301,142	3,235,502	1,887,854	2,160,726	2,063,519
3,510,931	9,261,177	5,863,168	9,743,976	5,176,946	5,088,903
1,559,398	2,697,942	3,209,922	4,517,099	2,570,832	3,437,963
55,932	896,008	574,478	664,480	529,622	503,045
-	-	-	-	-	149,658
4,574,823	345,646	288,065	153,709	5,006,656	8,955,875
-	-	-	-	-	-
400,407	680,000	-	-	-	-
<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>	<u>30,866,834</u>
37,127,800	37,682,405	39,121,632	42,532,355	44,005,968	45,011,826
101,142,084	99,942,110	103,677,042	113,122,360	114,759,646	126,525,874
1,952,804	550,490	543,788	867,291	937,237	953,376
455,650	339,487	333,047	340,535	357,994	304,061
6,502,996	6,189,059	6,774,821	7,767,561	7,319,319	7,381,562
2,290,800	2,341,644	2,350,132	2,446,993	2,450,655	2,470,507
-	-	-	833,691	1,089,693	499,944
-	573,143	11,500	-	1,025,834	-
312,517	2,952,666	2,315,451	2,010,385	2,014,466	1,606,999
-	-	68,588	69,288	71,547	59,427
3,254,882	1,881,495	4,411,222	3,430,019	1,868,126	3,185,092
305,716	-	-	-	-	-
-	-	-	-	352,718	-
<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>187,998,668</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>	<u>\$ 218,865,502</u>

**CITY OF HIGH POINT, NORTH CAROLINA**

**Table II  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	\$ (83,379,038)	\$ (86,510,800)	\$ (88,720,880)	\$ (77,826,012)
Business-type Activities	7,248,448	8,038,036	6,702,267	13,931,636
Total Primary Government Net (Expense)/Revenue	<u>\$ (76,130,590)</u>	<u>\$ (78,472,764)</u>	<u>\$ (82,018,613)</u>	<u>\$ (63,894,376)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Property Taxes	\$ 40,586,808	\$ 44,555,015	\$ 49,118,481	\$ 52,944,945
Other Taxes	13,986,485	16,505,888	15,601,714	17,643,440
Unrestricted Revenues and Contributions	14,233,776	14,415,754	19,414,179	22,038,601
Gain (Loss) on Disposal of Capital Assets	(84,893)	(296,840)	-	-
Investment Earnings	717,492	1,279,438	1,954,778	3,318,216
Transfers	(297,104)	(293,109)	(107,139)	(4,644,030)
Total Governmental Activities	<u>69,142,564</u>	<u>76,166,146</u>	<u>85,982,013</u>	<u>91,301,172</u>
Business-type Activities:				
Gain (Loss) on Disposal of Capital Assets	-	1,762,533	(893)	-
Investment Earnings	1,525,924	2,034,710	4,067,574	5,854,162
Grants, Contributions and Revenues Not Restricted	314,461	13,500	-	-
Transfers	297,104	293,109	107,139	4,644,030
Total Business-type Activities	<u>2,137,489</u>	<u>4,103,852</u>	<u>4,173,820</u>	<u>10,498,192</u>
Total Primary Government	<u>\$ 71,280,053</u>	<u>\$ 80,269,998</u>	<u>\$ 90,155,833</u>	<u>\$ 101,799,364</u>
<b>Change in Net Position</b>				
Governmental Activities	\$ (14,236,474)	\$ (10,344,654)	\$ (2,738,867)	\$ 13,475,160
Business-type Activities	9,385,937	12,141,888	10,876,087	24,429,828
Total Primary Government	<u>\$ (4,850,537)</u>	<u>\$ 1,797,234</u>	<u>\$ 8,137,220</u>	<u>\$ 37,904,988</u>

**CITY OF HIGH POINT, NORTH CAROLINA**

**Table II  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)**

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ (115,241,832)	\$ (112,763,245)	\$ (114,942,668)	\$ (107,846,448)	\$ (90,315,642)	\$ (92,113,878)
12,912,685	(3,516,392)	5,180,554	9,407,272	9,212,146	13,687,045
<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>	<u>\$ (78,426,833)</u>
\$ 56,228,819	\$ 57,736,549	\$ 57,834,033	\$ 58,337,793	\$ 61,296,936	\$ 59,914,895
17,868,296	16,145,569	14,651,486	14,998,029	16,671,040	16,982,409
15,075,725	16,211,091	16,442,105	16,161,178	16,795,265	17,068,078
153,943	12,223,430	447,961	-	251,912	299,973
2,747,586	2,217,246	639,747	415,424	489,126	86,991
965,961	1,315,288	1,008,074	878,692	898,163	798,032
<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>	<u>95,150,378</u>
-	(2,574,677)	-	-	35,851	-
4,884,104	4,114,648	1,654,727	848,398	964,868	63,534
749,858	-	-	-	-	-
(965,961)	(1,315,288)	(1,008,074)	(878,692)	(898,163)	(798,032)
4,668,001	224,683	646,653	(30,294)	102,556	(734,498)
<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>	<u>\$ 94,415,880</u>
\$ (22,201,502)	\$ (6,914,072)	\$ (23,919,262)	\$ (17,055,332)	\$ 6,086,800	\$ 3,036,500
17,580,686	(3,291,709)	5,827,207	9,376,978	9,314,702	12,952,547
<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>	<u>\$ 15,989,047</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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund				
Reserved for:				
State Statute	\$ 2,338,164	\$ 4,450,833	\$ 2,977,521	\$ 3,015,032
Prepaid Items	102,613	131,928	235,539	147,011
Encumbrances	2,390,579	2,098,653	1,584,105	635,689
Total Reserved, General Fund	<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	4,670,022	4,999,246	4,128,876	4,495,500
Designated for Economic Development	420,043	420,043	580,568	903,937
Designated for Health Insurance	415,974	751,173	-	941,320
Designated for Market Authority	-	-	-	-
Undesignated	12,788,563	10,962,358	13,506,660	14,135,144
Total Unreserved, General Fund	<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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted:				
Stabilization by State Statute	-	-	-	-
Transportation	-	-	-	-
Benefits and Wellness	-	-	-	-
Total Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Committed:				
Economic Development	-	-	-	-
Market Development	-	-	-	-
Benefits and Wellness	-	-	-	-
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned:				
Subsequent Years' Expenditures	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Culture & Recreation	-	-	-	-
Planning/Community and Economic Development	-	-	-	-
Public Services and Transportation	-	-	-	-
Total Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	-	-	-	-
Total General Fund	<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)**

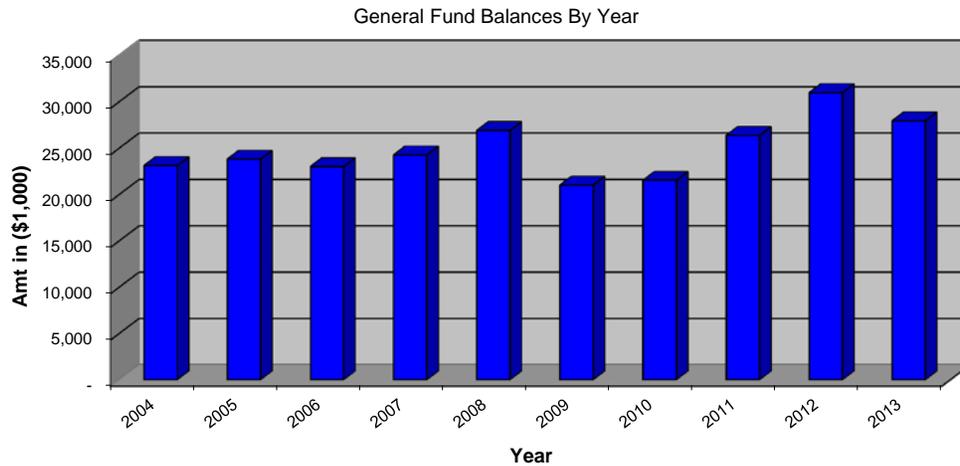
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 6,247,987	\$ 5,357,389	\$ 5,839,275	\$ -	\$ -	\$ -
180,546	9,279	34,430	-	-	-
2,046,045	323,987	471,425	-	-	-
<u>8,474,578</u>	<u>5,690,655</u>	<u>6,345,130</u>	<u>-</u>	<u>-</u>	<u>-</u>
5,045,855	4,569,934	3,584,710	-	-	-
1,220,766	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>	<u>-</u>
-	-	-	37,518	31,778	19,801
-	-	-	<u>37,518</u>	<u>31,778</u>	<u>19,801</u>
-	-	-	6,586,905	7,846,711	7,358,975
-	-	-	358,736	494,796	412,796
-	-	-	60,000	-	-
-	-	-	<u>7,005,641</u>	<u>8,341,507</u>	<u>7,771,771</u>
-	-	-	1,806,212	2,148,511	2,052,361
-	-	-	10,303	10,303	15,303
-	-	-	-	193,048	199,439
-	-	-	<u>1,816,515</u>	<u>2,351,862</u>	<u>2,267,103</u>
-	-	-	3,175,202	5,166,175	2,954,786
-	-	-	58,403	148,426	533,903
-	-	-	8,076	5,980	4,259
-	-	-	406,357	398,397	428,593
-	-	-	170,763	124,059	293,609
-	-	-	806,457	1,145,187	563,438
-	-	-	<u>4,625,258</u>	<u>6,988,224</u>	<u>4,778,588</u>
-	-	-	12,891,892	13,274,662	13,111,350
<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>	<u>\$ 27,948,613</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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
All Other Governmental Funds				
Reserved for:				
State Statute	\$ -	\$ -	\$ -	\$ -
Prepaid Items	-	-	-	-
Encumbrances	-	-	-	-
Debt Service	3,033,268	3,373,898	7,769,551	11,352,774
Total Reserved, Other Governmental Funds	<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	856,511	1,038,310	780,344	617,493
General Capital Projects Fund	12,330,589	4,899,332	20,339,011	16,718,372
Total Unreserved, Other Governmental Funds	<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>
Committed:				
Capital Projects	-	-	-	-
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	-	-	-	-
Total Other Governmental Funds	<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>	<u>2013</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>	<u>-</u>	<u>-</u>	<u>-</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>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	9,869,826	9,665,605	5,679,664
-	-	-	742,010	237,495	666,563
-	-	-	17,822,681	18,192,792	18,017,690
-	-	-	21,023,204	17,417,702	11,250,769
<u>-</u>	<u>-</u>	<u>-</u>	<u>49,457,721</u>	<u>45,513,594</u>	<u>35,614,686</u>
-	-	-	-	508,826	1,174,200
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>508,826</u>	<u>1,174,200</u>
-	-	-	(1,971,929)	(17,135)	(708,936)
<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>	<u>\$ 36,079,950</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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Revenues</b>				
Taxes:				
Property	\$ 40,494,558	\$ 44,189,414	\$ 49,118,481	\$ 52,224,666
Sales and Use	12,378,265	14,818,161	15,601,714	17,643,440
Other	<u>1,608,217</u>	<u>1,687,727</u>	-	-
Total taxes	54,481,040	60,695,302	64,720,195	69,868,106
Intergovernmental	14,947,451	16,481,501	21,403,252	20,463,981
Licenses and Permits	4,380,607	4,629,749	5,228,772	5,273,785
Charges for Services	3,579,060	4,238,495	3,948,282	5,419,120
Interest on Investments	685,268	1,279,438	1,952,292	3,311,890
Sale of capital assets	-	-	-	-
Administrative reimbursements	4,400,603	4,994,829	-	4,675,886
Miscellaneous	<u>3,092,429</u>	<u>2,267,217</u>	<u>7,141,083</u>	<u>1,426,585</u>
Total Revenues	<u>85,566,458</u>	<u>94,586,531</u>	<u>104,393,876</u>	<u>110,439,353</u>
<b>Expenditures</b>				
General Government	13,522,897	14,939,812	16,579,056	17,825,166
Public Safety	35,091,686	39,715,207	35,973,681	37,055,281
Public Services Transportation	-	-	-	-
Public and Environmental Services	17,173,905	19,375,819	28,173,499	27,431,443
Planning/Community and Economic Development	5,148,808	6,501,035	6,571,347	6,277,388
Culture and Recreation	13,870,764	14,355,284	15,050,819	18,034,136
Debt Service:				
Principal	3,327,103	3,709,888	4,088,867	4,832,681
Interest	<u>1,742,936</u>	<u>1,935,965</u>	<u>1,914,228</u>	<u>2,450,127</u>
Total Expenditures	<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>(4,311,641)</u>	<u>(5,946,479)</u>	<u>(3,957,621)</u>	<u>(3,466,869)</u>
<b>Other Financing Sources (Uses)</b>				
Installment purchase proceeds	1,485,236	-	194,724	4,275,196
Transfers in	543,062	7,510,242	7,785,838	8,680,484
Transfers in related to payments in lieu of taxes	-	-	-	-
Transfers out	(7,642,916)	(7,784,315)	(7,873,941)	(8,428,714)
General obligation bonds	-	-	40,119,472	-
Bond Premium	-	-	-	-
Refunding bonds issued	-	-	<u>(17,474,472)</u>	-
Total other financing sources (uses)	<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>\$ (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	6.16%	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>	<u>2013</u>
\$ 56,354,409	\$ 57,482,897	\$ 57,973,152	\$ 58,146,211	\$ 61,001,315	\$ 59,811,095
17,868,296	16,145,569	13,099,712	13,356,891	14,930,500	15,185,120
-	-	1,551,774	1,642,302	1,740,540	1,797,289
<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>	<u>76,793,504</u>
17,564,267	17,600,326	24,554,069	25,749,928	19,467,469	19,867,064
4,698,780	3,958,060	3,546,529	3,610,064	3,432,136	3,492,409
3,737,495	3,747,617	4,158,266	4,564,077	4,563,760	4,636,533
2,747,586	2,217,246	639,747	415,424	489,126	86,991
-	-	-	-	37,752	16,941
5,241,535	5,947,671	6,009,954	5,817,869	5,960,534	6,232,720
1,924,809	769,480	1,575,409	1,008,032	1,011,829	1,550,614
<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>	<u>112,676,776</u>
19,152,376	19,558,213	16,953,597	15,360,012	14,979,376	15,551,120
40,613,195	41,014,518	41,856,008	41,942,128	43,019,604	44,632,915
-	-	-	-	-	19,883,261
22,590,322	23,998,005	22,144,426	17,674,426	20,704,623	5,814,386
6,168,025	7,602,039	10,798,108	10,885,099	9,133,261	10,717,405
22,854,852	25,040,770	20,049,626	18,348,122	18,917,317	19,230,604
5,699,341	5,799,619	6,163,263	7,230,454	7,242,872	7,189,429
2,906,770	3,429,758	3,534,189	4,019,972	3,859,447	3,452,249
<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>126,471,369</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>	<u>(13,794,593)</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	7,792,511
-	783,564	820,000	820,000	785,500	811,435
(10,396,005)	(10,454,952)	(9,744,200)	(8,954,926)	(8,702,415)	(7,774,108)
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>829,838</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>	<u>\$ (12,964,755)</u>
7.95%	8.42%	8.87%	10.43%	10.22%	9.28%

**CITY OF HIGH POINT, NORTH CAROLINA**

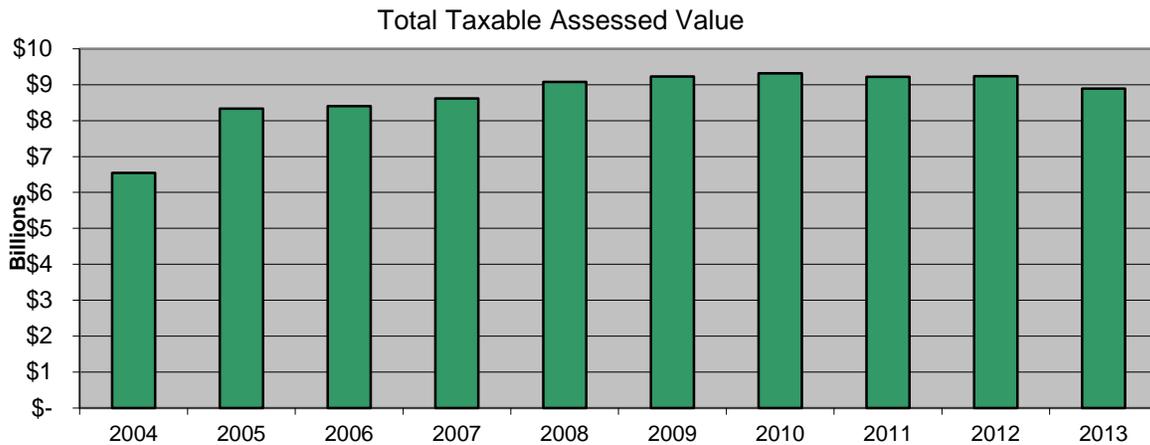
**Table V  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years**

Fiscal Year	Real Property (3)				Personal Property
	Residential Property (4)	Commercial Property (4)	Industrial Property (4)	Total	
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	-	-	-	7,682,834,650	1,402,419,615
2012	-	-	-	7,655,916,694	1,455,701,042
2013	4,300,290,483	1,949,336,323	987,346,355	7,236,973,161	1,501,465,603

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, 2012.
- (4) The breakdown of real property (residential, commercial, industrial) was not available from counties during 2011 & 2012.



**CITY OF HIGH POINT, NORTH CAROLINA**

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

<b>Public Service Companies (1)</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value (2)</b>
\$ 96,395,635	\$ 6,547,953,215	0.622	\$ 7,871,082,119
111,464,661	8,332,124,596	0.540	10,337,623,568
117,923,262	8,406,291,778	0.593	8,461,290,164
122,178,728	8,619,787,453	0.608	8,734,205,546
131,332,066	9,074,879,556	0.633	9,441,198,040
131,984,351	9,230,495,658	0.633	10,076,960,325
131,456,290	9,319,710,095	0.633	10,235,815,590
129,766,404	9,215,020,669	0.633	9,697,980,077
129,074,157	9,240,691,893	0.662	8,909,267,155
148,989,146	8,887,427,910	0.675	8,944,673,822

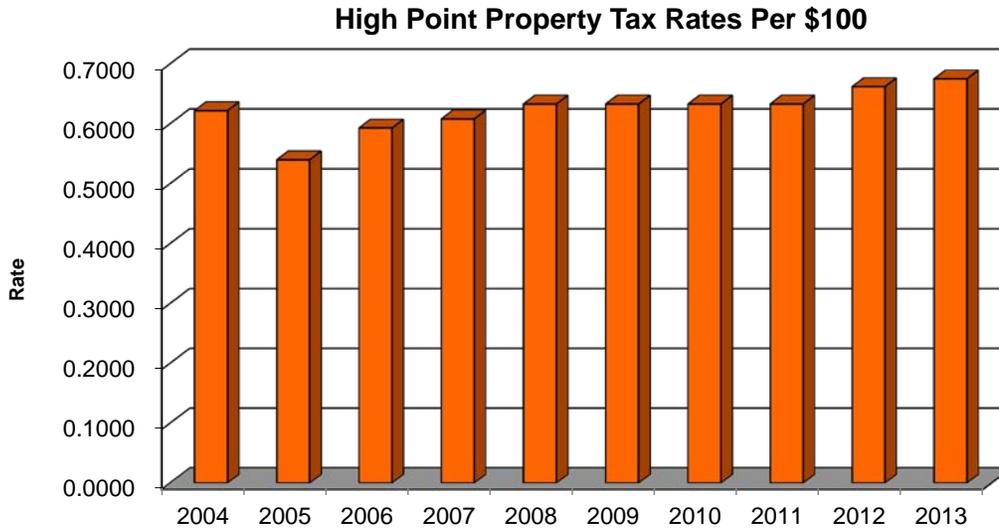
**CITY OF HIGH POINT, NORTH CAROLINA**

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

	Year Taxes Are Payable									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Guilford County <sup>1</sup>	\$ 0.5600	\$ 0.5600	\$ 0.6100	\$ 0.6615	\$ 0.6914	\$ 0.7374	\$ 0.7374	\$ 0.7374	\$ 0.7824	\$ 0.7804
High Point City										
Operating rate	0.6220	0.5400	0.5590	0.5740	0.5990	0.5990	0.5990	0.5990	0.6280	0.6397
Debt service rate	-	-	0.0340	0.0340	0.0340	0.0340	0.0340	0.0340	0.0340	0.0354
Total High Point City	0.6220	0.5400	0.5930	0.6080	0.6330	0.6330	0.6330	0.6330	0.6620	0.6750
Total direct & overlapping rates	<u>\$ 1.1820</u>	<u>\$ 1.1000</u>	<u>\$ 1.2030</u>	<u>\$ 1.2695</u>	<u>\$ 1.3244</u>	<u>\$ 1.3704</u>	<u>\$ 1.3704</u>	<u>\$ 1.3704</u>	<u>\$ 1.4444</u>	<u>\$ 1.4554</u>

<sup>1</sup> 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, 2013 and June 30, 2004**

Taxpayer	Type of Business	Fiscal Year 2013			Fiscal Year 2004		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
International Home Furnishings Center (IHFC)	Showroom Rental	\$ 147,559,315	1	1.66%	\$ 142,544,307	1	2.18%
Ralph Lauren Corp.	Clothing	98,078,208	2	1.10%	35,624,934	9	0.54%
Market Square LLC	Real Estate	95,437,545	3	1.07%	60,084,400	3	0.92%
HP Showplace Investors	Real Estate	64,998,323	4	0.73%	-	-	-
Tyco Electronics (formerly RFMicro, formerly AMP Inc.)	Electrical Parts	62,874,485	5	0.71%	41,593,311	8	0.64%
North State Communications	Communications	59,710,017	6	0.67%	56,779,417	4	0.87%
Liberty Property LTD Partnership	Real Estate	55,342,645	7	0.62%	74,400,386	2	1.14%
LSOP NC LLC	Real Estate	46,661,500	8	0.53%	-	-	-
Thomas Built Buses, Inc.	Bus Bodies	46,229,995	9	0.52%	52,812,171	5	0.81%
Banner Pharmacaps, Inc.	Pharmaceuticals	38,199,715	10	0.43%	-	-	-
High Point Development Ltd. Partnership	Real Estate	-	-	-	47,171,905	6	0.72%
Showplace LLC	Showroom Rental	-	-	-	43,479,150	7	0.66%
Market Square II LLC	Real Estate	-	-	-	31,057,196	10	0.47%
Totals		<u>\$ 715,091,748</u>		<u>8.04%</u>	<u>\$ 585,547,177</u>		<u>8.95%</u>

Source: Guilford County Tax Department

**CITY OF HIGH POINT, NORTH CAROLINA**

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

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2004	\$ 40,596,747	\$ 40,050,117	98.65%	\$ 438,024	\$ 40,488,141	99.73%
2005	45,007,822	44,189,414	98.18%	696,392	44,885,806	99.73%
2006	49,728,477	48,961,461	98.46%	627,308	49,588,769	99.72%
2007	52,426,916	51,598,122	98.42%	688,165	52,286,287	99.73%
2008	57,726,974	56,595,208	98.04%	934,855	57,530,063	99.66%
2009	58,805,839	57,501,339	97.78%	1,074,420	58,575,759	99.61%
2010	59,398,063	57,985,102	97.62%	1,139,916	59,125,018	99.54%
2011	58,762,018	57,169,238	97.29%	1,199,833	58,369,071	99.33%
2012	61,481,406	59,769,314	97.22%	1,014,551	60,783,865	98.87%
2013	60,356,131	58,559,431	97.02%	-	58,559,431	97.02%

Source: Guilford, Randolph, Davidson and Forsyth County Tax Departments

**CITY OF HIGH POINT, NORTH CAROLINA**

**Table IX  
Principal Water and Sewer Customers  
Fiscal Years Ended June 30, 2013 and June 30, 2004**

<u>Customer</u>	<u>Fiscal Year 2013</u>			<u>Fiscal Year 2004</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	\$ 793,109	1	1.78%	\$ -	-	-
Town of Jamestown	742,894	2	1.67%	176,736	8	0.59%
High Point Housing Authority	648,237	3	1.45%	574,568	1	1.93%
Slane Hosiery Mill	621,503	4	1.39%	-	-	-
KAO Specialties Americas, LLC	442,654	5	0.99%	416,117	2	1.40%
Hunter Jersey Farms	390,220	6	0.87%	227,166	7	0.76%
High Point Regional Health Systems	344,553	7	0.77%	358,140	3	1.20%
Dairy Fresh, LLC	271,503	8	0.61%	-	-	-
Crowne at James Landing	231,039	9	0.52%	-	-	-
Banner Pharmacaps, Inc	221,069	10	0.50%	172,666	9	0.58%
Thomas Built Buses, Inc.	-	-	-	313,959	4	1.05%
Superbrand Dairy	-	-	-	307,966	5	1.03%
City of Archdale	-	-	-	243,332	6	0.82%
International Home Furnishings Center (IHFC)	-	-	-	118,569	10	0.40%
Totals	<u>\$ 4,706,781</u>		<u>10.55%</u>	<u>\$ 2,909,219</u>		<u>9.76%</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, 2013 and June 30, 2004**

<u>Taxpayer</u>	<u>Fiscal Year 2013</u>			<u>Fiscal Year 2004</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>
International Home Furnishings Center (IHFC)	\$ 2,710,594	1	2.18%	\$1,891,127	1	2.32%
High Point University	2,646,749	2	2.12%	573,910	9	0.70%
High Point Regional Health Systems	2,147,606	3	1.72%	1,305,055	2	1.60%
KAO Specialties Americas, LLC	1,415,558	4	1.14%	966,341	3	1.19%
HPC Mab WS Disposal	1,384,427	5	1.11%	858,085	5	1.05%
Banner Pharmacaps, Inc	1,166,627	6	0.94%	869,536	4	1.07%
High Point Housing Authority	1,069,014	7	0.86%	852,324	6	1.05%
Thomas Built Buses, Inc.	915,756	8	0.74%	-	-	-
North State Communications	800,290	9	0.64%	-	-	-
Southern Film Extruders	618,240	10	0.50%	-	-	-
High Point Ltd. Development Partnership	-	-	-	670,468	7	0.82%
Sara Lee Sock Company	-	-	-	411,087	10	0.50%
Rose Furniture Co	-	-	-	604,259	8	0.74%
<b>Totals</b>	<b>\$ 14,874,861</b>		<b>11.95%</b>	<b>\$ 9,002,192</b>		<b>11.04%</b>

Source: City of High Point Electric Department

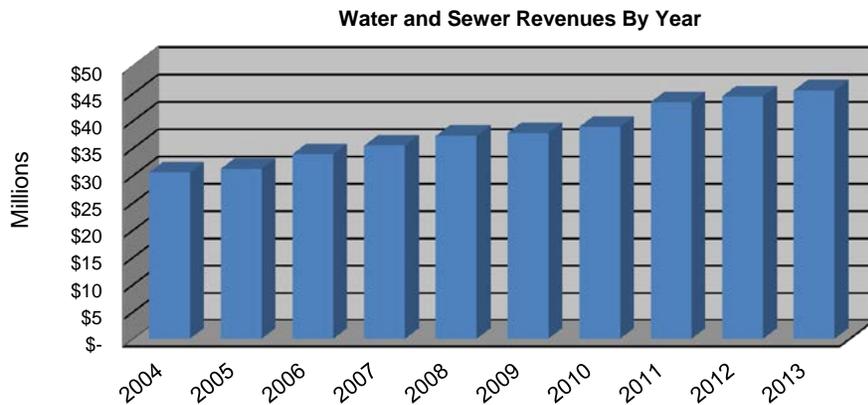


NORTH CAROLINA'S INTERNATIONAL CITY™

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

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

<b>Electric</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Residential	\$ 31,117,279	\$ 32,058,229	\$ 33,779,198	\$ 35,358,605
Industrial	7,696,746	8,410,064	9,044,046	9,455,323
Commercial	36,839,225	37,640,817	39,187,841	40,930,200
City	3,147,343	3,189,477	3,289,930	3,330,363
Street Lighting	1,279,640	1,390,427	1,456,755	1,528,075
Private Lighting	1,063,312	1,135,956	1,170,112	1,266,127
Other	1,648,296	2,431,952	1,722,284	6,087,897
<b>Total</b>	<b>\$ 82,791,841</b>	<b>\$ 86,256,922</b>	<b>\$ 89,650,166</b>	<b>\$ 97,956,590</b>

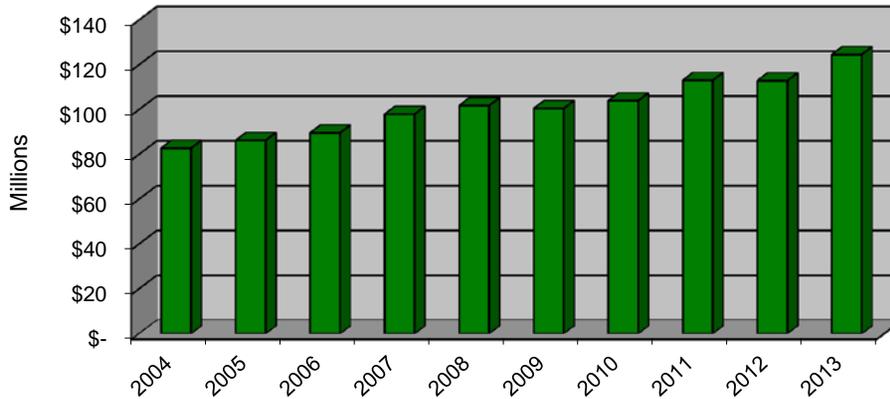


**TABLE XI**  
**Schedule of Water and Sewer, and Electric Operating Revenues**  
**Last Ten Fiscal Years**

<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$ 21,350,473	\$ 21,775,255	\$ 22,303,779	\$ 24,379,005	\$ 25,061,926	\$ 25,865,952
13,369,707	13,680,617	13,948,264	15,353,517	15,651,242	16,102,289
122,919	196,451	191,502	193,330	184,153	182,279
465,626	492,514	492,164	593,654	581,959	490,382
295,071	375,932	395,811	414,047	418,892	474,606
521,978	422,065	488,976	548,496	546,968	654,662
368,844	309,401	394,195	433,517	399,605	466,784
103,065	55,376	106,613	107,821	50,741	73,794
-	-	-	223,736	256,893	275,578
581,327	374,794	494,245	1,118,923	1,262,362	921,519
<b>\$ 37,179,010</b>	<b>\$ 37,682,405</b>	<b>\$ 38,815,549</b>	<b>\$ 43,366,046</b>	<b>\$ 44,414,741</b>	<b>\$ 45,507,845</b>

\$ 39,080,218	\$ 39,100,769	\$ 40,217,026	\$ 44,666,603	\$ 43,361,313	\$ 45,364,572
11,294,014	10,595,656	10,927,253	11,931,773	12,569,847	15,332,140
43,574,982	42,584,819	44,158,424	47,595,194	47,573,774	54,568,671
3,517,806	3,624,070	3,971,356	4,216,150	4,135,521	4,442,319
1,586,740	1,614,486	1,798,946	1,900,714	2,010,148	2,079,650
1,469,432	1,599,987	1,731,997	1,935,588	2,037,561	2,319,342
1,282,923	1,395,466	1,189,623	876,338	1,230,113	485,801
<b>\$ 101,806,115</b>	<b>\$ 100,515,253</b>	<b>\$ 103,994,625</b>	<b>\$ 113,122,360</b>	<b>\$ 112,918,277</b>	<b>\$ 124,592,495</b>

**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			
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%
2013	72,071,112	5,663,133	44,563,896	123,350,000	8,609,362	-	254,257,503	2,348	6.18%

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**

<b>Fiscal Year</b>	<b>General Bonded Debt Outstanding</b>			<b>Percentage of Personal Income</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
	<b>General Obligation Bonds</b>	<b>Less: Amounts Restricted to Repaying Principal</b>	<b>Total</b>			
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
2013	116,635,008	18,018,990	98,616,018	2.40%	1.11%	911

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)**

	<b>Fiscal Year</b>			
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Assessed Value of Property	\$ 6,547,953	\$ 8,332,125	\$ 8,406,292	\$ 8,619,787
Debt Limit, 8% of Assessed Value (Statutory Limitation)	523,836	666,570	672,503	689,583
Amount of Debt Applicable to Limit				
Gross debt	136,270	168,382	216,974	210,331
Less: Amount available for repayment of general obligation bonds	3,033	3,374	7,770	11,353
Debt outstanding for water and sewer purposes	91,877	86,187	89,536	78,123
Revenue bonds	-	42,032	71,755	71,755
Total net debt applicable to limit	<u>41,360</u>	<u>36,789</u>	<u>47,913</u>	<u>49,100</u>
Legal Debt Margin Available	<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	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.

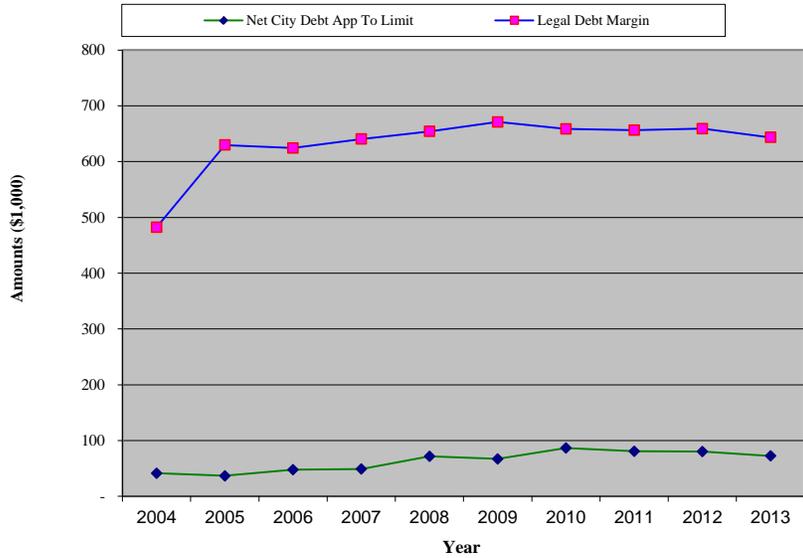
Note: Debt is presented as gross and does not include bond premiums/discounts.

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	2013
\$ 9,074,880	\$ 9,230,496	\$ 9,319,710	\$ 9,215,021	\$ 9,240,692	\$ 8,887,428
725,990	738,440	745,577	737,202	739,255	710,994
271,684	258,688	295,263	279,344	271,525	254,258
14,732	18,107	19,577	17,823	18,316	18,019
72,648	62,611	56,819	51,234	45,976	40,283
112,515	110,730	132,100	129,445	127,120	123,350
71,789	67,240	86,767	80,842	80,113	72,606
<u>\$ 654,201</u>	<u>\$ 671,200</u>	<u>\$ 658,810</u>	<u>\$ 656,360</u>	<u>\$ 659,142</u>	<u>\$ 638,388</u>
9.89%	9.11%	11.64%	10.97%	10.84%	10.21%

**City Debt and Legal Debt Margin**



**CITY OF HIGH POINT, NORTH CAROLINA**

**Table XV  
Direct and Overlapping Debt  
As of June 30, 2013**

<u>Name of Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable To This Governmental Unit</u>	<u>City of High Point's Share of Debt</u>
City of High Point	\$ 122,298,141	100.0%	\$ 122,298,141
Guilford County	828,310,000	19.8%	<u>164,005,380</u>
Total direct and overlapping debt			<u><u>\$ 286,303,521</u></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 Eight Fiscal Years**

Fiscal Year	Prior Year Unrestricted Net Position <sup>1</sup>	Operating Revenues <sup>2</sup>	Operating Expenses <sup>3</sup>	Income Available for Debt Service	Parity Debt Service Requirement	Total Debt Service Requirement	Coverage on Parity Debt Including 15% Unrestricted Net Position <sup>4</sup>	Coverage on Total Debt Excluding 15% Unrestricted Net Position <sup>5</sup>
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
2013	44,956,670	45,507,845	19,046,882	26,460,963	9,343,666	16,720,685	3.55	1.58

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 2012

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

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

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

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

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

**CITY OF HIGH POINT, NORTH CAROLINA**

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

<b>Year</b>	<b>Population (1)</b>	<b>Personal Income (thousands of dollars) (2)</b>	<b>Per Capita Personal Income</b>	<b>Public School Enrollment (3)</b>	<b>Unemployment Rate (4)</b>	<b>Number of Building Inspections Performed (5)</b>
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
2013	108,285	4,113,747	37,990	14,696	9.29%	9,864

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**

<b>Employer</b>	<b>2013</b>			<b>2004</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment <sup>1</sup></b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment <sup>1</sup></b>
Bank of America <sup>3</sup>	2,283	1	0.98%	1,600	3	0.70%
Ralph Lauren Corporation	2,062	2	0.89%	920	7	0.41%
High Point Regional Health System <sup>2,3</sup>	1,858	3	0.80%	1,763	1	0.78%
Guilford County Schools <sup>3</sup> <i>(employees assigned to High Point Schools and offices)</i>	1,692	4	0.73%	1,678	2	0.74%
City of High Point	1,350	5	0.58%	1,403	5	0.62%
Thomas Built Buses/Daimler Trucks NA	1,294	6	0.56%	1,500	4	0.66%
Cornerstone Healthcare <sup>3</sup>	1,246	7	0.54%	619	10	0.27%
High Point University	1,105	8	0.48%	-	-	-
Aetna	805	9	0.35%	730	9	0.32%
Solstas Lab Partners <sup>3</sup>	779	10	0.34%	-	-	-
TE Connectivity (Tyco Electronics)	-	-	-	1,000	6	0.44%
RMH	-	-	-	848	8	0.37%

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

Notes:

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

<sup>2</sup> 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.

<sup>3</sup> These organizations have multiple locations in the Piedmont Triad Area. The numbers shown reflect High Point-based employees only.

**CITY OF HIGH POINT, NORTH CAROLINA**

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

<b>Function/Program</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
General Government	120	120	121	125	118
Public Safety	483	489	507	525	478
Public Services	161	161	161	161	160
Planning and Community Development	38	38	52	51	54
Cultural and Recreation	161	159	159	159	159
Water and Sewer	140	141	143	145	127
Electric	121	122	121	121	123
Mass Transit	33	33	33	33	34
Parking	5	5	5	5	5
Landfill	46	46	46	46	40
Storm Water	8	9	10	10	11
Central Services	42	42	42	42	42
<b>Total</b>	<b>1,358</b>	<b>1,365</b>	<b>1,400</b>	<b>1,423</b>	<b>1,351</b>

Source: 2004-2008 City of High Point Finance Department; 2009 and forward -  
City of High Point Budget and Evaluation Department

Notes: For 2004-2008, 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**

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
127	121	119	118	120
490	490	487	487	492
159	144	119	119	118
54	51	48	47	48
173	179	174	174	174
146	143	139	138	138
123	121	122	123	123
33	33	35	35	39
5	4	4	3	2
46	47	47	47	47
12	23	22	22	22
40	38	37	36	34
<u>1,408</u>	<u>1,394</u>	<u>1,353</u>	<u>1,349</u>	<u>1,357</u>

**CITY OF HIGH POINT, NORTH CAROLINA**

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

<b>Function/Program</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Police</b>					
Calls dispatched	125,920	140,161	148,899	148,899	125,137
<b>Fire</b>					
Emergency responses	11,114	11,332	-	-	11,038
Inspections	3,335	4,613	1,464	1,571	6,715
<b>Streets</b>					
Streets paved	13	-	6	4	3
<b>Water and Sewer</b>					
Water pumped (mgd)	12	12	12	13	13
Sewer treated (mgd)	18	18	18	17	15
<b>Electric</b>					
Customers	37,037	38,364	40,564	39,140	40,359
kWh purchased	1,080,987,000	1,116,574,300	1,200,578,120	1,158,205,000	1,138,448,000

**CITY OF HIGH POINT, NORTH CAROLINA**

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

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
133,252	125,482	119,529	118,549	122,412
10,897	11,029	11,209	11,179	11,917
6,027	5,525	4,270	4,701	4,983
-	-	-	-	-
11	13	12	11	12
18	17	16	16	17
39,369	39,047	39,256	39,613	39,935
1,160,153,000	1,183,410,000	1,189,044,000	1,152,207,000	1,163,302,000

**CITY OF HIGH POINT, NORTH CAROLINA**

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

<b>Function/Program</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Police</b>					
Stations	1	1	1	1	1
Patrol Units	220	220	251	255	225
<b>Fire stations</b>	13	14	14	14	14
<b>Streets</b>					
Paved Streets (miles)	478	478	484	489	492
Unpaved Streets (miles)	2	4	4	4	4
Alleys (miles)	2	2	2	2	2
<b>Parks and Recreation</b>					
Acreage	3,799	3,799	3,804	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	6	6	7
<b>Library</b>					
Books and Volumes	284,711	320,322	343,444	320,431	295,542
<b>Theatre</b>					
Seats	967	967	967	963	963
<b>Water and Sewer</b>					
Water and Sewer mains (miles)	984	991	1,311	1,324	1,420
Water storage capacity (mgd)	24	24	24	24	18
Water and Sewer Treatment capacity(mgd)	22	32	26	26	56
<b>Electric</b>					
Overhead lines (miles)	597	416	416	420	416
Underground lines (miles)	*	184	286	300	311
Electric substations	14	14	13	13	13
<b>Mass Transit</b>					
Buses	18	18	18	18	18
<b>Parking</b>					
Off Street Parking spaces	1,237	1,237	1,237	1,237	1,237
<b>Storm Water</b>					
Storm sewers (miles)	545	549	570	600	294

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**

2009	2010	2011	2012	2013
1	1	1	1	1
225	222	222	223	229
14	14	14	14	14
492	492	435	436	440
4	4	1	1	1
2	2	2	2	2
3,200	3,252	3,252	3,252	3,252
35	35	35	35	35
2	2	2	2	2
2	2	2	2	2
7	7	7	7	7
262,066	294,204	271,030	294,974	308,786
963	963	963	963	963
1,347	1,350	1,350	1,378	1,285
18	18	19	19	19
56	56	58	58	58
416	416	420	438	408
324	366	327	327	331
13	13	13	14	14
18	18	17	17	17
1,234	1,238	1,234	1,234	1,234
315	337	433	447	453



NORTH CAROLINA'S INTERNATIONAL CITY™

CITY OF HIGH POINT, NORTH CAROLINA

COMPLIANCE SECTION



NORTH CAROLINA'S INTERNATIONAL CITY™



**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***

**Independent Auditor's Report**

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

We have audited, in accordance with the 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 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 26, 2013.

We did not audit the financial statements of the City of High Point ABC Board, the City's 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. The financial statements of the City of High Point ABC Board were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the City of High Point ABC Board.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "McGladrey LLP".

Greensboro, North Carolina  
November 26, 2013



**Report On Compliance For Each  
Major Federal Program And On Internal Control Over  
Compliance Required By OMB Circular A-133 And  
The State Single Audit Implementation Act Of North Carolina**

**Independent Auditor's Report**

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of High Point, North Carolina's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2013. 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*.

We did not audit the financial statements of the City of High Point ABC Board. Those statements were audited by another auditor whose report 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 another auditor. We are not aware of any material federal and State awards for the City of High Point ABC Board that would subject the City of High Point ABC Board to have an audit performed in accordance with OMB Circular A-133 or the State Single Audit Implementation Act of North Carolina. Accordingly, this report does not include reporting on compliance or internal control over compliance for the City of High Point ABC Board.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

### ***Opinion on Each Major Federal Program***

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, 2013.

### ***Report on Internal Control Over Compliance***

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 a 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

*McGladrey LLP*

Greensboro, North Carolina  
November 26, 2013



**Report On Compliance For Each Major  
State Program And On Internal Control Over  
Compliance Required By Applicable Sections  
Of OMB Circular A-133 And The State Single Audit  
Implementation Act Of North Carolina**

**Independent Auditor's Report**

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

**Report on Compliance for Each Major State Program**

We have audited the City of High Point, North Carolina's (the City) compliance 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 program for the year ended June 30, 2013. The City's major State program is identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

We did not audit the financial statements of the City of High Point ABC Board. Those statements were audited by another auditor whose report 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 another auditor. We are not aware of any material federal and State awards for the City of High Point ABC Board that would subject the City of High Point ABC Board to have an audit performed in accordance with OMB Circular A-133 or the State Single Audit Implementation Act of North Carolina. Accordingly, this report does not include reporting on compliance or internal control over compliance for the City of High Point ABC Board.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major State program.

## ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the City's major State program based on our audit of the types of compliance requirements referred to above. 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 on compliance for the major State program. However, our audit does not provide a legal determination of the City's compliance.

## ***Opinion on the Major State Program***

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 program for the year ended June 30, 2013.

## ***Report on Internal Control Over Compliance***

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on its major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State program 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 a 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "McGladrey LLP". The signature is written in a cursive, flowing style.

Greensboro, North Carolina  
November 26, 2013

City of High Point, North Carolina

Schedule Of Findings And Questioned Costs  
Year Ended June 30, 2013

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Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

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: Unmodified

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

Identification of major programs:

CFDA Numbers	Name of Federal Program
14.239	Home Investment Partnership
20.500 and 20.507	Federal Transit Formula Grants

(Continued)

City of High Point, North Carolina

Schedule Of Findings And Questioned Costs (Continued)  
Year Ended June 30, 2013

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

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

          \$300,000          

Auditee qualified as low-risk auditee?

yes       no

State Awards

Internal control over major State programs:

- ◆ Material weakness(es) identified?
- ◆ Significant deficiency(ies) identified?

yes       no  
 yes       none reported

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

                          Unmodified                          

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

yes       no

Identification of major State program:

N. C. Department of Transportation:  
Powell Bill

(Continued)

**City of High Point, North Carolina**

**Schedule Of Findings And Questioned Costs (Continued)**  
**Year Ended June 30, 2013**

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**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 Prior Year Findings  
Year Ended June 30, 2013**

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None reported.

**CITY OF HIGH POINT, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For The Year Ended June 30, 2013**

<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	\$ 699,046	\$ -
HOME PJ	14.239	494,985	-
Shelter Care Plus	14.238	69,345	-
Community Challenge Planning/Sustainable Communities	14.704	68,297	-
Lead Hazard Control/Healthy Homes	14.913	679,756	-
Passed Through N.C. Department of Commerce			
Neighborhood Stabilization Program	14.228	3,007	-
Passed Through N.C. Department of Health & Human Services			
Lead Hazard Control	14.900	76,577	-
Passed Through City of Greensboro			
HOME Consortium	14.239	317,290	-
<u>U.S. Department of Justice</u>			
Direct Programs			
Justice Assistance Grant	16.738	251,828	-
Forfeiture Funds	16.922	485,143	-
Treasury Forfeiture Funds	21.000	2,675	-
Bulletproof Vest Partnership	16.607	16,365	-
Passed Through N.C. Governor's Crime Commission			
ARRA - Domestic Violence Initiative	16.588	10,347	-
Fraudulent Prescription Diversion & Education	16.738	13,348	-
Project Safe Neighborhood	16.609	3,215	-
<u>U.S. Department of Transportation</u>			
Direct Programs			
Federal Transit Cluster			
Section 5307 Capital Grant - FY 2009-2010 (NC-90-X435-02)	20.507	5,708	-
Section 5307 Capital Grant - FY 2008-2009 (NC-90-X440)	20.507	703,030	87,878
Section 5307 Capital Grant - FY 2010-2011 (NC-90-X470)	20.507	89,079	-
Section 5307 Capital Grant - FY 2011-2012 (NC-90-X470-01)	20.507	64,216	-
Section 5307 Capital Grant - FY2012-2015 (NC-90-X522)	20.507	76,583	-
Section 5307 Operating Grant - FY 08-09, 09-10, 10-11, 11-12	20.507	81,032	-
Section 5307 Operating Grant - FY2012-2013 (NC-90-X522)	20.507	1,160,377	-
Total Federal Transit Cluster		2,180,025	87,878
Passed Through N.C. Department of Transportation			
ARRA - US311/NC68	20.205	91,989	-
US311/NC68 Supplemental	20.205	92,156	23,039
Depot Restoration	20.205	35,328	57,640
Airport & Area Roadway Network/Johnson & Sandy Ridge	20.205	300,738	-
Section 5303 Planning Grant - FY 2010-2011	20.505	27,939	3,492
Section 104(f) Highway Planning Grant	20.205	167,379	-
Model Farm Bridge	20.205	49,204	-
Passed Through Guilford County			
DWI Task Force	20.601	164,244	-
<u>U.S. Department of Energy</u>			
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	79,527	-
<u>U.S. Department of the Interior</u>			
Passed Through N.C. Department of Cultural Resources			
Historic Preservation Fund/Uptown Suburbs	15.904	1,227	-

(continued)

**CITY OF HIGH POINT, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For The Year Ended June 30, 2013**

<u>U.S. Department of the Treasury</u>			
Passed Through MDC (appropriated by the N.C. General Assembly)			
Volunteer Income Tax Assistance	21.009	3,471	-
<u>U.S. Department of Health &amp; Human Services</u>			
Passed Through Piedmont Triad Council of Governments			
Title III D Disease Prevention	93.043	2,819	168
<u>Institute of Museum and Library Services</u>			
Passed Through N.C. Department of Cultural Resources			
LSTA	45.310	20,000	-
<u>N.C. Department of Commerce</u>			
One NC Fund		-	102,000
<u>N.C. Department of Revenue</u>			
State Forfeiture Funds - Controlled Substance Tax		-	9,210
<u>N.C. Department of Transportation</u>			
Direct Programs			
State Streets Maintenance		-	209,414
Powell Bill		-	2,857,838
Furniture Market Transportation		-	1,000,000
State Maintenance Assistance Program (SMAP)		-	407,303
Skeet Club Widening		-	82,970
<u>N.C. Department of Health and Human Services</u>			
Passed Through Piedmont Triad Council of Governments			
Senior Center General Purpose		-	11,753
<u>N.C. Department of Cultural Resources</u>			
Direct Programs			
State Aid to Libraries		-	50,661
Passed Through High Point Area Arts Council			
Culler Senior Center Arts		-	975
		\$ 6,407,270	\$ 4,904,341
Total Federal and State Assistance		\$ 6,407,270	\$ 4,904,341

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, 2013**

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		62,332
City of Greensboro		135,013
Section 5307 Operating Grant	20.507	
Davidson County		125,000
Guilford County		67,284
<u>State Grant/Subrecipient</u>		<u>State Expenditures</u>
Furniture Market Transportation		
High Point Market Authority		1,000,000

Note 3. The Schedule of Expenditures of Federal and State Awards includes \$1,160,377 in funds that were spent under a pre-award authority for a FTA grant that has been historically awarded but due to delays with FTA system upgrades, sequester, and the shutdown the formal approval of the grant was never completed. Because the official award was not yet approved the receivable was not booked since no claim to the asset exists until the grant is approved. Therefore expenditures have been incurred for which there is no revenue in the basic financial statements. The City showed the expenditures in the June 30, 2013 Schedule of Expenditures of Federal and State Awards to properly show expenditures in the year the expenditures occurred. This was deemed to be an appropriate approach given there has not been any communication from the FTA that the grant will not be approved and that the grant has historically been awarded and operated by the City.

(concluded)



NORTH CAROLINA'S INTERNATIONAL CITY™