

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

We have audited 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") for the year ended June 30, 2017. We did not audit the financial statements of the City of High Point ABC Board (the "Board"). Those financial 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 Board, is based solely on the report of another auditor. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 3, 2017. Professional standards also require that we communicate to you the following information related to our audit.

SIGNIFICANT AUDIT FINDINGS

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in the notes to the financial statements. The City adopted and implemented Governmental Accounting Standards Board ("GASB") Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68*, and *Amendments to Certain provisions of GASB Statements 67 and 68*, in the fiscal year beginning July 1, 2016. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimate of the investment valuations, the allowance for doubtful accounts, unbilled utility revenue, depreciable lives used for depreciation expense, the High Point Police Officers' Separation Allowance Liability, the Post Employment Healthcare and Death Benefit Plan Liability, the Local Governmental Employees' Retirement System liabilities, and the liability reported for landfill closure costs, post closure costs and risk management. These estimates were based on quoted market prices, payment history, aging of accounts receivable, subsequent utility billings, useful lives of capital assets, actuarial calculations and estimated future costs. We evaluated the key factors and assumptions used to develop these estimates to determine that they seem reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements noted during the audit.

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Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 14, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves an application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Recommendations

During our audit we noted that the Annual Financial Information Report (AFIR) was not submitted timely for the fiscal year end June 30, 2016. We recommend that management evaluate this situation and make the necessary changes that are required to ensure that this report is filed timely in the future.

During our audit we also noted invoices were being held by the Public Services department which can affect a timely close-out of the general ledger at year end for the finance department. We recommend that management reinforce or update close-out policies and procedures to ensure timely and accurate submission of invoices from the Public Service department.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis and other required supplemental financial information as listed in the table of contents, which are required supplementary information ("RSI") that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund financial statements and schedules, and the Schedule of Expenditures of Federal and State Awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or the financial statements themselves.

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We were not engaged to report on the introductory and statistical sections which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of members of the City Council, management, federal and State awarding agencies and pass-through entities of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Channing R. Ricketts LLP

Asheboro, North Carolina
November 14, 2017