May 11, 2016

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

I am pleased to present the City's 2016-17 Annual Budget for your review and consideration. This budget was prepared in accordance with the provisions of the North Carolina General Statutes and the policies of the North Carolina Local Government Commission. This budget is balanced and reflects the City Council's commitment to responsible fiscal management, while enhancing services that improve the quality of life for the citizens of High Point. Funds included in the budget are adequate to continue providing the services I believe are expected by our citizens. The budget attempts to strike a balance between addressing the needs of today and providing flexibility to address the needs of the future.

The City Council met and adopted the following goals at the Strategic Planning session on March 22 of this year:

1. Increase the population of active, engaged, and entrepreneurial and working millennials living in High Point by 25%
2. 100% proactive enforcement of codes
3. Create a downtown catalyst project that produces:
    - 500 private sector jobs
    - 15-20 new restaurants and shops
    - 250 additional housing units
    - A centralized gathering place

This budget addresses the increase in millennial population goal through initiatives to redevelop parts of our core city. The 2015-2016 budget included the ability of the city to proactively enforce 100% of codes by hiring 4 additional code enforcement officers. The hiring of those positions as well as the use of an outside contractor is now addressing that strategic goal.

As you know, private monies have been raised to fund feasibility and fiscal impact studies for a downtown catalyst project. These studies are currently underway, and results of these studies are expected to be known in late summer.

This budget continues to address issues that were priorities last year, including enhancing Livability, Transparency, Accountability and Infrastructure. All these items are addressed with a tax rate decrease and without significantly sacrificing current levels of service.

**TOTAL FY 2016-17 BUDGET**

The total FY 2016-17 budgeted expenditures for the City of High Point amount to $375,290,442. This is an increase of $10,907,258 or 3.0% from the FY 2015-16 Budget. Details of these increases are summarized later in this message.

Below is a chart of total 2016-17 budgeted revenues and expenditures compared to the 2015-16 Adopted Budget:

| CITY OF HIGH POINT<br>TOTAL BUDGET SUMMARY | | | | | | |
|---|---|---|---|---|---|---|
| Sources and Uses of Funds | FY 2015 Actual | Original FY 2016 Budget | FY 2016 Estimate | Proposed FY 2017 Budget | $ Change Prop/Orig | % Change Prop/Orig |
| | | | | | | |
| **REVENUES** | | | | | | |
| Fund Balance | - | 7,902,576 | 1,198,171 | 7,954,160 | 51,584 | 0.7% |
| Property Tax | 59,860,273 | 59,854,492 | 59,545,063 | 59,913,410 | 58,918 | 0.1% |
| Sales & Use Taxes | 25,696,388 | 26,002,070 | 26,535,000 | 26,967,500 | 965,430 | 3.7% |
| Intergovernmental Revenues | 17,721,117 | 25,974,143 | 25,078,417 | 17,518,741 | (8,455,402) | -32.6% |
| Licenses & Permits | 3,866,657 | 3,111,917 | 3,109,213 | 4,463,650 | 1,351,733 | 43.4% |
| Charges for Services | 205,475,622 | 218,012,047 | 227,181,994 | 231,663,644 | 13,651,597 | 6.3% |
| Miscellaneous Revenues | 7,275,354 | 9,609,000 | 8,650,492 | 10,215,756 | 606,756 | 6.3% |
| **Net Total Revenues** | **319,895,411** | **350,466,245** | **351,298,350** | **358,696,861** | **8,230,616** | **2.3%** |
| | | | | | | |
| Interfund Activities | 16,837,362 | 13,916,939 | 13,855,876 | 16,593,584 | 2,676,645 | 19.2% |
| **Total Revenues** | **336,732,773** | **364,383,184** | **365,154,226** | **375,290,445** | **10,907,261** | **3.0%** |
| | | | | | | |
| **EXPENDITURES** | | | | | | |
| Personnel Services | 91,779,296 | 96,223,907 | 94,481,432 | 114,408,469 | 18,184,562 | 18.9% |
| Operating Expenditures | 159,198,830 | 181,269,888 | 177,056,444 | 169,646,569 | (11,623,319) | -6.4% |
| Capital Outlay | 14,478,568 | 25,043,630 | 25,000,604 | 15,061,460 | (9,982,170) | -39.9% |
| Debt Service | 28,414,520 | 29,206,075 | 29,836,773 | 31,539,908 | 2,333,833 | 8.0% |
| PayGo Capital | 9,379,173 | 9,033,250 | 9,033,250 | 14,600,000 | 5,566,750 | 61.6% |
| Reimbursements | 13,444,718 | 11,135,514 | 12,149,029 | 10,517,507 | (618,007) | -5.5% |
| Contingency | - | 1,150,000 | - | 3,566,518 | 2,416,518 | 210.1% |
| SubTotal | 316,695,105 | 353,062,264 | 347,557,532 | 359,340,431 | 6,278,167 | 1.8% |
| | | | | | | |
| Interfund Activities | 11,878,212 | 11,320,920 | 11,505,776 | 15,950,014 | 4,629,094 | 40.9% |
| **Total Uses of Funds** | **328,573,317** | **364,383,184** | **359,063,308** | **375,290,445** | **10,907,261** | **3.0%** |

## FY 2016-17 MAJOR REVENUES HIGHLIGHTS

Total net revenues for FY 2016-17 are projected to increase $8,230,616, which is a 2.3% increase from the FY 2015-16 Adopted Budget. The 2016-17 Budget proposes a number of changes to our current revenue basis, including a 0.25 cent tax rate decrease, a $15 annual increase in motor vehicle taxes, a $3/month increase in garbage collection fees, a 4.0% water-sewer rate increase, and a $1/month increase in stormwater fees. Greater details are outlined below:

- The budget decreases the city's current $.65 property tax rate by 0.25 cents, to $.6475 cents. A penny on the tax rate generates approximately $920,000. This decrease is less than the 1.25 cent decrease planned in the Environmental Services transition plan due to the unintended consequence of losing over $800,000 in sales tax due to the ad valorem distribution method in Guilford County. This tax rate decrease completes the plan to move the Environmental Services Division from the General Fund to the Solid Waste Enterprise Fund. This rate decrease equals approximately $230,000 in General Fund tax revenue.

- A $15 annual increase in the Municipal Vehicle Tax, from $5 annually to $20 annually. This will increase street resurfacing funds by 20%, from $1.925 million to $2.315 million.

- A 4.0% water and sewer rate increase effective October 1, 2016 to continue the long range financial strategy of issuing water and sewer bonds to fund needed water and sewer system improvements. This rate increase is in line with the 4.0% to 6.0% recommended amount that was developed by the City in conjunction with Davenport and Company. This prudent long range financing strategy has been in place since 2004.

- An increase of stormwater ERU (equivalent residential unit) fees of $1 per month, from $3 to $4. This increase will generate approximately $1.3 million in additional revenue, which will fully fund $21 million in needed stormwater projects around the City over the next five years. The first series of these revenue bonds are planned to be issued in the Spring of 2017.

- Increases the current $11.00 per month solid waste collection fee to $14.00 per month beginning July 1, 2016. This $3.00 increase completes the three year plan to transition the Environmental Services Division from the General Fund to the Solid Waste Enterprise Fund. This rate increase will generate approximately $1,465,000.

## FY 2016-17 EXPENDITURE HIGHLIGHTS

This budget continues to fund the initiatives that were started in the previous years' budget. Enhanced Livability, Enhanced Transparency and Accountability, and Enhanced Infrastructure were key priorities last year, and this budget continues most of those initiatives.

Redevelopment and economic development continue to be important to the revitalization of High Point, and funding is included to address these priorities.

The needs, priorities and details of each fund are highlighted in detail throughout this document. Below are the major expenditure highlights included in the FY 2016-17 Proposed Budget:

- The following personnel related items are being proposed:

    - Eliminate one Core City Administrator position

    - The Police Department is applying for a Federal COPS grant which, if successful, will be used to hire 8 additional Police Officer positions. The outcome of the grant award will be known in September.

    - Continues the cities Pay for Performance Program with a 0% - 4% merit increase on eligible employees' anniversary date. This proposal will help the city remain competitive in the retention of staff, and will give department directors more flexibility to reward high performing employees. The cost of this pay plan is approximately $1,465,000 citywide. The cost by each major fund is: General Fund ($1,200,000), Water/Sewer ($138,000), Electric ($68,000), all others ($59,000).

    - Citywide Personnel Services expenditures are budgeted to increase 2.9% and Operating Expenses are budgeted to increase 2.1% from the previous year. The year to year comparison shows an increase in Personnel Services from the previous year of $18,184,562 or 18.9% and a decrease to the Operating

Expense category of $11,623,319 or 6.4%. This is due to a reclassification to the way Insurance Reserve expenditures are budgeted.

- Funding of $500,000 for redevelopment and blight removal efforts.

- Funding of the Forward High Point downtown development group in the amount of $250,000.

- Continued funding of $100,000 for the Guilford County Economic Development Alliance.

- Addresses the need for enhanced Wi-Fi connectivity by adding this service to Morehead, Washington Terrace and Southside recreation centers at a cost of $38,000.

- Continuation of the Façade Grant Match for $50,000.

- Increases funding for pay-as-we-go neighborhood Street resurfacing from $1.925 million to $2.315 million. Funds for the increase will come from $5 of the proposed $15 increase in the Municipal Vehicle Tax.

- Expands Transit Services by 3 additional weekday hours (from 6:30pm to 9:30pm) and 2 hours on Saturday (7:45am to 6:15pm) and changes routes and adds a feeder route to the Palladium area. Funds for this increased service will come in part from increased Federal Grants ($480,000) and a City grant match ($120,000).

- This budget plans includes funding for one additional transit bus. The funding for the $560,000 total cost is shared between the Federal Government at 80% ($504,000), State Government at 10% ($28,000), and City funds at 10% ($28,000).

- Replaces $5.275 million in vehicles funded with a combination of cash and lease purchases from the Fleet division of the Central Services Fund. Replacements include an Electric Department bucket truck, two rear loader trucks and three automated trucks for Environmental Services, a compactor for the landfill, a vactor truck for the Water and Sewer Department, police cruisers, and an assortment of mid-sized sedans and light duty pickup trucks. Funding is also included to replace the current fuel site at Triangle Lake Road.

- Plans the acquisition of three Fire apparatus for $2,000,000. These vehicles will be funded using lease purchase funds. This acquisition is in line with the long range fire apparatus replacement plan that has been developed that proposes a steady cash funding source and using a combination of lease purchase financing and cash funding.

- Includes issuing $10.5 million in revenue bonds for the stormwater system. The proposed budget includes a $1/month stormwater rate increase to pay the debt service on this bond issue. This funding will begin to address needed projects at Jacobs Place, Hamilton Street, Rockford/Rotary/Farris streets, Devonshire/Country Club and Ray Street/Hospital District.

- Includes $797,100 for pay-as-we-go routine stormwater projects and $525,000 for three additional leaf collection vehicles funded from stormwater fee revenue.

- Includes over $29 million in pay as you go financing projects, which are detailed later in this letter.

## 2016-17 MAJOR FUND SUMMARIES

## GENERAL FUND

The 2016-17 General Fund Budget of $106,453,058 is $3,701,569 or 3.6% more than the adopted 2015-16 budget of $102,751,489. The 2016-17 General Fund Budget is balanced with revenues of $102,897,443 and $3,555,615 from prior year fund balances. General Fund revenues and expenditures are summarized below:

| CITY OF HIGH POINT<br>GENERAL FUND BUDGET SUMMARY | | | | | | |
|---|---|---|---|---|---|---|
| **Sources and Uses of Funds** | **FY 2015 Actual** | **Original FY 2016 Budget** | **FY 2016 Estimate** | **Proposed FY 2017 Budget** | **$ Change Prop/Orig** | **% Change Prop/Orig** |
| | | | | | | |
| **REVENUES** | | | | | | |
| Fund Balance | - | 2,806,607 | - | 3,555,615 | 749,008 | 26.7% |
| Property Tax | 56,854,251 | 56,870,148 | 57,588,064 | 56,792,208 | (77,940) | -0.1% |
| Sales & Use Taxes | 25,264,497 | 25,617,070 | 24,880,000 | 26,532,500 | 915,430 | 3.6% |
| Intergovernmental Revenues | 10,435,591 | 9,709,203 | 9,867,536 | 9,846,723 | 137,520 | 1.4% |
| Licenses & Permits | 1,831,670 | 1,120,800 | 1,841,430 | 2,448,650 | 1,327,850 | 118.5% |
| Charges for Services | 4,330,153 | 4,233,361 | 4,265,810 | 4,562,362 | 329,001 | 7.8% |
| Miscellaneous Revenues | 984,050 | 2,394,300 | 523,978 | 2,715,000 | 320,700 | 13.4% |
| **Net Total Revenues** | **99,700,212** | **102,751,489** | **98,966,818** | **106,453,058** | **3,701,569** | **3.6%** |
| | | | | | | |
| | | | | | | |
| **EXPENDITURES** | | | | | | |
| Personnel Services | 65,957,259 | 68,848,862 | 66,014,927 | 71,043,182 | 2,194,320 | 3.2% |
| Operating Expenditures | 18,871,062 | 21,790,043 | 20,634,843 | 23,680,334 | 1,890,291 | 8.7% |
| Capital Outlay | 770,455 | 2,678,258 | 1,074,735 | 2,600,739 | (77,519) | -2.9% |
| Debt Service | 453,322 | 628,406 | 409,905 | 928,459 | 300,053 | 47.7% |
| Reimbursements | - | 86,896 | 86,071 | - | (86,896) | -100.0% |
| Contingency | - | 400,000 | - | 400,000 | - | 0.0% |
| SubTotal | 86,052,098 | 94,432,465 | 88,220,481 | 98,652,714 | 4,220,249 | 4.5% |
| | | | | | | |
| Interfund Activities | 10,422,742 | 8,319,024 | 9,822,281 | 7,800,344 | (518,680) | -6.2% |
| **Total Uses of Funds** | **96,474,840** | **102,751,489** | **98,042,762** | **106,453,058** | **3,701,569** | **3.6%** |

## GENERAL FUND REVENUES

Below is a summary of major General Fund revenue changes:

- Property tax revenues represent 53.3% or $56,792,208 of the General Fund. Property tax collections are projected to decrease approximately $78,000 or 0.1% due to a decrease in property tax rate, from .65 cents to .6475 cents, offset by modest growth in assessed valuation.

- Sales tax revenues represent about 25% of General Fund revenues and are projected to increase approximately $915,430 or 3.6% due to estimated sales tax growth and a broadening of the sales tax base, and increased collections.

- License and permit fees are projected to increase $1,327,850 or 118.5%. The majority of this increase is due to the proposed increase in the Municipal Vehicle Tax. The city currently charges $5.00 per vehicle annually, and this proposed budget includes a rate increase of $15.00 annually, for a total of $20.00 annually per vehicle. This increase will generate an additional $1.17 million. Per state law, $5.00 of this increase will be used for general purposes and $10.00 will be used for street repairs.

- Miscellaneous revenues are increasing approximately $320,700 or 13.4% due to lease purchase proceeds related to fire truck purchases.

## GENERAL FUND EXPENDITURES

Below is a summary of major General Fund expenditure changes:

- Personnel services are increasing $2.2 million or 3.2% due to the impact of a proposed pay for performance merit program and increased health insurance premiums.

- Operating expenditures are increasing $1.9 million or 8.7%. The majority of the increases are coming from increases to street resurfacing ($390,000), Forward High Point ($250,000), traffic calming devices ($100,000), placeholder for equipment for grant funded police officers ($400,000), and various other increases.

- Capital outlay is decreasing approximately $77,500 or 2.9%.

- Debt service is increasing by $300,053 or 47.7 due to the lease-purchase of 3 new fire apparatus totaling $2,000,000 proposed in FY 2016-17.

## ASSESSED PROPERTY VALUES

The combined total assessed valuation estimates from our four County taxing authorities is $9,125,801,713 for 2016-17, for a 1.1% increase. The value of one cent in tax rate will produce approximately $920,000 revenues. Below is a chart of our historic assessed value history:

| CITY OF HIGH POINT ASSESSED VALUE HISTORY | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Fiscal Year | REAL PROPERTY | | | | Personal Property | Public Service Companies | Total Assessed Value | % Inc yr/yr |
| | Residential Property | Commercial Property | Industrial Property | Total | | | | |
| 2006 | 3,481,796,314 | 2,491,980,410 | 942,275,410 | 6,916,052,134 | 1,372,316,382 | 117,923,262 | 8,406,291,778 | 0.9% |
| 2007 | 3,615,085,429 | 2,530,768,578 | 942,311,760 | 7,088,165,767 | 1,409,442,958 | 122,178,728 | 8,619,787,453 | 2.5% |
| 2008 | 3,778,859,150 | 2,729,035,922 | 994,596,450 | 7,502,491,522 | 1,441,055,968 | 131,332,066 | 9,074,879,556 | 5.3% |
| 2009 | 4,231,853,123 | 2,408,171,911 | 1,005,788,880 | 7,645,813,914 | 1,452,697,393 | 131,984,351 | 9,230,495,658 | 1.7% |
| 2010 | 4,279,155,000 | 2,483,747,575 | 1,008,165,180 | 7,771,067,755 | 1,417,186,050 | 131,456,290 | 9,319,710,095 | 1.0% |
| 2011 | n/a | n/a | n/a | 7,682,834,650 | 1,402,419,615 | 129,766,404 | 9,215,020,669 | -1.1% |
| 2012 | n/a | n/a | n/a | 7,655,916,694 | 1,455,701,042 | 129,074,157 | 9,240,691,893 | 0.3% |
| 2013 | 4,300,290,483 | 1,949,336,323 | 987,346,355 | 7,236,973,161 | 1,501,465,603 | 148,989,146 | 8,887,427,910 | -3.8% |
| 2014 | 4,315,429,943 | 2,149,860,980 | 969,318,600 | 7,434,609,523 | 1,489,840,190 | 128,387,727 | 9,052,837,440 | 1.9% |
| 2015 | 4,397,388,367 | 1,872,215,206 | 977,839,178 | 7,247,442,751 | 1,555,428,785 | 126,857,380 | 8,929,728,916 | -1.4% |
| 2016 (est) | 4,419,391,033 | 2,041,841,089 | 914,694,134 | 7,375,926,256 | 1,513,238,022 | 140,281,138 | 9,029,445,416 | 1.1% |
| 2017 (est) | 4,426,903,998 | 2,082,677,911 | 932,988,017 | 7,442,569,926 | 1,535,936,592 | 147,295,195 | 9,125,801,713 | 1.1% |

## TAX RATE AND COLLECTIONS

The proposed FY 2016-17 tax rate is 64.75 cents, which is a decrease of .25 cents from the Fiscal Year 2015-16 rate of 65.0 cents. This decrease is due to the third year of the plan to transfer the garbage collection service from the General Fund to the Solid Waste Fund.

The total proposed tax rate of 64.75 cents is divided between the General Fund and the General Debt Service Fund. The General Fund receives 61.35 cents, and the General Debt Service Fund receives 3.4 cents. Of the total current year estimated collections of $58,498,670, the General Fund will receive $55,986,794, and the General Debt Service Fund will receive $3,102,773. A conservative blended collection rate of 98.5% is planned for current year tax collections since historically 98% of real property tax and 99% of automobile property tax is collected within the fiscal year. Below is a chart of the history of the tax rate, total tax levy, and collection amounts.

| CITY OF HIGH POINT PROPERTY TAX COLLECTION HISTORY | | | | | | | |
|---|---|---|---|---|---|---|---|
| Fiscal Year | Tax Rate | Total Tax Levy | Collected within the Fiscal Year of the Levy | | Total Collections to Date | | |
| | | | Amount | % of Levy | Prior Year Collections | Amount | % of Levy |
| 2005 | 0.54 | 45,007,822 | 44,189,414 | 98.2% | 700,738 | 44,890,152 | 99.7% |
| 2006 | 0.593 | 49,728,477 | 48,961,461 | 98.5% | 635,428 | 49,596,889 | 99.7% |
| 2007 | 0.608 | 52,426,916 | 51,598,122 | 98.4% | 695,981 | 52,294,103 | 99.7% |
| 2008 | 0.633 | 57,726,974 | 56,595,208 | 98.0% | 944,770 | 57,539,978 | 99.7% |
| 2009 | 0.633 | 58,805,839 | 57,501,339 | 97.8% | 1,096,924 | 58,598,263 | 99.6% |
| 2010 | 0.633 | 59,398,063 | 57,985,102 | 97.6% | 1,174,951 | 59,160,053 | 99.6% |
| 2011 | 0.633 | 58,762,018 | 57,169,238 | 97.3% | 1,281,230 | 58,450,468 | 99.5% |
| 2012 | 0.662 | 61,481,406 | 59,769,314 | 97.2% | 1,204,119 | 60,973,433 | 99.2% |
| 2013 | 0.675 | 60,356,131 | 58,559,431 | 97.0% | 1,065,690 | 59,625,121 | 98.8% |
| 2014 | 0.675 | 61,501,088 | 60,320,711 | 98.1% | 969,507 | 61,290,218 | 99.7% |
| 2015 | 0.664 | 60,110,841 | 60,085,364 | 100.0% | 1,000,000 | 61,085,364 | 101.6% |
| 2016 (est) | 0.65 | 58,691,395 | 58,104,481 | 98.5% | 1,000,000 | 59,104,481 | 100.7% |
| 2017 (est) | 0.6475 | 59,089,566 | 58,498,670 | 98.5% | n/a | n/a | n/a |

## WATER AND SEWER FUND

The $51,642,201 Water and Sewer Fund Budget for 2016-17 represents a 5.8% or $2,843,630 increase from the 2015-16 adopted budget of $48,798,571 as summarized below:

| WATER SEWER FUND BUDGET SUMMARY | | | | | | |
|---|---|---|---|---|---|---|
| Sources and Uses of Funds | FY 2014 Actual | Original FY 2015 Budget | FY 2015 Estimate | Proposed FY 2016 Budget | $ Change Prop/Orig | % Change Prop/Orig |
| | | | | | | |
| **REVENUES** | | | | | | |
| Fund Balance | | 1,310,707 | - | 2,262,066 | 951,359 | 72.6% |
| Intergovernmental Revenues | 435,820 | 435,938 | 408,038 | 435,000 | (938) | -0.2% |
| Charges for Services | 45,244,609 | 46,781,926 | 46,856,472 | 48,663,135 | 1,881,209 | 4.0% |
| Miscellaneous Revenues | 2,917,664 | 270,000 | 302,513 | 282,000 | 12,000 | 4.4% |
| **Net Total Revenues** | **48,598,093** | **48,798,571** | **47,567,023** | **51,642,201** | **2,843,630** | **5.8%** |
| | | | | | | |
| **EXPENDITURES** | | | | | | |
| Personnel Services | 7,935,364 | 8,564,348 | 8,234,184 | 8,794,634 | 230,286 | 2.7% |
| Operating Expenditures | 9,771,155 | 11,459,813 | 11,014,502 | 11,596,960 | 137,147 | 1.2% |
| Debt Service | 17,039,884 | 17,735,068 | 18,499,410 | 18,446,217 | 711,149 | 4.0% |
| PayGo Capital | 163,168 | 4,500,000 | 4,500,000 | 6,350,000 | 1,850,000 | 41.1% |
| Reimbursements | 5,717,108 | 6,189,342 | 6,012,857 | 6,104,390 | (84,952) | -1.4% |
| Contingency | | 300,000 | | 300,000 | - | 0.0% |
| SubTotal | 40,626,679 | 48,748,571 | 48,260,953 | 51,592,201 | 2,843,630 | 5.8% |
| | | | | | | |
| Interfund Activities | 4,817,000 | 50,000 | 50,000 | 50,000 | - | 0.0% |
| **Total Uses of Funds** | **45,443,679** | **48,798,571** | **48,310,953** | **51,642,201** | **2,843,630** | **5.8%** |

## WATER AND SEWER RATES

The 2016-17 Water and Sewer Fund includes a 4.0% water and sewer rate increase effective October 1, 2016. This increase is to fund the debt service on the approximately $38 million in water and wastewater bonds that will be issued around the beginning of calendar year 2017.

This necessary rate increase is in line with the long-range capital financing plan that has been developed by Davenport & Company. This plan calls for annual rate increases between the 3.0% to 5.0% range to pay for this critical infrastructure development. This strategy was adopted in the early 2000s to avoid some of the 15-22% rate increases that were needed due to lack of proper long range planning. Below is a history of water and sewer rate increases:

| CITY OF HIGH POINT HISTORIC ANNUAL WATER AND SEWER RATE INCREASES | | | |
|---|---|---|---|
| FISCAL YEAR | EFFECTIVE DATE | WATER % CHANGE | SEWER % CHANGE |
| | | | |
| FY 2001 | 7/1/2000 | 17.20% | 15.70% |
| FY 2002 | 7/1/2001 | 5.00% | 22.20% |
| FY 2003 | 7/1/2002 | 8.00% | 15.00% |
| FY 2004 | 7/1/2003 | 6.30% | 14.50% |
| FY 2005 | 10/1/2004 | 4.90% | 4.90% |
| FY 2006 | 10/1/2005 | 4.90% | 4.90% |
| FY 2007 | 10/1/2006 | 4.90% | 4.90% |
| FY 2008 | 11/8/2007 | 4.85% | 4.85% |
| FY 2009 | 10/1/2008 | 5.90% | 5.90% |
| FY 2010 | 10/1/2009 | 5.00% | 5.00% |
| FY 2011 | 10/1/2010 | 4.90% | 4.90% |
| FY 2012 | 10/1/2011 | 4.90% | 4.90% |
| FY 2013 | no increase | 0.00% | 0.00% |
| FY 2014 | no increase | 0.00% | 0.00% |
| FY 2015 | 7/1/2014 | 3.00% | 3.00% |
| FY 2016 | 10/1/2015 | 3.50% | 3.50% |
| FY 2017 (proposed) | 10/1/2016 | 4.00% | 4.00% |

Water and sewer revenue rates are a critical component of funding the operation, maintenance and needed capital improvements for water treatment facilities and distribution lines, and for wastewater collection lines and treatment systems. Property taxes are not used to finance water and sewer utility services.

## ELECTRIC FUND

The 2016-17 Electric Fund Budget of $132,052,098 represents a 1.4% or $1,865,064 increase from the 2015-16 Annual Budget of $128,325,520. There is no change planned to the current rate structure. The wholesale power decrease by Electricities was implemented in 2015, and the City has earmarked $2.4 million from the FY 2017 Budget for future rate stabilization.

Wholesale power cost for FY 2016-17 is budgeted at $99,500,000, which is the single largest expense in the Electric Fund and citywide budget. The budget continues to include $100,000 for assistance to qualified low income customers, as well as $9,591,000 in major capital projects mentioned earlier in this message. These routine capital investments are necessary to maintain efficient and ongoing operation of the Electric System.

| CITY OF HIGH POINT<br>ELECTRIC FUND BUDGET SUMMARY | | | | | | |
|---|---|---|---|---|---|---|
| Sources and Uses of Funds | FY 2015 Actual | Original FY 2016 Budget | FY 2016 Estimate | Proposed FY 2017 Budget | $ Change Prop/Orig | % Change Prop/Orig |
| **REVENUES** | | | | | | |
| Fund Balance | - | 2,447,812 | - | 200,000 | (2,247,812) | -91.8% |
| Charges for Services | 129,358,641 | 127,590,222 | 131,274,624 | 131,613,098 | 4,022,876 | 3.2% |
| Miscellaneous Revenues | 759,524 | 149,000 | 481,029 | 239,000 | 90,000 | 60.4% |
| **Net Total Revenues** | **130,118,165** | **130,187,034** | **131,755,653** | **132,052,098** | **1,865,064** | **1.4%** |
| **EXPENDITURES** | | | | | | |
| Personnel Services | 7,678,393 | 8,118,196 | 8,020,862 | 8,170,352 | 52,156 | 0.6% |
| Operating Expenditures | 8,630,915 | 7,119,075 | 6,531,248 | 7,512,622 | 393,547 | 5.5% |
| Wholesale Power Cost | 103,439,718 | 102,500,000 | 99,000,000 | 99,500,000 | (3,000,000) | -2.9% |
| Reimbursements | 3,027,675 | 3,383,099 | 3,383,099 | 3,281,606 | (101,493) | -3.0% |
| Electric Capital | 7,553,222 | 7,426,664 | 5,783,620 | 9,531,000 | 2,104,336 | 28.3% |
| Contingency | - | 450,000 | - | 2,866,518 | 2,416,518 | 537.0% |
| SubTotal | 130,329,923 | 128,997,034 | 122,718,829 | 130,862,098 | 1,865,064 | 1.4% |
| Interfund Activities | 1,100,000 | 1,190,000 | 1,190,000 | 1,190,000 | - | 0.0% |
| **Total Uses of Funds** | **131,429,923** | **130,187,034** | **123,908,829** | **132,052,098** | **1,865,064** | **1.4%** |

## CAPITAL IMPROVEMENT PROGRAM

Capital investments and reinvestments are critical elements in the City's total Financial Program. Capital improvements are financed by one of four basic methods.

The first method involves the issuance of voter approved general obligation bonds generally backed and paid by property taxes. The second method is a slight variation of the first, and allows the City to issue small amounts of what are known as two-thirds general obligation bonds from time-to-time that do not require tax increases or voter approval. The third method involves revenue bonds, backed and paid by revenues from our water and sewer and our stormwater system. Revenue bonds do not require voter approval. Both general obligation and revenue bond financing involve principal, interest and cost of issuance expenses. The fourth method is pay-as-we-go capital financing. The pay-as-we-go alternative, developed and expanded in the past ten years, allows us to finance needed capital improvements from current revenues, grants and other funds, thereby avoiding the additional and higher cost associated with the issuance and financing of long-term debt.

The City has engaged Davenport & Company, LLC of Richmond, Virginia as our financial advisor since 2003. Davenport has assisted the City with general obligation and revenue bond planning and modeling, financial policies, rating agency strategies and interactions, bond issuance, investment analysis, and bond refunding analysis.

Capital investments are necessary for a city to replace existing and invest in new infrastructure. Debt financing of this infrastructure is a sound financial strategy as long as the borrowing is done in a strategic and conservative fashion. Local policies are in place to ensure that borrowing is done responsibly, and oversight of our borrowing practices are in place through the

Local Government Commission. The City is well prepared to address replacement of existing infrastructure and meet and provide for future growth and development.

## GENERAL OBLIGATION BONDS

General obligation bonds are a common type of municipal bond that is secured by the full faith and credit of the tax rate to repay bond holders. This debt instrument was used to fund the 2004 bond authorization. The majority of those projects have been completed and it is time to begin making plans for a future bond authorization. Any new GO Bond authorization will include the following steps:

- Refining the existing debt capacity model
- Developing a debt affordability model which identifies sources of repayment for existing debt service and funds available for future debt service, including accumulated reserves
- Modeling the City's Capital Improvement Plan
- Analyzing the impacts of funding scenarios relative to the City's debt capacity and affordability
- Developing a comprehensive plan of finance
- Implementing the plan of finance

## TWO–THIRDS GENERAL OBLIGATION BONDS

Two-thirds bonds are State authorized General Obligation bonds that may be issued without voter approval. The statute allows a local government to issue up to 2/3 of the amount of GO bonds that were paid off in the previous year. These bonds can be used for any other general obligation purpose, except they cannot be issued to finance auditoriums, coliseums, arenas, stadiums, civic centers or convention centers, art galleries, museums, historic properties, public transportation systems, cable television systems or redevelopment projects.

Since 2007, Council has authorized the issuance and use of $21,515,000 in two-thirds generation bonds to complete a wide variety of needed improvements.

Through the years, two-thirds bonds have been used to improve and upgrade the Athletic Complex, Oak Hollow Campground, Washington Terrace swimming pool, City Lake dock and pier, Camp Ann restrooms, Lindsay Street utility and landscaping, sidewalk improvements, sidewalk and curb and gutter improvements on Cedrow Drive, a new fire training tower and site improvements at the fire training facility. and other improvements. Current projects under design or construction using two-thirds bond money include the current improvements to the Main Street corridor, the Library Plaza project, completion of the greenway, railroad bank stabilization, and various sidewalk improvements.

The current budget does not include a two-thirds bond issue, but there will be capacity to issue approximately $6 – $6.5 million in two-thirds bonds in this fiscal year.

## WATER/SEWER AND STORMWATER REVENUE BONDS

Revenue bonds are municipal bonds that finance income-producing projects that are secured by a specified revenue source, such as water and sewer or stormwater rates. Revenue bonds are issued by the government agency for operations that run in the manner of a business, with operating revenues and expenses, such as our Water & Sewer Fund. The pledge to repay the bond is guaranteed by the rates of the Water & Sewer Fund.

The City has invested more than $276,790,000 in various major water and wastewater projects in the past seventeen years. This includes the 2014 sale of $39.1 million for projects such as the Westside Wastewater Treatment Plant, incinerator rebuild and upgrades, water/sewer line expansion to NC66/I-74, and various other projects.

Over the next five years, we anticipate financing and completing an estimated $70.5 million in additional major water and wastewater bond projects, including issuance of approximately $38 million in the FY 2016-17. Projects for this fiscal year include $12,750,000 for the Westside Wastewater Treatment Plant Phase 3; $8,000,000 for incinerator rehabilitation and emission improvements; $6,300,000 for various outfall improvements, $5,000,000 for utilities related to the widening of Skeet Club; $2,100,000 for the replacement of the Ward Water Tank, and $2,800,000 for the Ward Water Plant electrical rehabilitation; and others. These investments and the financing of these investments are included in our long-range business plan that has been developed in conjunction with Davenport and Company. Staff is evaluating the plan beyond the five year range and will be updating it as needed.

This budget also anticipates issuing $10.5 million in revenue bonds for the stormwater system. Historically stormwater bonds have been issued as general obligation bonds. The proposed budget includes a $1/month stormwater rate increase to pay the debt service on this bond issue. Revenue bonds do not require voter approval.

## BOND AGENCY RATINGS

The City's capacity to finance and pay for needed improvements are evaluated from time to time by the following rating agencies: Moody's Investment Services, Standard & Poor's, and Fitch Ratings. Protecting and enhancing our bond ratings is one of our highest priorities.

The City has seen a series of bond rating upgrades since 2003, including the addition of a AAA bond rating assignment by Standard & Poor's. The City's bond ratings were re-affirmed in conjunction with our bond sale in April 2014, and Fitch Rating Services re-affirmed their ratings in March 2016. The City enjoys highly favorable bond ratings from each agency, which in turn lowers our cost of borrowing. These favorable ratings were due to strong and conservative financial management practices and adherence to financial policies, Local Government Commission regulations and state laws. The c hart below shows High Point's current ratings:

| BOND RATINGS | | | |
|---|---|---|---|
| Rating Action Date | Moody's | Standard & Poor's | Fitch |
| GENERAL OBLIGATION BONDS | Aa1 | AAA | AA+ |
| REVENUE BONDS | Aa2 | AAA | AA+ |

High Point is one of sixteen cities in North Carolina that have achieved a AAA bond rating. The others include Apex, Carrboro, Cary, Chapel Hill, Charlotte, Cornelius, Durham, Fuquay-Varina, Greensboro, Huntersville, Morrisville, Raleigh, Wake Forest, Wilmington and Winston Salem.

## DEBT SERVICE SUMMARY

High Point has managed debt service to intentionally keep our debt service costs stable from year to year. Management of our debt service is part of a long range debt management plan devised in conjunction with our financial advisors, Davenport and Company, and this plan adheres to the City of High Point's Fiscal Policies, Local Government Commission regulations, and state law. Annual debt service payments reflect the cost of rebuilding and adding capacity to the City's water, wastewater, transportation, public safety and other infrastructure elements.The total outstanding tax supported and utility supported debt is shown in the table below:

**EXISTING ANNUAL DEBT SERVICE REQUIREMENTS**

| | TAX SUPPORTED DEBT | | | UTILITY SUPPORTED DEBT | | | TOTAL DEBT SERVICE | | |
|---|---|---|---|---|---|---|---|---|---|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | TOTAL |
| FY 2017 | 6,314,188 | 2,519,334 | 8,833,522 | 10,790,839 | 7,455,378 | 18,246,217 | 17,105,027 | 9,974,712 | 27,079,739 |
| FY 2018 | 5,741,829 | 2,339,471 | 8,081,300 | 10,015,488 | 7,120,108 | 17,135,596 | 15,757,317 | 9,459,579 | 25,216,896 |
| FY 2019 | 5,326,073 | 2,149,986 | 7,476,059 | 9,730,825 | 6,745,831 | 16,476,656 | 15,056,898 | 8,895,817 | 23,952,715 |
| FY 2020 | 4,895,321 | 1,950,757 | 6,846,078 | 9,094,657 | 6,368,339 | 15,462,996 | 13,989,978 | 8,319,096 | 22,309,074 |
| FY 2021 | 4,789,794 | 1,748,977 | 6,538,771 | 9,184,657 | 5,991,077 | 15,175,734 | 13,974,451 | 7,740,054 | 21,714,505 |
| FY 2022 | 4,723,697 | 1,538,761 | 6,262,458 | 9,056,612 | 5,586,064 | 14,642,676 | 13,780,309 | 7,124,825 | 20,905,134 |
| FY 2023 | 4,666,130 | 1,337,899 | 6,004,029 | 7,625,521 | 5,188,121 | 12,813,642 | 12,291,651 | 6,526,020 | 18,817,671 |
| FY 2024 | 4,494,632 | 1,130,439 | 5,625,071 | 7,724,640 | 4,823,664 | 12,548,304 | 12,219,272 | 5,954,103 | 18,173,375 |
| FY 2025 | 4,488,330 | 944,541 | 5,432,871 | 8,031,636 | 4,444,499 | 12,476,135 | 12,519,966 | 5,389,040 | 17,909,006 |
| FY 2026 | 4,394,275 | 775,364 | 5,169,639 | 8,304,539 | 4,056,920 | 12,361,459 | 12,698,814 | 4,832,284 | 17,531,098 |
| FY 2027 | 4,087,015 | 600,585 | 4,687,600 | 8,417,609 | 3,657,231 | 12,074,840 | 12,504,624 | 4,257,816 | 16,762,440 |
| FY 2028 | 3,539,239 | 429,327 | 3,968,566 | 8,782,609 | 3,269,613 | 12,052,222 | 12,321,848 | 3,698,940 | 16,020,788 |
| FY 2029 | 2,565,214 | 270,623 | 2,835,837 | 9,147,609 | 2,871,697 | 12,019,306 | 11,712,823 | 3,142,320 | 14,855,143 |
| FY 2030 | 1,939,168 | 151,703 | 2,090,871 | 9,537,609 | 2,457,553 | 11,995,162 | 11,476,777 | 2,609,256 | 14,086,033 |
| FY 2031 | 590,000 | 57,438 | 647,438 | 9,900,000 | 2,035,115 | 11,935,115 | 10,490,000 | 2,092,553 | 12,582,553 |
| FY 2032 | 590,000 | 39,000 | 629,000 | 10,310,000 | 1,586,659 | 11,896,659 | 10,900,000 | 1,625,659 | 12,525,659 |
| FY 2033 | 305,000 | 19,825 | 324,825 | 6,000,000 | 1,212,328 | 7,212,328 | 6,305,000 | 1,232,153 | 7,537,153 |
| FY 2034 | 305,000 | 9,913 | 314,913 | 6,265,000 | 912,486 | 7,177,486 | 6,570,000 | 922,399 | 7,492,399 |
| FY 2035 | - | - | - | 3,310,000 | 680,277 | 3,990,277 | 3,310,000 | 680,277 | 3,990,277 |
| FY 2036 | - | - | - | 3,435,000 | 519,203 | 3,954,203 | 3,435,000 | 519,203 | 3,954,203 |
| FY 2037 | - | - | - | 2,130,000 | 394,600 | 2,524,600 | 2,130,000 | 394,600 | 2,524,600 |
| FY 2038 | - | - | - | 2,230,000 | 296,250 | 2,526,250 | 2,230,000 | 296,250 | 2,526,250 |
| FY 2039 | - | - | - | 2,345,000 | 181,875 | 2,526,875 | 2,345,000 | 181,875 | 2,526,875 |
| FY 2040 | - | - | - | 2,465,000 | 61,625 | 2,526,625 | 2,465,000 | 61,625 | 2,526,625 |
| **Total** | **63,754,905** | **18,013,943** | **81,768,848** | **173,834,850** | **77,916,513** | **251,751,363** | **237,589,755** | **95,930,456** | **333,520,211** |

## PAY-AS-WE-GO FINANCING

The City has made a commitment to fund a healthy level of pay-as-we-go financing for routine improvements, infrastructure maintenance, and grant matches of capital projects funded from state and federal grant programs.

Pay-as-we-go financing has increased in all funds by $6,309,852 or 27.8%, from $22,707,608 in 2015-16 to $29,017,460 in 2016-17:

| CITY OF HIGH POINT<br>PAYGO SUMMARY BY FUND | | | | |
|---|---|---|---|---|
| Fund | Original FY 2015 Budget | Proposed FY 2016 Budget | $ Change Prop/Orig | $ Change Prop/Orig |
| | | | | |
| General - Other | 1,761,508 | 1,743,739 | (17,769) | -1.0% |
| General - Street Resurfacing | 1,925,000 | 2,315,000 | 390,000 | 20.3% |
| **GENERAL FUND SUB-TOTAL** | **3,686,508** | **4,058,739** | **372,231** | **10.1%** |
| Obsolete W & S Lines | 2,000,000 | 2,500,000 | 500,000 | 25.0% |
| Water & Sewer - Other | 2,759,200 | 4,340,500 | 1,581,300 | 57.3% |
| **WATER & SEWER SUB-TOTAL** | **4,759,200** | **6,840,500** | **2,081,300** | **43.7%** |
| Landfill Phase IV | 1,545,000 | 1,545,000 | - | 0.0% |
| Landfill - Other | 820,000 | 1,921,000 | 1,101,000 | 134.3% |
| **SOLID WASTE SUBTOTAL** | **2,365,000** | **3,466,000** | **1,101,000** | **46.6%** |
| Electric | 7,126,664 | 9,591,000 | 2,464,336 | 34.6% |
| Stormwater | 818,500 | 1,322,100 | 503,600 | 61.5% |
| Other | 3,951,736 | 3,742,121 | (209,615) | -5.3% |
| **Total Uses of Funds** | **22,707,608** | **29,020,460** | **6,312,852** | **27.8%** |

## GENERAL FUND PAY-AS-WE-GO

General Fund pay-as-we-go capital investments have increased by $372,231 or 10.0%, from $3,686,508 in 2015-16 to $4,058,739. The pay-as-we-go investments in the General Fund include:

| | |
|---|---|
| Street Resurfacing | $2,315,000 |
| Recreation Center bleachers | 224,000 |
| Parks & Rec Mower and Tractor | 70,000 |
| Fire Station Generator (1 station) | 25,000 |
| Fire Station Training Center improvements | 25,000 |
| GIS Base Mapping | 40,000 |
| Streets – Salt Brine Production Unit | 60,000 |
| Traffic Division Marking Equipment/Arrow Board | 38,000 |
| Sidewalk construction | 100,000 |
| IT Equipment | 334,739 |
| Parks & Rec parking lot improvements | 492,000 |
| S. Main/Business 85 study (match) | 75,000 |
| I-74 Signing (match) | 35,000 |
| Skeet Club sidewalks widening (match) | 125,000 |
| City Hall electric system upgrade | 100,000 |
| General Fund Total | $4,058,739 |

## WATER AND SEWER PAY-AS-WE-GO

Water and Sewer pay-as-we-go capital reinvestments have increased $2,080,800 or 33.4%, from $4,759,200 in 2015-16 to $6,840,500 for 2016-17. A list of 2016-17 Water and Sewer pay-as-we-go investments are shown below:

| | |
|---|---|
| Replace Obsolete Neighborhood Water Lines | $1,250,000 |
| Replace Obsolete Neighborhood Sewer Lines | 1,250,000 |
| Water & Sewer Master Plan | 525,000 |
| Waterview Pump Station | 200,000 |
| Riverdale Force Main repairs | 600,000 |
| Developer reimbursements | 100,000 |
| Water Storage tank maintenance | 100,000 |
| Ward Plant HVAC rehab | 325,000 |
| Demolition of Kearns WTP | 1,250,000 |
| Operating Equipment and Machinery | 490,500 |
| Alum Sludge Removal | 300,000 |
| NCDOT – TIP Program | 100,000 |
| Water Meter Change-out | 150,000 |
| Water System Improvements | 100,000 |
| Sewer System Improvements | 100,000 |
| Water & Sewer Total | $6,840,500 |

## ELECTRIC PAY-AS-WE-GO

The $9,591,000 in pay-as-we-go reinvestments in the 2016-17 Electric Fund represents a $2,464,336 or 34.6% increase compared to the $7,126,000 included in the 2015-16 Annual Budget:

| | |
|---|---|
| Electric System Improvements | $3,010,000 |
| Underground Conversion | 1,200,000 |
| Automated Meter Reading | 200,000 |
| Load Management | 148,000 |
| Linden Substation 100kv conversion | 1,000,000 |
| Burton Substation 100kv conversion | 1,463,000 |
| Boundary Substation | 1,200,000 |
| Russell to Burton conversion | 1,000,000 |
| Operating Equipment and Machinery | 60,000 |
| Outdoor Lighting | 310,000 |
| Electric Capital Total | $9,591,000 |

## SOLID WASTE PAY-AS-WE-GO

The $3,466,000 in 2016-17 pay-as-we-go is an increase of $1,101,000 or 46.6% from FY 2015-16. Landfill related investments include funding for multi-year reserves for land purchases at Kersey Valley Phase V, funds for relocation of Kersey Valley Road, and future Phase IV development:

| | |
|---|---|
| Landfill – Land Purchase | $250,000 |
| Kersey Valley Road Relocation | 1,671,000 |
| Landfill Phase IV | 1,545,000 |
| Landfill Capital Total | $3,466,000 |

**STORMWATER PAY-AS-WE-GO**

The $1,322,100 in 2016-17 pay-as-we-go is an increase of $503,600 or 61.5% from FY 2015-16. StormWater investments include the following:

| | |
|---|---|
| StormWater routine projects | $797,100 |
| 3 Automated Leaf Collection vehicles | 525,000 |
| StormWater Capital Total | $1,322,100 |

**OTHER PAY-AS-WE-GO**

The $3,742,121 in other 2016-17 pay-as-we-go investments includes the scheduled replacement of vehicles, normal computer and radio replacements, routine stormwater projects, and others outlined below:

| | |
|---|---|
| Fleet Replacement Program | $3,425,000 |
| Radio System Equipment | 56,844 |
| Computer System Replacements | 260,277 |
| Other Capital Total | $ 3,742,121 |

**FUND BALANCES/RETAINED EARNINGS**

Fund balances and retained earnings are an absolutely critical, but often misunderstood and overlooked part of the Annual Budget. Fund balances and retained earnings consist of unencumbered and un-appropriated monies. They are essential for maintaining our strong bond ratings as well as to maintain positive year-round and year-to-year cash flows. Strong fund balances are essential as we plan ahead for subsequent budgets.

The North Carolina Local Government Commission recommends maintaining an 8.0% balance in each fund. This is necessary for maintaining positive year-round cash flows, reducing the need for short term borrowing, and assisting in maintaining investment grade bond rating. The High Point City Council adopted Fiscal Policy calls for a minimum 10.0% fund balance of estimated expenditures as a signal of financial strength and fiscal stability. The City of High Point applies the policy to all operating funds *except* the Water-Sewer Fund, which calls for a 50% fund balance, and the Economic Development, General Debt, and General Capital Project funds, which are covered by more specific strategic plans.

The Water & Sewer Fund is $1,592,380 or 3.1% less than the target 50% fund balance due to fund balance appropriation related to one-time capital purchases. The long range business plan shows that the fund balance will be above 50% in FY 2019. The Solid Waste fund balance shortage of $45,299 is just .3% below target.

The table below summarizes changes in annual fund balances/retained earnings, including early estimates for June 30, 2016:

| CITY OF HIGH POINT<br>FUND BALANCE AVAILABLE FOR APPROPRIATION | | | | | | |
|---|---|---|---|---|---|---|
| FUND | ACTUAL JUNE 30, 2015 | ESTIMATED BALANCE JUNE 30, 2016 | APPROPRIATED FY 2016-17 | ESTIMATED BALANCE JUNE 30, 2017 | FUND BALANCE REQUIRE (est) | AMOUNT ABOVE MINIMUM FUND BALANCE |
| GENERAL | 16,094,013 | 18,119,469 | 3,561,423 | 14,558,046 | 10,645,306 | 3,912,740 |
| GENERAL DEBT | 16,688,416 | 16,888,416 | 519,141 | 16,369,275 | n/a | n/a |
| ECONOMIC DEV. | 1,810,147 | 1,491,738 | 282,000 | 1,209,738 | n/a | n/a |
| CENTRAL SERVICE | 3,285,864 | 3,397,284 | 712,499 | 2,684,785 | n/a | n/a |
| WATER & SEWER | 25,924,010 | 26,490,787 | 2,262,066 | 24,228,721 | 25,821,101 | (1,592,380) |
| ELECTRIC | 16,627,803 | 19,474,627 | 200,000 | 19,274,627 | 13,205,210 | 6,069,417 |
| MASS TRANSIT | 342,784 | 1,413,454 | - | 1,413,454 | 441,179 | 972,275 |
| PARKING | 333,409 | 386,249 | 97,839 | 288,410 | 37,200 | 251,210 |
| SOLID WASTE | 948,425 | 1,611,866 | - | 1,611,866 | 1,657,165 | (45,299) |
| STORMWATER | 1,364,610 | 1,639,940 | - | 1,639,940 | 555,818 | 1,084,122 |
| **TOTAL** | **83,419,481** | **90,913,830** | **7,634,968** | **83,278,862** | **52,362,979** | **10,652,085** |

## CONCLUSION

I am pleased to present to you a budget that addresses the strategic goals of the City Council of High Point. This budget continues to provide the quality programs and services our residents have come to expect and enjoy. High Point's financial condition is stable and strong. The FY 2016-17 Budget is balanced, meets all statutory requirements, and addresses many of the critical issues that Council has expressed interest in addressing.

I want to thank the City Council and the community for their interest, engagement and assistance. The work we do cannot be successful without the partnership of citizens and community agencies from all areas of the city. I look forward to a bright future as we continue to make High Point the single most livable, safe and prosperous community in America.

I want to acknowledge all of the staff members who assist in the preparation of this policy document. The efforts and professionalism of Eric Olmedo, Laura Altizer, Roslyn McNeill, Cindy Smith, Jeff Moore, Randy McCaslin, Randy Hemann, Jeron Hollis and the rest of our executive team are appreciated. I also thank the Mayor and City Council for your leadership and commitment to the City of High Point.

Respectfully submitted,

Greg Demko
City Manager

HIGH POINT

NORTH CAROLINA'S INTERNATIONAL CITY™