

CITY OF ROANOKE RAPIDS, NORTH CAROLINA

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED JUNE 30, 2009

GREGORY T. REDMAN, CPA
GREENVILLE, NORTH CAROLINA

City of Roanoke Rapids, North Carolina
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Financial Section

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Independent Auditor's Report

To the Honorable Mayor
and Members of the City Council
Roanoke Rapids, North Carolina

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Roanoke Rapids, North Carolina, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Roanoke Rapids. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Roanoke Rapids, North Carolina, as of June 30, 2009, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 28, 2009 on my consideration of the City of Roanoke Rapids' internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowances and the other Postemployment Benefits Schedules of Funding Progress and Schedules of Employees Contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit this information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Roanoke Rapids' basic financial statements. The combining, and individual non-major fund statements and schedules and the statistical tables, as well as the accompanying 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 non-major fund financial statements and the accompanying schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in my opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Greenville, North Carolina
October 28, 2009

Management's Discussion and Analysis

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2009**

As management of the City of Roanoke Rapids, we offer readers of the City of Roanoke Rapids' financial statements this narrative overview and analysis of the financial activities of the City of Roanoke Rapids for the fiscal year ended June 30, 2009. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

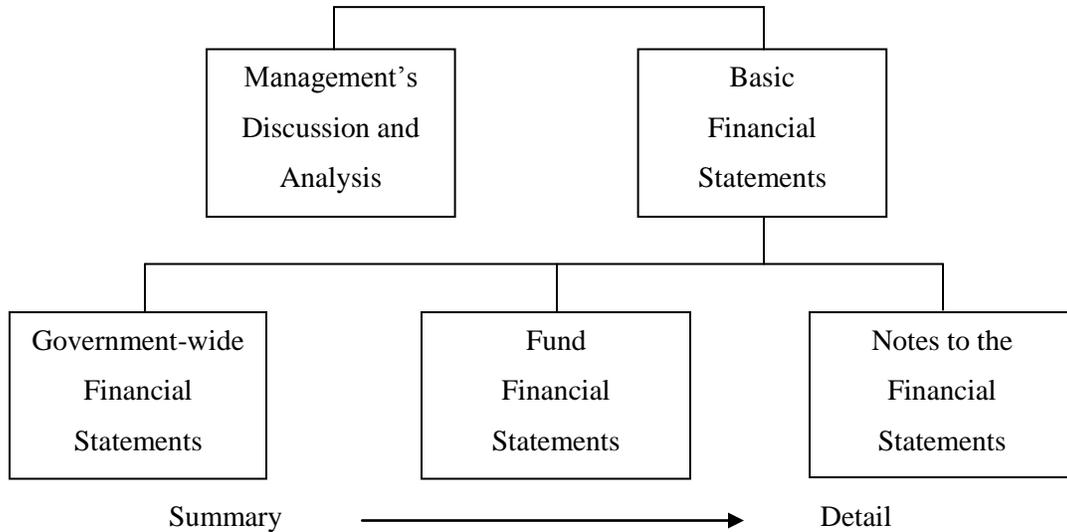
Financial Highlights

- The assets of the City of Roanoke Rapids exceeded its liabilities at the close of the fiscal year by \$5,298,501.
- The government's total net assets decreased by \$469,526.
- As of close of the current fiscal year, the City of Roanoke Rapids' governmental funds reported combined ending fund balances of \$6,030,715 with a net increase of \$484,348 in fund balance. Approximately 43.4 percent of this total amount, or \$2,617,790, is available for spending at the government's discretion.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$2,331,164 or 17.1 percent of total general fund expenditures for the fiscal year.
- The Roanoke Rapids Theatre was sold during the year. The total proceeds of \$12,500,000 will be received on an installment basis.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Roanoke Rapids' basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Roanoke Rapids.

Required Components of Annual Financial Report



**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2009**

Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statement; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **Notes to the Basic Financial Statements**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **Supplemental Information** is provided to show details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short- and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net assets and how they have changed. Net assets are the difference between the City's total assets and total liabilities. Measuring net assets is one way to gauge the City's financial condition.

The government-wide statements report governmental activities. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities.

The government-wide financial statements are on pages 10 and 11 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Roanoke Rapids, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Requirements of the City's budget ordinance. All of the funds of the City of Roanoke Rapids can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. The funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is part of the funds financial statements.

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2009**

The City of Roanoke Rapids adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the budgetary basis of accounting and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City of Roanoke Rapids has one fiduciary fund, which is an agency fund.

Notes to the Financial Statements – The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Roanoke Rapids' progress in funding its obligation to provide pension benefits to its employees.

City of Roanoke Rapids' Net Assets

	Governmental Activities	
	2009	2008
Assets		
Current and other assets	\$ 18,325,046	\$ 4,544,904
Capital assets	11,540,008	25,713,351
Non-current assets	1,993,496	2,422,449
Total Assets	<u>\$ 31,858,550</u>	<u>\$ 32,680,704</u>
Liabilities		
Long-term liabilities outstanding	\$ 24,449,370	\$ 25,293,577
Other liabilities	2,110,679	1,619,100
Total Liabilities	<u>\$ 26,560,049</u>	<u>\$ 26,912,677</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 8,181,038	\$ 2,396,863
Restricted	435,725	451,840
Unrestricted	(3,318,262)	2,919,324
Total Net Assets	<u>\$ 5,298,501</u>	<u>\$ 5,768,027</u>

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2009**

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the City of Roanoke Rapids exceed liabilities by \$5,298,501 as of June 30, 2009. The City's net assets decreased by \$469,526 for the fiscal year ended June 30, 2009. However, a portion of net assets, 154%, reflects the City's investment in capital assets (e.g. land, buildings, machinery, equipment), less any related debt still outstanding that was issued to acquire those items. The City of Roanoke Rapids uses the capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Roanoke Rapids' investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

City of Roanoke Rapids Changes in Net Assets

	Governmental Activities	
	2009	2008
Revenues:		
Program revenues:		
Charges for services	\$ 1,734,129	\$ 2,740,378
Operating grants and contributions	902,096	1,336,214
Capital grants and contributions	975,137	222,723
General revenues:		
Property taxes	7,051,086	6,568,813
Other taxes	2,391,981	2,470,385
Grants and contributions not restricted to specific programs	1,560,290	1,168,287
Other	363,632	558,382
Special item: Loss on sale of Roanoke Rapids Theater	(1,272,542)	-
Total Revenues	<u>\$ 13,705,809</u>	<u>\$ 15,065,182</u>
Expenses:		
General government	\$ 2,530,499	\$ 2,528,130
Public safety	4,499,302	4,507,214
Transportation	1,545,028	1,801,055
Economic and physical development	1,547,346	5,051,271
Environmental Protection	1,106,719	990,976
Cultural and recreation	1,689,315	1,689,080
Interest on long-term debt	1,257,126	1,950,164
Total Expenses	<u>\$ 14,175,335</u>	<u>\$ 18,517,890</u>
Increase (decrease) in net assets before transfers	(469,526)	(3,452,708)
Net assets, July 1	<u>5,768,027</u>	<u>9,220,735</u>
Net Assets, June 30	<u><u>\$ 5,298,501</u></u>	<u><u>\$ 5,768,027</u></u>

Financial Analysis of the City's Funds

As noted earlier, the City of Roanoke Rapids uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2009**

Governmental Funds: The focus of the City of Roanoke Rapids' governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Roanoke Rapids' financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Roanoke Rapids. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$2,331,164, while total fund balance reached \$2,617,790. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 17.1 percent of total General Fund expenditures, while total fund balance represents 19.2 percent of that same amount.

At June 30, 2009, the governmental funds of City of Roanoke Rapids reported a combined fund balance of \$6,030,715 with a net increase in fund balance of \$484,348.

General Fund Budgetary Highlights: During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that became necessary to maintain/increase services.

The growth rate of many of the City's General Fund revenues is directly tied to the state and local economics as well as population growth within the City. In order to maximize the use of available revenues, the Fiscal Year 2008/2009 Budget was prepared as a continuation budget; providing only for the continuation of City operations at their current level.

Capital Asset and Debt Administration

Capital Assets: The City of Roanoke Rapids' investments in capital assets for its governmental activities as of June 30, 2009 total \$11,540,008 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

City of Roanoke Rapids' Capital Assets

	Governmental Activities	
	2009	2008
Land	\$ 4,163,602	\$ 3,919,524
Buildings and systems	4,876,059	18,868,398
Machinery and equipment	2,500,347	2,925,429
Total	\$ 11,540,008	\$ 25,713,351

Additional information on the City's capital assets can be found in Note 2 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2009, the City of Roanoke Rapids had total bonded debt outstanding of \$345,000. Of this, \$345,000 is debt backed by the full faith and credit of the City. The Tax Increment Financing debt of \$21,250,000 is backed by a letter of credit from Bank of America. The following revenues are to be used to make the debt service payments and are listed in order of priority: 1) Lease revenues; 2) Incremental Property Taxes from the 123 acres; and 3) General Sales Tax Revenues that come to the City.

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2009**

General Obligation and Revenue Bonds

	Governmental Activities	
	2009	2008
General obligation bonds	\$ 345,000	\$ 525,000
Tax increment financing	21,250,000	21,500,000
Installment notes payable	3,358,970	3,713,937
Total	<u>\$ 24,953,970</u>	<u>\$ 25,738,937</u>

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within the government's boundaries. The legal debt margin for the City of Roanoke Rapids is \$65,744,433.

Additional information regarding the City of Roanoke Rapids' long-term debt can be found in Note 2 of this report.

Economic Overview

In early 2009, the Roanoke Rapids Area began feeling the effects of the recession that hit most of our country in late 2008. Unemployment has risen from 9.3% in July 2008 to 13.8% in July 2009. Commercial retailers have been forced to streamline their operations to accommodate declining sales and the increase in unemployment in the area can be directly attributed to employee layoffs in the commercial/retail business sector.

Major employers in the area are also downsizing to accommodate decreased demands for goods. No major closings have been reported; however, major employers in the area such as Kennametal, PCB Piezotronics, and Halifax Regional Medical Center have reported layoffs of up to 10% of their workforce and implementation of lean principles to remain competitive during this recessionary time.

While industrial activity has slowed significantly in response to the national economic picture, several industries have announced new or expanded projects. FASTA, Inc., a manufacturer of green building components, announced that it would lease the former Littleton Industrial Building in Halifax County and employ 105 people. United Salvage and Auto, Inc., announced the installation of a shredder mill at their facility that will add 19 additional employees.

On an extremely positive note, the much-anticipated opening of the Halifax-Northampton Regional Airport in May culminated over 10 years of planning. The new Halifax-Northampton Regional Airport represents a unique regional partnership involving the counties of Halifax and Northampton and the City of Roanoke Rapids to promote growth and economic development opportunities for the area. This modern general aviation airport consists of a 5,500 foot runway, modern terminal facilities, 18 T-Hangars, fuel farm, and corporate hangar facilities. Construction of a parallel taxiway is underway and installation of an Approach Lighting System (ALS) will begin this fall. Acreage is available to support aviation-related businesses and services. Up-to-date airport facilities are vital to attracting new and expanded business and opportunities. The closing of the former airport property located on US Highway 158 in Roanoke Rapids represents the opportunity for collaborative development of this 240+ acre tract by the City of Roanoke Rapids and Halifax County.

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2009**

Last year, the City of Roanoke Rapids entered into a lease purchase agreement with L&M Hospitality, LLC for the Roanoke Rapids Theatre. Several highly-attended live performances have been held at the Theatre and L&M plans to expand the menu of attractions to include rodeos, Broadway performances, live music venues and more. While interest by commercial, retail and service businesses in location of the Carolina Crossroads Entertainment District remains, no major commitments are anticipated until the national economic picture improves.

Halifax County is in the process of developing 700 acres of land adjacent to the Halifax-Northampton Regional Airport for location of its second industrial park, the Halifax Corporate Park, located on NC Highway 561, just 5 minutes from Interstate 95. All of the geotechnical and environmental analyses for the Park have been completed the Halifax Development Commission is in the process of completing a master plan for the Park as well as certification by the NC Department of Commerce as a State Certified Industrial Park.

The City of Roanoke Rapids is working with a group of merchants along the Roanoke Avenue Business Corridor toward designation as a North Carolina Main Street Community. The Roanoke Avenue Business Association has been formed and the City expects to be a major partner in the preservation and enhancement of the "Avenue" business district.

Tourism is an important economic engine for the City of Roanoke Rapids and Halifax County. In light of the economic climate, tourism revenues grew by over 6% in Halifax County last year, representing \$70 million. Roanoke Rapids destinations such as the Roanoke Canal Museum, Roanoke Canal Trail, Roanoke Rapids Lake Park, the Roanoke Rapids Theatre, and our strong base of restaurants and hotels contribute significantly to the attraction of tourists to the County and the increase in overall occupancy tax revenues.

Despite the immediate challenges facing our nation and state, the City of Roanoke Rapids expects to emerge from these recessionary times with a strong economic foundation from which to build new opportunities for the future.

Budget Highlights for the Fiscal Year Ending June 30, 2010

Governmental Activities: The City of Roanoke Rapids' budget contains several revenue sources that are dependent on the general economy. Among these are sales tax, property tax, interest income and user and permit fees. The budget provides a high level of funding for police and fire protection, and addressing public health, safety and appearance issues through solid waste and refuse collection, funding for a more aggressive enforcement of the City's minimum housing code, vehicle and nuisance ordinances. The property tax rate is 62.4 cents per \$100 valuation. Overall tax base revenue represents 44.8% of the total general fund revenue budgeted for fiscal year 2009 / 2010. Employee compensation, including benefits, accounts for the majority of the budgeted expenditures.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, City of Roanoke Rapids, Post Office Box 38, Roanoke Rapids, North Carolina 27870.

Basic Financial Statements

Basic Financial Statements

City of Roanoke Rapids, North Carolina
Statement of Net Assets
June 30, 2009

Exhibit 1

**Governmental
Activities**

Assets	
Current Assets:	
Cash and cash equivalents	\$ 3,792,059
Taxes receivable (net)	896,055
Accounts receivable (net)	1,097,875
Accrued interest receivable	98,459
Notes receivable	12,250,000
Inventories	80,201
Prepaid expense	110,397
Total Current Assets	\$ 18,325,046
Noncurrent Assets:	
Restricted cash	\$ 1,993,496
Capital Assets:	
Land, improvements, and construction in progress	\$ 4,163,602
Other capital assets, net of depreciation	7,376,406
Total Capital Assets	\$ 11,540,008
Total Assets	\$ 31,858,550
Liabilities	
Current Liabilities:	
Accounts payable and accrued expenses	\$ 699,184
Unearned revenue	19,640
Current portion of long-term liabilities	1,391,855
Total Current Liabilities	\$ 2,110,679
Long-term Liabilities:	
Due in more than one year	24,449,370
Total Liabilities	\$ 26,560,049
Net Assets	
Investment in capital assets, net of related debt	\$ 8,181,038
Restricted - Powell Bill	435,725
Unrestricted	(3,318,262)
Total Net Assets	\$ 5,298,501

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

City of Roanoke Rapids, North Carolina
Statement of Activities
For the Year Ended June 30, 2009

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Primary Government:		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Governmental Activities:					
General Government	\$ 2,530,499	\$ -	\$ -	\$ -	\$ (2,530,499)
Public Safety	4,499,302	140,702	270,900	-	(4,087,700)
Transportation	1,545,028	105,221	521,764	-	(918,043)
Economic and Physical Development	1,547,346	-	-	975,137	(572,209)
Environmental Protection	1,106,719	1,194,743	4,987	-	93,011
Cultural and Recreational	1,689,315	293,463	104,445	-	(1,291,407)
Interest on long-term debt	1,257,126	-	-	-	(1,257,126)
Total Governmental Activities	\$14,175,335	\$1,734,129	\$ 902,096	\$ 975,137	\$ (10,563,973)
General Revenues:					
Taxes:					
Property taxes, levied for general purpose					\$ 7,051,086
Local option sales tax					2,219,140
Other taxes and licenses					172,841
Grants and contributions not restricted to specific programs					1,560,290
Investment earnings, unrestricted					300,265
Miscellaneous, unrestricted					63,367
Special item: Loss on sale of Roanoke Rapids Theatre					(1,272,542)
Total General Revenues, Special Items, and Transfers					\$ 10,094,447
Change in Net Assets					\$ (469,526)
Net Assets - beginning					5,768,027
Net Assets - ending					5,298,501

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

City of Roanoke Rapids, North Carolina
Governmental Funds
Balance Sheet
June 30, 2009

Exhibit 3

	<u>Major Funds</u>		Governmental Non-Major Funds	Total Governmental Funds
	General Fund	Carolina Crossroads		
Assets				
Current Assets:				
Cash and cash equivalents	\$3,337,251	\$ -	\$ 454,808	\$ 3,792,059
Taxes Receivable, net	896,055	-	-	896,055
Due from other governmental agencies	573,863	-	-	573,863
Due from other funds	237,815	-	(237,815)	-
Accounts Receivable, net	204,139	-	-	204,139
Inventories	80,201	-	-	80,201
Grant receivable	4,995	-	77,063	82,058
Prepaid expenses	110,397	-	-	110,397
Total Current Assets	<u>\$5,444,716</u>	<u>\$ -</u>	<u>\$ 294,056</u>	<u>\$ 5,738,772</u>
Noncurrent Assets:				
Restricted cash	1,993,496	-	-	1,993,496
Total Assets	<u><u>\$7,438,212</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 294,056</u></u>	<u><u>\$ 7,732,268</u></u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 453,939	\$ -	\$ 7,430	\$ 461,369
Due to other funds	-	-	-	-
Deferred revenues	1,220,544	-	-	1,220,544
Unearned revenue	19,640	-	-	19,640
Total Liabilities	<u>\$1,694,123</u>	<u>\$ -</u>	<u>\$ 7,430</u>	<u>\$ 1,701,553</u>
Fund Balances:				
Reserved by state statute	\$ 590,629	\$ -	\$ -	\$ 590,629
Reserved for debt service	1,993,496	-	-	1,993,496
Reserved for inventories and prepaid expenses	190,598	-	-	190,598
Reserved for Powell Bill	435,725	-	-	435,725
Unreserved:				
Designated for law enforcement allowance	202,477	-	-	202,477
Undesignated	2,331,164	-	286,626	2,617,790
Total Fund Balances	<u>\$5,744,089</u>	<u>\$ -</u>	<u>\$ 286,626</u>	<u>\$ 6,030,715</u>
Total Liabilities and Fund Balances	<u><u>\$7,438,212</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 294,056</u></u>	<u><u>\$ 7,732,268</u></u>

(continued)

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

City of Roanoke Rapids, North Carolina
Governmental Funds
Balance Sheet
June 30, 2009

Exhibit 3

(continued)

Reconciliation of fund balance as reported in the balance sheet governmental funds with net assets governmental activities.

Fund balance as reported in the balance sheet governmental funds	\$ 6,030,715
Amounts reported for governmental activities in the Statement of Net Assets (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	11,540,008
Long-term asset (notes receivable) are not available to pay for current period expenditures and therefore are deferred in the funds.	12,250,000
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current period expenditures and therefore are deferred in the funds.	98,459
Liabilities for earned but deferred revenues in fund statements.	1,220,544
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.	(25,841,225)
Net Assets of Governmental Activities	\$ 5,298,501

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

City of Roanoke Rapids, North Carolina
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2009

Exhibit 4

	<u>Major Funds</u>		Governmental Non-Major Funds	Total Governmental Funds
	General Fund	Carolina Crossroads		
Revenues				
Ad valorem taxes	\$ 6,665,497	\$ -	\$ -	\$ 6,665,497
Other taxes and licenses	2,617,768	-	-	2,617,768
Unrestricted intergovernmental	1,339,490	-	-	1,339,490
Restricted intergovernmental	897,109	-	975,137	1,872,246
Permits and fees	78,084	-	-	78,084
Sales and services	1,656,045	-	-	1,656,045
Investment earnings	122,835	-	728	123,563
Miscellaneous	52,281	-	2,500	54,781
Insurance reimbursements	6,400	-	-	6,400
Total Revenues	<u>\$ 13,435,509</u>	<u>\$ -</u>	<u>\$ 978,365</u>	<u>\$ 14,413,874</u>
Expenditures				
Current:				
General Government	\$ 1,614,724	\$ -	\$ -	\$ 1,614,724
Public Safety	4,135,714	-	-	4,135,714
Transportation	1,528,014	-	-	1,528,014
Environmental Protection	1,252,596	-	-	1,252,596
Economic & Physical Development	800,541	496,392	977,637	2,274,570
Cultural and Recreational	1,448,359	-	-	1,448,359
Debt service	2,184,087	-	-	2,184,087
Capital Outlay	-	496,392	13,986	510,378
Miscellaneous grants	46,172	-	-	46,172
Total Expenditures	<u>\$ 13,010,207</u>	<u>\$ 992,784</u>	<u>\$ 991,623</u>	<u>\$ 14,994,614</u>
Excess (Deficiency) of				
Revenues Over Expenditures	<u>\$ 425,302</u>	<u>\$ (992,784)</u>	<u>\$ (13,258)</u>	<u>\$ (580,740)</u>

(continued)

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

City of Roanoke Rapids, North Carolina
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2009

(continued)

Exhibit 4

	<u>Major Funds</u>		<u>Governmental Non-Major Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Carolina Crossroads</u>		
Other Financing Sources (Uses)				
Transfers (to) from other funds	\$ 2,065,661	\$(2,065,661)	\$ -	\$ -
Lease proceeds	426,702	-	-	426,702
Financing proceeds	141,994	-	-	141,994
Total Other Financing Sources (Uses)	<u>\$ 2,634,357</u>	<u>\$(2,065,661)</u>	<u>\$ -</u>	<u>\$ 568,696</u>
Net Change in Fund Balance	\$ 3,059,659	\$(3,058,445)	\$ (13,258)	\$ (12,044)
Fund Balance:				
Beginning of year	2,684,430	2,562,053	299,884	5,546,367
End of year	<u>\$ 5,744,089</u>	<u>\$ (496,392)</u>	<u>\$ 286,626</u>	<u>\$ 5,534,323</u>

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

City of Roanoke Rapids, North Carolina
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2009

Exhibit 4-2

(continued)

Reconciliation of net change in fund balance in the Statement of Revenues, Expenditures, and Changes in Fund Balance governmental funds to change in Net Assets governmental activities.

Net changes in fund balance - total governmental funds	\$	484,348
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		(451,086)
governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences in the treatment of long-term debt and related items.		(926,961)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in deferred revenue for tax revenues		385,589
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.		38,584
Total Changes in Net Assets of Governmental Activities	<u>\$</u>	<u>(469,526)</u>

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

City of Roanoke Rapids, North Carolina
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2009

Exhibit 5

**Variance With
Final Budget
Positive
(Negative)**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Ad valorem taxes	\$ 6,631,897	\$ 6,631,897	\$ 6,665,497	\$ 33,600
Other taxes and licenses	2,628,000	2,628,000	2,617,768	(10,232)
Unrestricted intergovernmental	1,135,400	1,135,400	1,339,490	204,090
Restricted intergovernmental	777,027	785,027	897,109	112,082
Permits and fees	113,400	113,400	78,084	(35,316)
Sales and services	5,001,797	5,001,797	1,656,045	(3,345,752)
Investment earnings	82,000	82,000	122,835	40,835
Miscellaneous	44,332	44,332	52,281	7,949
Insurance reimbursements	1,500	1,500	6,400	4,900
Total Revenues	<u>\$ 16,415,353</u>	<u>\$ 16,423,353</u>	<u>\$ 13,435,509</u>	<u>\$ (2,987,844)</u>
Expenditures:				
General Government	\$ 2,153,316	\$ 1,714,462	\$ 1,614,724	\$ 99,738
Public Safety	3,971,007	4,241,133	4,135,714	105,419
Transportation	1,626,367	1,780,002	1,528,014	251,988
Environmental Protection	1,057,725	1,285,384	1,252,596	32,788
Economic and Physical Development	4,032,569	4,115,840	800,541	3,315,299
Cultural and Recreational	1,419,022	1,601,718	1,448,359	153,359
Debt service	844,840	2,402,843	2,184,087	218,756
Miscellaneous grants	50,000	63,465	46,172	17,293
Total Expenditures	<u>\$ 15,154,846</u>	<u>\$ 17,204,847</u>	<u>\$ 13,010,207</u>	<u>\$ 4,194,640</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 1,260,507</u>	<u>\$ (781,494)</u>	<u>\$ 425,302</u>	<u>\$ 1,206,796</u>

(continued)

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

City of Roanoke Rapids, North Carolina
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2009

(continued)

Exhibit 5

**Variance With
Final Budget
Positive
(Negative)**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Other Financing Sources (Uses):				
Transfers in (out)	\$ (1,622,530)	\$ 606,139	\$ 2,065,661	\$ 1,459,522
Sale of capital assets	3,500	3,500	-	(3,500)
Lease proceeds			426,702	426,702
Finance proceeds	150,000	150,000	141,994	(8,006)
Fund balance appropriated	208,523	438,395	-	(438,395)
Total Other Financing Sources (Uses)	<u>\$ (1,260,507)</u>	<u>\$ 1,198,034</u>	<u>\$ 2,634,357</u>	<u>\$ 1,436,323</u>
Revenues and Other Financing Sources Over (Under)				
Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 416,540</u>	\$ 3,059,659	<u>\$ 2,643,119</u>
Fund Balance:				
Beginning of Year			2,684,430	
End of Year			<u>\$ 5,744,089</u>	

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

City of Roanoke Rapids, North Carolina
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

Exhibit 6

	Agency Fund
Assets	
Cash and cash equivalents	\$ 1,295
Liabilities and Net Assets	
Liabilities:	
Miscellaneous liabilities	\$ 1,295
Net Assets:	
Assets held in trust	-
Total Liabilities and Net Assets	\$ 1,295

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009

I. Summary of Significant Accounting Policies

The accounting policies of the City of Roanoke Rapids conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The City of Roanoke Rapids is a municipal corporation, which is governed by an elected mayor and a five-member council. The City Council appoints the five-member Board of Commissioners of the Housing Authority but the Authority designates its own management. The City provides no financial support to the Authority and is not responsible for the debts or entitled to the surpluses of the Authority. The City is accountable for the Housing Authority because it appoints the governing board; however, the City is not financially accountable for the Authority, therefore the Housing Authority is omitted from this report. The City of Roanoke Rapids is also disclosed as a related organization in the notes to the financial statements for the Roanoke Rapids Housing Authority.

B. Basis of Presentation

Government-wide Statements. The statement of net assets and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the City's funds, including the fiduciary fund. Separate statements for each fund category – *governmental and fiduciary* – are presented. The emphasis of fund financial statements is on the major governmental funds displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The City reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the City. It is used to account for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and State grants, and various other taxes and licenses. The primary expenditures are for streets and highways, public safety, and general government services.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009

Capital Project Fund – Carolina Crossroads. The Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The City has one major Capital Project fund within the governmental fund types: Carolina Crossroads.

The City reports the following non-major governmental funds:

Special Revenue Fund. The Special Revenue Fund is used to account for the specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The City has four Special Revenue Funds: Local Law Enforcement Grant Fund, Roanoke Canal Museum Fund, Hodgestown Project, and Community Development Block Grant Fund.

Capital Project Funds. The Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds, special assessments or trust funds). The City has eight Capital Project funds within the governmental fund types: 2008 Clean Water Management Trust Fund, Lowes Economic Development, NC 125 Sanitary Sewer Extension, Fire Station #2 Project, NC Clean Water Management Trust Fund, Carolina Crossroads Water and Sewer, Public Roadway, and The One North Carolina Fund.

The City reports the following fund type:

Agency Funds. Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. The City maintains one Agency Fund: the Business District Improvement Fund, which accounts for taxes collected from a special assessment to the business district.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the City are maintained during the year using the modified accrual basis of accounting.

Government-wide and Proprietary Fund Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus and 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 for 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.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a 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, Halifax County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City of Roanoke Rapids. 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 Halifax County from March 2008 through February 2009 apply to the fiscal year ended June 30, 2009. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues, which are unearned at year-end, are recorded as unearned revenues.

As permitted by generally accepted accounting principles, the City has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

D. Budgetary Data

The City's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the General and Enterprise Funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Special Revenue and the Capital Project Funds. 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 the object level for the multi-year funds. The governing board must approve any revisions that alter total expenditures of any fund. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until an annual ordinance can be adopted.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009

E. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

All deposits of the City are made in board-designated official depositories and are secured as required by State law (G.S. 159-31). The City may designate, as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the City 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 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 bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The Securities of the NCCMT – Cash Portfolio, a SEC registered (2a-7) money market mutual fund, are valued at fair value, which is NCCMT's share price. The NCCMT – Term Portfolio's Securities are valued at fair value.

In accordance with 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.

3. Restricted Assets

The unexpended bond proceeds in the Capital Project Fund – Carolina Crossroads, are restricted by the terms of the loan agreement and can only be used for debt service.

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on July 1, the beginning of the fiscal year. The taxes are due on September 1; however, interest does not accrue until the following January 6. Those taxes are based on the assessed values as of January 1, 2008. As allowed by State law, the City has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

The receivables for the City have historically experienced such a small amount of bad debts that no allowance for doubtful accounts has been recorded, as this amount is considered immaterial to the financial statements.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization cost policies were established at \$2,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the time of donation. General infrastructure assets acquired prior to July 1, 2003, consist of water and sewer system assets and improvements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Infrastructure	25 - 33
Buildings	30
Improvements	20 - 30
Vehicles	5 - 7
Furniture and equipment	5 - 10
Computer equipment	5

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Compensated Absences

The vacation policy of the City provides for the accumulation of up to forty (40) days (forty-two days for police officers) earned vacation leave with such leave being fully vested when earned. For the City's government-wide funds, an expense and a liability for compensated absences and the

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009

salary-related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The City's sick leave policy provides 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 the City does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

9. Net Assets/Fund Balances

Net Assets

Net assets in government-wide financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, reservations of fund balance represent amounts that cannot be appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved:

Reserved by State Statute - portion of fund balance, in addition to reserves for encumbrances and reserves for inventories, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables, which have not been offset by deferred revenues.

Reserved for inventories and prepaid expenses - portion of fund balance not available for appropriation because it represents the year-end balance of ending inventories and prepaid expenses, a component of net current assets.

Reserved for debt service – portion of fund balances not available for appropriation because it is restricted for debt service payments.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009

Reserved for streets – Powell Bill - portion of fund balance that is available for appropriation but legally segregated for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Unreserved:

Designated for law enforcement allowance - portion of the total fund balance available for appropriation that has been designated for law enforcement allowance.

Undesignated - portion of total fund balance available for appropriation that is uncommitted at year-end.

II. Detail Notes on All Funds

A. Assets

1. Deposits

All of the City's deposits 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 agent in its name. 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, these deposits are considered to be held by the City's agent in its name. 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 or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City under the Pooling Method, the potential exists for undercollateralization, 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 has no policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2009, the City's deposits had a carrying amount of \$588,848 and a bank balance of \$500,112. Of the bank balance, \$250,000 was covered by federal depository insurance and \$250,112 in interest bearing deposits were covered by collateral held under the pooling method. At June 30, 2009, the City of Roanoke Rapids had \$725 cash on hand.

2. Investments

At June 30, 2009, the City of Roanoke Rapids had \$5,195,982 invested with the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAm, by Standard and Poor's.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009

a. Interest Rate Risk

The City has adopted a formal investment policy regarding 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 internal management policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than two years.

b. Credit Risk

The City has adopted a formal policy regarding credit risk, and has internal management procedures that limits the City's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The 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, 2009. 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 as permitted under North Carolina General Statutes 159-30 as amended.

3. Capital Assets

Capital asset activity for the City for the year ended June 30, 2009, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,919,524	\$ 244,078	\$ -	\$ 4,163,602
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>\$ 3,919,524</u>	<u>\$ 244,078</u>	<u>\$ -</u>	<u>\$ 4,163,602</u>
Capital assets being depreciated:				
Buildings & improvements	\$24,832,276	\$ 544,449	\$14,722,848	\$10,653,877
Machinery & equipment	8,547,081	224,304	30,973	8,740,412
Total capital assets being depreciated	<u>\$33,379,357</u>	<u>\$ 768,753</u>	<u>\$14,753,821</u>	<u>\$19,394,289</u>
Less accumulated depreciation for:				
Buildings & improvements	\$ 5,963,878	\$ 764,246	\$ 950,306	\$ 5,777,818
Machinery & equipment	5,621,652	651,572	33,159	6,240,065
Total accumulated depreciation	<u>\$11,585,530</u>	<u>\$1,415,818</u>	<u>\$ 983,465</u>	<u>\$12,017,883</u>
Total capital assets being depreciated, net	<u>\$21,793,827</u>			<u>\$ 7,376,406</u>
Governmental activity capital assets, net	<u>\$25,713,351</u>			<u>\$11,540,008</u>

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009

Depreciation expense was charged to functions/programs of the governmental unit as follows:

General government	\$ 785,688
Public safety	300,530
Transportation	112,400
Environmental protection	20,111
Economic & physical development	5,864
Cultural and recreation	191,225
Total depreciation expense	\$ 1,415,818

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The City of Roanoke Rapids contributes 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 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 is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.86% and 4.92%, respectively, of annual covered payroll. The contribution requirements of members and of the City are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2009, 2008, and 2007 were \$277,734, \$272,869, and \$261,353, respectively. The contributions made by the City equaled the required contributions for each year.

b. Deferred Compensation Plan

The City of Roanoke Rapids offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009

The City has complied with the laws, which govern the City's Deferred Compensation Plan. All assets of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries.

Contributions for the year ended June 30, 2009 were \$163,920, which consisted of \$67,162 from the City and \$96,758 from employees.

c. Law Enforcement Officers Special Separation Allowance

1. Plan Description

The City of Roanoke Rapids 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 covers all full time law enforcement officers of the City.

At December 31, 2008, the Separation Allowance's membership consisted of:

Retirees receiving benefits	6
Active plan members	<u>38</u>
 Total	 <u>44</u>

A separate report was not issued for the plan.

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. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

Methods Used to Value Investments

No funds are set aside to pay benefits and administrative costs. These expenditures are paid as they come due.

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009

contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees for the fiscal year 2009.

The annual required contribution for the fiscal year ended June 30, 2009, was determined as part of the December 31, 2008, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return and (b) projected salary increases ranging from 4.5% to 12.3% per year. The inflation component was 3.75%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2008 was 22 years.

Annual Pension Cost and Net Pension Prepaid

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

Annual required contribution	\$ 58,998
Interest on net pension obligation	17,589
Adjustment to annual required contribution	(14,832)
Annual pension cost	61,755
Contributions made	-
Increase (decrease) in net pension obligation	\$ 61,755
Net pension obligation beginning of year	242,608
Net pension obligation end of year	\$ 304,363

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation Prepaid
6/30/07	\$ 44,385	0.00%	\$ 188,591
6/30/08	54,385	0.00%	242,608
6/30/09	61,755	0.00%	304,363

4. Funded Status and Funding Progress

As of December 31, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$535,678. The covered payroll (annual payroll of active employees covered by the plan) was \$1,338,527, and the ratio of the UAAL to the covered payroll was 40.02 percent.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

d. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The City contributes to the Supplemental Retirement Income Plan (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.

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. Also, the law enforcement officers may make voluntary contributions to the plan. The City's contributions for the year ended June 30, 2009 were \$90,365, which consisted of \$73,011 from the City and \$17,354 from law enforcement officers.

e. Other Post-Employment Benefits

Plan Description. Under the terms of a City resolution, the City administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). As of July 1, 2007, this plan provides postemployment healthcare benefits to retirees of the City, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least twenty years of creditable service with the City. Prior to July 1, 2007, employees qualified for similar level benefits after at least five years of creditable service with the City. The City pays the full cost of coverage for these benefits through private insurers. Also, the City's retirees can purchase coverage for their dependents at the City's group rates. The City Council may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at December 31, 2008, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officer</u>
Retirees and dependents receiving benefits	17	7
Terminated plan members entitled to but not yet receiving benefits	0	0
Active plan members	<u>94</u>	<u>44</u>
Total	111	51

Funding Policy. The City pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a City resolution that can be amended by City Council. The City's members pay \$108 per month for dependent coverage. The City has chosen to fund the healthcare benefits on a pay as you go basis.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009

The current ARC rate is 7.68% of annual covered payroll. For the current year, the City contributed \$236,240 or 4.97% of annual covered payroll.

Summary of Significant Accounting Policies. Post employment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. 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 *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 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 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 healthcare benefits:

Annual required contribution	\$ 364,935
Interest on net OPEB obligation	-
Annual OPEB cost (expense)	364,935
Contributions made	236,240
Increase (decrease) in net OPEB obligation	128,695
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	\$ 128,695

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were as follows:

For Year Ended June 30	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
2009	364,935	7.68%	128,695

Funded Status and Funding Progress. As of December 31, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$3,729,245. The covered payroll (annual payroll of active employees covered by the plan) was \$4,757,532, and the ratio of the UAAL to the covered payroll was 87.4 percent. 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 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 about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009

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

In the December 31, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.50 to 5.00 percent annually. Both rates included a 3.75 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period as December 31, 2008, was 30 years.

f. Other Employment Benefits

The City has 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 month's salary in a row during the 24 months prior to his/her 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 City considers these contributions to be immaterial.

g. Deferred/Unearned Revenues

The balance in deferred/unearned revenues at year-end is comprised of the following elements:

	Deferred Revenue	Unearned Revenue
General Fund:		
Property taxes receivable	\$ 896,055	\$ -
Prepaid taxes not yet earned	-	19,640
Other miscellaneous receivables	324,489	-
Total	\$ 1,220,544	\$ 19,640

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009

h. 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 participates in the self-funded risk financing pool administered by the North Carolina League of Municipalities. Through these pools, the City has workers' compensation coverage of \$500,000 and employee health coverage up to \$2,000,000. The City carries commercial coverage for general liability of \$4,000,000 and for property of \$2,000,000. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The City carries flood insurance in the amount of \$500,000 per occurrence.

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 Finance Officer and Tax Collector are individually bonded for \$500,000 each. The remaining employees that have access to cash are bonded under a blanket bond for \$250,000.

i. Claims and Judgments

The City had no claims or judgments pending at June 30, 2009.

j. Long-Term Debt

The general obligation bonds issued to finance the construction of improvements to the storm sewer system and recreational facilities are accounted for in the General Long-term Debt Account Group. These bonds are collateralized by the faith, credit, and taxing power of the City. Principal and interest requirements are appropriated when due.

At June 30, 2009, the City of Roanoke Rapids had a legal debt margin of \$65,744,433. The City has no bonds authorized but unissued at June 30, 2009.

On January 25, 1994, The City issued \$3,420,000 in general obligation Public Improvement Refunding Bonds with interest rates of 3.75 to 4.9 percent to advance refund \$2,975,000 of outstanding 1990 bonds with interest rates of 6.75 to 7.10 percent. The net proceed of \$3,324,082 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1990 Public Improvement bonds.

On February 23, 1999 the City entered into an installment notes payable with RBC Centura Bank to finance the renovation of T.J. Davis Community Center. The financing agreement is described below.

On April 7, 2004, the City entered into an installment notes payable with the USDA in the amount of \$266,000 to aid in community rehabilitation.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009

On September 10, 2004, the City entered into an installment financing agreement in the amount of \$760,000 to purchase equipment as needed. In December 2004, the City purchased a street sweeper in the amount of \$129,270 and in January 2005, the city purchased a pumper fire truck in the amount of \$89,861. In July 2005, the City purchased a new fire truck in the amount of \$423,317.

On July 20, 2004, the City entered into an installment notes payable with Southern Bank in the amount of \$280,000 to pay for community center renovations.

On November 8, 2005, the City entered into an installment note payable with First Citizens Bank in the amount of \$125,000 to purchase five police cars.

On December 15, 2006, the City entered into an installment purchase contract with First Citizens Bank. The city purchased 20 police vehicles and other transportation equipment in the amount of \$650,000.

On March 20, 2008, the City entered into an installment note payable with the USDA in the amount of \$1,490,534 to finance the construction of Fire Station #2.

On February 19, 2009, the City entered into an installment note payable with Branch Banking & Trust in the amount of \$141,994 to purchase a refuse truck.

Long-term debt payable at June 30, 2009 is comprised of the following:

General Obligation Bonds:

\$3,420,000 Public Improvement Refunding Bonds - January 25, 1994; due in annual installments on March 1 of \$170,000 to \$230,000 and continuing through March 1, 2011 plus interest at 3.75% to 4.90% due semiannually

\$ 345,000

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009

Installment Notes Payable:

First Citizens Bank - due in 20 semi-annual installments of \$49,762 including interest at 4.83% through January 15, 2008. Thereafter, the unpaid balance shall be payable in nine semi-annual installments of \$50,629 including interest at 69% of the prime rate. On January 15, 2012, all unpaid principal and accrued interest shall be due and payable in full.	\$ 276,554
RBC Centura Bank - due in 5 annual installments of \$165,665 including interest at 2.94% through December, 2009.	160,934
RBC Centura Bank - due in 59 consecutive quarterly installments of principal in the amount of \$30,479 plus interest at 4.75% through February 26, 2014 when the entire unpaid principal balance plus unpaid interest shall be due and payable in full.	579,105
USDA - due in 20 annual installments of \$20,230, including interest at 4.375%, beginning April 7, 2005 through April 7, 2025.	219,110
First Citizens Bank - due in 5 consecutive annual installments of \$27,427 including interest at 3.1% beginning November 9, 2006 through November 10, 2010 when all outstanding principal and accrued interest shall be due and payable in full.	52,352
Southern Bank - due in 5 annual installments of \$61,401 including interest at 3.15% beginning July 20, 2004 through July 20, 2009.	59,526
First Citizens Bank - due in 5 consecutive annual installments of \$144,493 including interest at 3.63% beginning December 15, 2007 through December 15, 2011.	403,815
Branch Banking & Trust - due in 5 consecutive annual installments of \$30,872 including interest at 2.85% beginning February 19, 2010 through February 19, 2014.	141,994
USDA - due in 30 annual installments of \$90,178, including interest at 4.375%, beginning March 20, 2009 through March 20, 2039.	<u>1,465,580</u>
Total	<u><u>\$ 3,358,970</u></u>

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009

Economic Development Revenue Bonds:

\$21,500,000 Economic Development Revenue Bonds - April 12, 2008; due in semi-annual installments. 15 year interest rate swap (80% of Notional value). Swap rate is locked at 5.51%.

\$21,250,000

The annual requirements to amortize general obligation bonds outstanding (excluding vacation pay and capitalized leases) as of June 30, 2009, including interest payments, are as follows:

Year	General Obligation Bonds	Interest Payments	Total
2010	\$ 175,000	\$ 16,905	\$ 191,905
2011	170,000	8,330	178,330
Next 5 years	-	-	-
Total	<u>\$ 345,000</u>	<u>\$ 25,235</u>	<u>\$ 370,235</u>

The annual requirements to amortize notes payable outstanding (excluding vacation pay and capitalized leases) as of June 30, 2009, including interest payments, are as follows:

Year	Principal Payments	Interest Payments	Total
2010	\$ 648,725	\$ 139,186	\$ 787,911
2011	441,029	114,221	555,250
2012	426,925	95,301	522,226
2013	192,821	78,058	270,879
2014	164,999	69,805	234,804
2015 - 2019	232,372	299,373	531,745
2020 - 2024	322,826	249,320	572,146
2025 - 2029	270,176	180,649	450,825
2030 - 2034	334,679	116,146	450,825
2035 - 2038	324,418	36,242	360,660
Total	<u>\$ 3,358,970</u>	<u>\$ 1,378,301</u>	<u>\$ 4,737,271</u>

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009

The annual requirements to amortize economic development bonds outstanding as of June 30, 2009, including interest payments, are as follows:

Year	Principal Payments	Interest Payments	Total
2010	\$ 500,000	\$ 1,157,100	\$ 1,657,100
2011	630,000	1,125,968	1,755,968
2012	680,000	1,089,878	1,769,878
2013	725,000	1,051,170	1,776,170
2014	770,000	1,009,983	1,779,983
2015 - 2019	4,680,000	4,332,237	9,012,237
2020 - 2024	7,980,000	2,813,682	10,793,682
2025 - 2029	5,285,000	783,109	6,068,109
Total	<u>\$ 21,250,000</u>	<u>\$ 13,363,127</u>	<u>\$ 34,613,127</u>

Changes in the long-term liabilities:

	Beginning Balances July 1, 2008	Increases	Decreases	Ending Balances June 30, 2009	Current Portion of Balance
<u>Governmental activities:</u>					
General obligation					
bonds - 1994	\$ 525,000	\$ -	\$ 180,000	\$ 345,000	\$ 175,000
Installment notes					
payable	3,713,937	141,994	496,961	3,358,970	648,725
Tax increment					
financing	21,500,000	-	250,000	21,250,000	500,000
Compensated absences	443,560	10,637	-	454,197	68,131
Net pension obligation	242,608	61,755	-	304,363	-
Other postemployment					
benefits	-	128,695	-	128,695	-
Total	<u>\$26,425,105</u>	<u>\$343,081</u>	<u>\$926,961</u>	<u>\$25,841,225</u>	<u>\$1,391,856</u>

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

Tax Increment Financing:

The \$21,500,000 financing proceeds are a new type of financing in North Carolina. Amendment One was approved by the voters of North Carolina and allowed a change in the North Carolina constitution, which allows cities and counties to borrow money using self-financing bonds to back private development. The City will make annual debt service

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009

payments. The following revenues are to be used to make the debt service payments and are listed in order of priority:

- (1) Net revenues generated by the facility.
- (2) Incremental property taxes from the 123 acres Tax Increment Financing District created by the City.
- (3) General sales tax revenue that comes to the City.

III. Interest Rate Swaps

In order to achieve an economic benefit, when compared to the issuance of fixed rate bonds, effective March 2007, the City entered into an interest rate swap agreement with respect to \$21.5 million of Variable Rate Music and Entertainment District Special Revenue Bonds, Series 2007. The notional value of the swap is \$17.2 million and the agreement matures July 1, 2022. The City pays a rate equivalent to the USD-LIBOR-BBA, which was 5.51% at June 30, 2009, and receives fixed rate payments at 2.45%. Only the net difference in interest payments is actually exchanged. The \$21.5 million in bond principal is not exchanged; it is only the basis on which the interest payments are calculated. The City continues to pay interest to the bondholders at the fixed-rate provided by the bonds. However, during the term of the swap agreement, the City effectively pays the fixed-rate of interest at which the debt was issued, adjusted for payments, made to or received from the fixed –rate payer. During fiscal year 2008/2009, the City made interest rate swap payments of \$664,105. At June 30, 2009, the swap had a negative fair value of \$2,611,934. Fair value was estimated by the counterparty using market-to-market valuations. As of June 30, the City is exposed to additional interest expense as the pay-variable rate exceeds the receive fixed-rate; however there is no credit risk exposure due to the negative fair value. The swap counterparty, Bank of America, N.A., at June 30, was rated “Aaa” by Moody’s Investors Service (Moody’s), “AA” by Standard and Poor’s (S&P) and “AA” by Fitch Ratings. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. Termination could result in the City being required to make an unanticipated termination payment.

Swap payments and associated debt. Using interest rates as of June 30, 2009 principal and interest requirements of the fixed-rate debt and net swap payments were as follows. As rates vary, net swap payments will vary.

Year End June 30	Principal	Interest	Interest Rate Swaps, Net	Total
2010	\$ 500,000	\$ 1,157,100	\$ 507,960	\$ 1,665,060
2011	630,000	1,125,968	492,538	1,618,506
2012	680,000	1,089,878	475,891	1,565,769
2013	725,000	1,051,170	458,143	1,509,313
2014	770,000	1,009,983	414,303	1,424,286
2015 - 2019	4,680,000	4,332,737	1,659,362	5,992,099
2020 - 2024	6,430,000	2,813,682	957,704	3,771,386
2025 - 2029	6,835,000	783,109	-	783,109
Total	<u>\$ 21,250,000</u>	<u>\$ 13,363,627</u>	<u>\$ 4,965,901</u>	<u>\$ 18,329,528</u>

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2009

IV. Interfund Balance

Balances due to/from other funds at June 30, 2009 consist of the following:

Due to the General Fund:	
2008 Clean Water Management Fund	77,063
Roanoke Canal Museum	<u>160,752</u>
Total	<u>\$ 237,815</u>

The interfund balances resulted from the time lag between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the systems, and (3) payments between funds are made.

Transfers to/from other funds at June 30, 2009 consist of the following:

From Carolina Crossroads to the General Fund	<u>\$ 2,065,661</u>
--	---------------------

During the 2009 fiscal year, the City closed the Carolina Crossroads Capital Project Fund due to its completion, and transferred all net assets to the General Fund.

V. Summary Disclosure of Significant Contingencies

A. Federal and State Assisted Programs

The City has received proceeds from Federal and State grants and programs. Periodic audits of these grants and programs are required and certain costs may be questioned as not being appropriate expenditures under the grant or program agreements. Such audits could result in the refund of grant or program monies to the grantor or program 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.

VI. Special Event

In March 2009, the City entered into a lease purchase agreement to sell the Roanoke Rapids Theatre to L & M Hospitality, LLC. The contract sales price of \$12,500,000 results in a loss on sale of assets in the amount of \$(1,272,542). This loss is treated as a Special Item on the Statement of Activities.

Required Supplementary Financial Data

This section contains additional information required by generally accepted accounting principles.

- 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 Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Notes to the Required Schedules for the Other Postemployment Benefits

City of Roanoke Rapids, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Funding Progress

Exhibit A-1

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/03	\$ 255,507	\$ 515,086	\$ 259,579	49.60%	\$ 1,238,048	20.97%
12/31/04	232,605	550,448	317,843	42.26%	1,305,161	24.35%
12/31/05	239,822	515,840	276,018	46.49%	1,431,269	19.28%
12/31/06	194,158	574,169	380,011	33.82%	1,579,391	24.06%
12/31/07	199,394	655,895	456,501	30.40%	1,619,043	28.20%
12/31/08	211,063	746,741	535,678	28.26%	1,338,527	40.02%

City of Roanoke Rapids, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Employer Contributions

Exhibit A-2

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2007	\$ 44,385	0.00%
2008	54,017	0.00%
2009	61,755	0.00%

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	12-31-08
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	22 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	4.5% - 12.3%
*Includes inflation at	3.75%
Cost-of living adjustments	N/A

City of Roanoke Rapids, North Carolina
Other Postemployment Benefits
Required Supplementary Information
Schedule of Funding Progress

Exhibit A-1

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/08	\$ -	\$ 3,729,245	\$ 3,729,245	0.00%	\$ 4,757,532	78.39%

**City of Roanoke Rapids, North Carolina
Other Postemployment Benefits
Required Supplementary Information
Schedule of Employer Contributions**

Exhibit A-4

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009	364,935	39.30%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuation follows:

Valuation date	12-31-08
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	10.50% - 5.00%
*Includes inflation at	3.75%
Cost-of living adjustments	N/A

City of Roanoke Rapids, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Ad Valorem Taxes:			
Current year	\$ 6,304,682	\$ 6,493,764	\$ 189,082
Prior years	293,215	107,121	(186,094)
Penalties and interest	34,000	64,612	30,612
Total	<u>\$ 6,631,897</u>	<u>\$ 6,665,497</u>	<u>\$ 33,600</u>
Other Taxes and Licenses:			
Local option sales tax	\$ 2,338,500	\$ 2,219,140	\$ (119,360)
Privilege licenses	71,500	78,887	7,387
Motor vehicle license	73,000	75,487	2,487
Solid waste disposal tax	-	4,987	4,987
Lease vehicle	-	15,306	15,306
Holdharmless revenue		199,264	199,264
Cable TV franchise	145,000	24,697	(120,303)
Total	<u>\$ 2,628,000</u>	<u>\$ 2,617,768</u>	<u>\$ (10,232)</u>
Unrestricted Intergovernmental:			
Payments in lieu of taxes	\$ 32,000	\$ 39,943	\$ 7,943
Beer and wine tax	74,000	74,411	411
ABC profits	27,000	31,634	4,634
Occupancy tax	77,400	3,161	(74,239)
Utility franchise tax	925,000	1,190,341	265,341
Total	<u>\$ 1,135,400</u>	<u>\$ 1,339,490</u>	<u>\$ 204,090</u>
Restricted Intergovernmental:			
"State Street Aid" allocation	\$ 580,000	\$ 521,764	\$ (58,236)
Grant funds	143,975	104,445	(39,530)
State games revenue	12,552		(12,552)
Drug enforcement revenue	48,500	270,900	222,400
Total	<u>\$ 785,027</u>	<u>\$ 897,109</u>	<u>\$ 112,082</u>
Inspection Fees and Permits	<u>\$ 113,400</u>	<u>\$ 78,084</u>	<u>\$ (35,316)</u>
Investment Earnings	<u>\$ 82,000</u>	<u>\$ 122,835</u>	<u>\$ 40,835</u>

City of Roanoke Rapids, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues: (continued)			
Sales and Services:			
Cemetery lots	\$ 129,000	\$ 102,048	\$ (26,952)
Rents, concessions, & other fees	3,359,204	293,463	(3,065,741)
Solid waste user fees	1,318,593	1,092,695	(225,898)
Airport fuel sales	95,000	85,428	(9,572)
Airport hangar rental	18,000	19,793	1,793
Municipal ordinance violations	82,000	62,618	(19,382)
Total	<u>\$ 5,001,797</u>	<u>\$ 1,656,045</u>	<u>\$ (3,345,752)</u>
Miscellaneous	<u>\$ 44,332</u>	<u>\$ 52,281</u>	<u>\$ 7,949</u>
Insurance Reimbursements	<u>\$ 1,500</u>	<u>\$ 6,400</u>	<u>\$ 4,900</u>
Total Revenues	<u>\$ 16,423,353</u>	<u>\$ 13,435,509</u>	<u>\$ (2,987,844)</u>
Expenditures:			
General Government:			
City Council:			
Salaries & employee benefits		\$ 49,979	
Operating expenses		6,627	
Total	<u>\$ 59,076</u>	<u>\$ 56,606</u>	<u>\$ 2,470</u>
Administration:			
Salaries & employee benefits		\$ 268,246	
Operating expenses		25,331	
Total	<u>\$ 296,005</u>	<u>\$ 293,577</u>	<u>\$ 2,428</u>
Finance			
Salaries & employee benefits		\$ 188,782	
Operating expenses		8,564	
Total	<u>\$ 198,250</u>	<u>\$ 197,346</u>	<u>\$ 904</u>
Information System:			
Salaries & employee benefits		\$ 72,308	
Operating expenses		96,086	
Total	<u>\$ 174,720</u>	<u>\$ 168,394</u>	<u>\$ 6,326</u>

City of Roanoke Rapids, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
General Government: (continued)			
Tax/Revenue Collections:			
Salaries & employee benefits		\$ 66,149	
Operating expenses		8,423	
Discounts		73,946	
Total	<u>\$ 152,559</u>	<u>\$ 148,518</u>	<u>\$ 4,041</u>
Legal:			
Professional services		\$ 21,229	
Operating expenses		13	
Total	<u>\$ 22,959</u>	<u>\$ 21,242</u>	<u>\$ 1,717</u>
Government Buildings:			
Salaries & employee benefits		\$ 23,396	
Operating expenses		48,333	
Capital outlay		-	
Total	<u>\$ 72,867</u>	<u>\$ 71,729</u>	<u>\$ 1,138</u>
Central Garage:			
Salaries & employee benefits		\$ 186,239	
Operating expenses		12,345	
Capital outlay		-	
Total	<u>\$ 207,299</u>	<u>\$ 198,584</u>	<u>\$ 8,715</u>
Miscellaneous:			
Salaries & employee benefits	\$ 81,257	\$ 77,661	\$ 3,596
E-911 system cost	155,473	155,472	1
Operating expenses	249,997	179,252	70,745
Uninsured loss expenditures	44,000	40,551	3,449
Miscellaneous expenses	-	5,792	(5,792)
Capital outlay	-	-	-
Total	<u>\$ 530,727</u>	<u>\$ 458,728</u>	<u>\$ 71,999</u>
Total General Government	<u>\$ 1,714,462</u>	<u>\$ 1,614,724</u>	<u>\$ 99,738</u>

City of Roanoke Rapids, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
General Government: (continued)			
Public Safety:			
Police:			
Salaries & employee benefits		\$ 2,155,993	
Vehicle maintenance		114,731	
Operating expenses		205,018	
Capital outlay		1,190	
Total	<u>\$ 2,565,642</u>	<u>\$ 2,476,932</u>	<u>\$ 88,710</u>
School Resource Officer:			
Salaries & employee benefits			
Operating expenses			
Capital outlay			
Total	<u>\$ 8,327</u>	<u>\$ -</u>	<u>\$ 8,327</u>
Fire:			
Salaries & employee benefits		\$ 1,476,767	
Vehicle maintenance		27,286	
Operating expenses		154,729	
Capital outlay		-	
Total	<u>\$ 1,667,164</u>	<u>\$ 1,658,782</u>	<u>\$ 8,382</u>
Total Public Safety	<u>\$ 4,241,133</u>	<u>\$ 4,135,714</u>	<u>\$ 105,419</u>
Transportation:			
Streets Repair and Construction:			
Salaries & employee benefits		\$ 113,492	
Operating expenses		16,706	
Street lights		387,882	
Maintenance and repair		39,026	
Capital outlay		40,235	
Total	<u>\$ 669,405</u>	<u>\$ 597,341</u>	<u>\$ 72,064</u>

City of Roanoke Rapids, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Transportation: (continued)			
Powell Bill:			
Salaries & employee benefits		\$ 412,851	
Operating expenses		119,347	
Capital outlay		11,000	
Total	<u>\$ 703,974</u>	<u>\$ 543,198</u>	<u>\$ 160,776</u>
Public Works:			
Salaries & employee benefits		\$ 226,124	
Operating expenses		41,749	
Capital outlay		-	
Total	<u>\$ 285,921</u>	<u>\$ 267,873</u>	<u>\$ 18,048</u>
Airport:			
Contracted services		\$ 42,935	
Operating expenses		76,667	
Capital outlay		-	
Total	<u>\$ 120,702</u>	<u>\$ 119,602</u>	<u>\$ 1,100</u>
Total Transportation	<u>\$ 1,780,002</u>	<u>\$ 1,528,014</u>	<u>\$ 251,988</u>
Environmental Protection:			
Sanitation - Solid Waste Division:			
Salaries & employee benefits		\$ 207,249	
Landfill tipping fees		259,799	
Operating expenses		63,074	
Capital outlay		167,102	
Total	<u>\$ 707,362</u>	<u>\$ 697,224</u>	<u>\$ 10,138</u>
Sanitation - Refuse Division:			
Salaries & employee benefits		\$ 225,522	
Refuse tipping fees		46,467	
Operating expenses		110,785	
Capital outlay		-	
Total	<u>\$ 386,557</u>	<u>\$ 382,774</u>	<u>\$ 3,783</u>

City of Roanoke Rapids, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Environmental Protection: (continued)			
Cemetery:			
Salaries & employee benefits			
Operating expenses		9,626	
Capital outlay		44,527	
Total	\$ 58,393	\$ 54,153	\$ 4,240
Property Maintenance:			
Salaries & employee benefits		\$ 100,305	
Operating expenses		18,140	
Capital outlay		-	
Total	\$ 133,072	\$ 118,445	\$ 14,627
Total Environmental Protection	\$ 1,285,384	\$ 1,252,596	\$ 32,788
Economic and Physical Development:			
Planning and Development:			
Salaries & employee benefits		\$ 407,074	
Operating expenses		38,407	
Capital outlay		-	
Economic development		39,943	
Total	\$ 519,446	\$ 485,424	\$ 34,022
Roanoke Rapids Theatre			
Operating expenses	3,515,664	263,186	3,252,478
Total	\$ 3,515,664	\$ 263,186	\$ 3,252,478
Miscellaneous:			
Chamber of Commerce		\$ -	
Rescue Squad		-	
Other		51,931	
Total	\$ 80,730	\$ 51,931	\$ 28,799
Total Economic and Physical Development	\$ 4,115,840	\$ 800,541	\$ 3,315,299

City of Roanoke Rapids, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Cultural and Recreational:			
Davis Recreation:			
Salaries & employee benefits		\$ 277,836	
Operating expenses		56,825	
Capital outlay		-	
Total	<u>\$ 361,024</u>	<u>\$ 334,661</u>	<u>\$ 26,363</u>
Roanoke Canal Museum:			
Salaries & employee benefits		\$ 68,024	
Operating expenses		17,272	
Total	<u>\$ 93,260</u>	<u>\$ 85,296</u>	<u>\$ 7,964</u>
Aquatic Center:			
Salaries & employee benefits		\$ 93,142	
Operating expenses		110,692	
Capital outlay		-	
Total	<u>\$ 243,087</u>	<u>\$ 203,834</u>	<u>\$ 39,253</u>
Parks:			
Salaries & employee benefits		\$ 224,007	
Operating expenses		84,755	
Capital outlay		-	
Total	<u>\$ 334,288</u>	<u>\$ 308,762</u>	<u>\$ 25,526</u>
Chaloner Recreation:			
Salaries & employee benefits		\$ 57,180	
Operating expenses		19,598	
Capital outlay		-	
Total	<u>\$ 97,904</u>	<u>\$ 76,778</u>	<u>\$ 21,126</u>

**City of Roanoke Rapids, North Carolina
General Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Cultural and Recreational: (continued)			
Senior Citizens Center:			
Salaries & employee benefits		\$ 90,568	
Operating expenses		22,665	
Other		10,986	
Transportation grant		19,108	
Outreach grant		-	
Total	<u>\$ 142,234</u>	<u>\$ 143,327</u>	<u>\$ (1,093)</u>
Community Center:			
Salaries & employee benefits		\$ 5,059	
Operating expenses		29,743	
Capital outlay		-	
Total	<u>\$ 38,426</u>	<u>\$ 34,802</u>	<u>\$ 3,624</u>
Library:			
Salaries & employee benefits		\$ 193,101	
Operating expenses		61,348	
Capital outlay		-	
Total	<u>\$ 284,371</u>	<u>\$ 254,449</u>	<u>\$ 29,922</u>
Andrews Meeting Hall:			
Operating expenses		6,450	
Capital outlay		-	
Total	<u>\$ 7,124</u>	<u>\$ 6,450</u>	<u>\$ 674</u>
Total Cultural and Recreational	<u>\$ 1,601,718</u>	<u>\$ 1,448,359</u>	<u>\$ 153,359</u>
Debt Service:			
Bond/debt principal amount	\$ 2,285,462	\$ 926,961	
Interest on debt	109,125	1,252,916	
Bond/service commissions	8,256	4,210	
Total Debt Service	<u>\$ 2,402,843</u>	<u>\$ 2,184,087</u>	<u>\$ 218,756</u>

City of Roanoke Rapids, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Miscellaneous Grants:			
Learn and Serve grant		\$ 8,165	
Senior Center		19,260	
Arts Council		810	
Miscellaneous		17,937	
Capital reserve		-	
Total Miscellaneous Grants	<u>\$ 63,465</u>	<u>\$ 46,172</u>	<u>\$ 17,293</u>
 Total Expenditures	<u>\$ 17,204,847</u>	<u>\$ 13,010,207</u>	<u>\$ 4,194,640</u>
 Revenues Over (Under) Expenditures	<u>\$ (781,494)</u>	<u>\$ 425,302</u>	<u>\$ 1,206,796</u>
 Other Financing Sources (Uses):			
Transfers in (out)	\$ 606,139	\$ 2,065,661	\$ 1,459,522
Sale of capital assets	3,500	-	\$ (3,500)
Lease proceeds	-	426,702	\$ 426,702
Finance proceeds	150,000	141,994	\$ (8,006)
Fund balance appropriated	438,395	-	\$ (438,395)
Decrease in fund balance	(416,540)	-	\$ 416,540
Total Other Financing Sources (Uses)	<u>\$ 781,494</u>	<u>\$ 2,634,357</u>	<u>\$ 1,852,863</u>
 Revenues and Other Financing Sources Over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 3,059,659</u>	<u>\$ 3,059,659</u>
 Fund Balance, Beginning of Year		<u>2,684,430</u>	
 Fund Balance, End of Year		<u>\$ 5,744,089</u>	

City of Roanoke Rapids, North Carolina
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2009

Exhibit B-1

Capital Projects Funds

	The One	Fire	2008	Clean	Lowes	NC 125	Carolina	Public	Total
	North	Station #2	Clean Water	Water	Economic	Sanitary	Crossroads	Roadway	Nonmajor
	Carolina	Project	Management	Management	Development	Sewer	Water & Sewer		Capital
	Fund		Trust	Trust	Grant	Extension			Projects
			Fund	Fund					Funds
Assets									
Cash and cash equivalents	\$ -	\$ 22	\$ -	\$ 22,012	\$ 5	\$ 34	\$ 26,172	\$ 73,227	\$ 121,472
Due from other governments	-	-	-	-	-	-	-	-	-
Grant receivable	-	-	77,063	-	-	-	-	-	77,063
Due from other funds	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ 77,063</u>	<u>\$ 22,012</u>	<u>\$ 5</u>	<u>\$ 34</u>	<u>\$ 26,172</u>	<u>\$ 73,227</u>	<u>\$ 198,535</u>
Liabilities and Fund Balances									
Liabilities:									
Accounts payable & accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	77,063	-	-	-	-	-	77,063
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,063</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,063</u>
Fund balances:									
Reserved by state statute	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	22	-	22,012	5	34	26,172	73,227	121,472
Total Fund Balances	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ 22,012</u>	<u>\$ 5</u>	<u>\$ 34</u>	<u>\$ 26,172</u>	<u>\$ 73,227</u>	<u>\$ 121,472</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ 77,063</u>	<u>\$ 22,012</u>	<u>\$ 5</u>	<u>\$ 34</u>	<u>\$ 26,172</u>	<u>\$ 73,227</u>	<u>\$ 198,535</u>

(continued)

City of Roanoke Rapids, North Carolina
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2009

Exhibit B-1

(continued)

	Special Revenue Funds					
	Local Law Enforcement Grant Fund	CDBG Fund Project #03-C-1208	Hodgestown Project	Roanoke Canal Museum	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Assets						
Cash and cash equivalents	\$ 12,811	\$ 48,558	\$ 43,110	\$ 228,857	\$ 333,336	\$ 454,808
Due from other governments	-	-	-	-	-	-
Grant receivable	-	-	-	-	-	77,063
Due from other funds	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Total Assets	<u>\$ 12,811</u>	<u>\$ 48,558</u>	<u>\$ 43,110</u>	<u>\$ 228,857</u>	<u>\$ 333,336</u>	<u>\$ 531,871</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable & accrued liabilities	\$ -	\$ -	\$ -	\$ 7,430	\$ 7,430	\$ 7,430
Due to General Fund	-	-	-	160,752	160,752	237,815
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 168,182</u>	<u>\$ 168,182</u>	<u>\$ 245,245</u>
Fund balances:						
Reserved by state statute	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	12,811	48,558	43,110	60,675	165,154	286,626
Total Fund Balances	<u>\$ 12,811</u>	<u>\$ 48,558</u>	<u>\$ 43,110</u>	<u>\$ 60,675</u>	<u>\$ 165,154</u>	<u>\$ 286,626</u>
Total Liabilities and Fund Balances	<u>\$ 12,811</u>	<u>\$ 48,558</u>	<u>\$ 43,110</u>	<u>\$ 228,857</u>	<u>\$ 333,336</u>	<u>\$ 531,871</u>

City of Roanoke Rapids, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-major Governmental Funds
For the Year Ended June 30, 2009

Exhibit B-2

	Capital Projects Funds								
	The One North Carolina Fund	Fire Station #2 Project	2008 Clean Water Management Trust Fund	Clean Water Management Trust Fund	Lowes Economic Development Grant	NC 125 Sanitary Sewer Extension	Carolina Crossroads Water & Sewer	Public Roadway	Total Nonmajor Capital Projects Funds
Revenues									
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	40,500	-	390,188	-	-	-	-	-	430,688
Other taxes and licenses	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	2,500	-	-	-	-	2,500
Investment earnings	-	-	-	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-	-	-	-
Total Revenues	<u>\$40,500</u>	<u>\$ -</u>	<u>\$ 390,188</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 433,188</u>
Expenditures									
Current:									
Economic & physical development	\$40,500	\$ -	\$ 390,188	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ 433,188
Capital outlay	-	13,986	-	-	-	-	-	-	13,986
Total Expenditures	<u>\$40,500</u>	<u>\$ 13,986</u>	<u>\$ 390,188</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 447,174</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$(13,986)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,986)</u>
Other Financing Sources (Uses):									
Transfers (to) from other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Financing proceeds	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balances	\$ -	\$(13,986)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (13,986)
Fund Balances:									
Beginning of year, July 1	-	14,008	-	22,012	5	34	26,172	73,227	135,458
End of year, June 30	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ 22,012</u>	<u>\$ 5</u>	<u>\$ 34</u>	<u>\$ 26,172</u>	<u>\$ 73,227</u>	<u>\$ 121,472</u>

(continued)

City of Roanoke Rapids, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-major Governmental Funds
For the Year Ended June 30, 2009

Exhibit B-2

(continued)

	Special Revenue Funds				Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
	Local Law Enforcement Grant Fund	CDBG Fund Project #03-C-1208	Hodgestown Project	Roanoke Canal Museum		
Revenues						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	-	-	-	544,449	544,449	975,137
Other taxes and licenses	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	2,500
Investment earnings	65	-	663	-	728	728
Sale of fixed assets	-	-	-	-	-	-
Total Revenues	<u>\$ 65</u>	<u>\$ -</u>	<u>\$ 663</u>	<u>\$ 544,449</u>	<u>\$ 545,177</u>	<u>\$ 978,365</u>
Expenditures						
Current:						
Economic & physical development	\$ -	\$ -	\$ -	\$ 544,449	\$ 544,449	\$ 977,637
Capital outlay	-	-	-	-	-	13,986
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 544,449</u>	<u>\$ 544,449</u>	<u>\$ 991,623</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 65</u>	<u>\$ -</u>	<u>\$ 663</u>	<u>\$ -</u>	<u>\$ 728</u>	<u>\$ (13,258)</u>
Other Financing Sources (Uses):						
Transfers (to) from other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Financing proceeds	-	-	-	-	-	-
Total Other Financing Sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balances	\$ 65	\$ -	\$ 663	\$ -	\$ 728	\$ (13,258)
Fund Balances:						
Beginning of year, July 1	12,746	48,558	42,447	60,675	164,426	299,884
End of year, June 30	<u>\$ 12,811</u>	<u>\$ 48,558</u>	<u>\$ 43,110</u>	<u>\$ 60,675</u>	<u>\$ 165,154</u>	<u>\$ 286,626</u>

City of Roanoke Rapids, North Carolina
Special Revenue Funds - Local Law Enforcement Grant Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2009

Exhibit C-1

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Investment earnings	\$ 150	\$ 265	\$ 65	\$ 330	\$ 180
Federal grant	48,100	51,467	-	51,467	3,367
Total Revenues	<u>\$ 48,250</u>	<u>\$ 51,732</u>	<u>\$ 65</u>	<u>\$ 51,797</u>	<u>\$ 3,547</u>
Expenditures:					
Capital outlay	53,405	43,330	-	43,330	10,075
Revenues Over (Under) Expenditures	\$ (5,155)	\$ 8,402	\$ 65	\$ 8,467	\$ 13,622
Other Financing Sources:					
Transfer in	5,155	4,344	-	4,344	(811)
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 12,746</u>	<u>\$ 65</u>	<u>\$ 12,811</u>	<u>\$ 12,811</u>
Fund Balance:					
Beginning of year, July 1			12,746		
End of year, June 30			<u>\$ 12,811</u>		

City of Roanoke Rapids, North Carolina
Special Revenue Funds - CDBG Fund - Project #03-C-1208
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2009

Exhibit C-2

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Halifax County Scattered Site contribution	\$ -	\$ 114,000	\$ -	\$ 114,000	\$ 114,000
Community Development Block grant	1,750,000	1,739,900	-	1,739,900	(10,100)
Receivable adjustment	-	19,576	-	19,576	19,576
Program income	-	30,826	-	30,826	30,826
USDA grant	121,900	121,900	-	121,900	-
Interest earned	-	4,150	-	4,150	4,150
Total Revenues	<u>\$ 1,871,900</u>	<u>\$2,030,352</u>	<u>\$ -</u>	<u>\$2,030,352</u>	<u>\$ 158,452</u>
Expenditures:					
Housing rehabilitation	\$ 1,187,646	\$1,211,396	\$ -	\$1,211,396	\$ (23,750)
Acquisition of real property	43,781	93,781	-	93,781	(50,000)
Clearance	5,700	5,700	-	5,700	-
Relocation assistance	54,000	54,000	-	54,000	-
Down payment assistance	13,873	-	-	-	13,873
Neighborhood Facilities Center Administration	661,709	661,709	-	661,709	-
	175,000	225,017	-	225,017	(50,017)
Total Expenditures	<u>\$ 2,141,709</u>	<u>\$2,251,603</u>	<u>\$ -</u>	<u>\$2,251,603</u>	<u>\$ (109,894)</u>
Revenues Over (Under) Expenditures	<u>\$ (269,809)</u>	<u>\$ (221,251)</u>	<u>\$ -</u>	<u>\$ (221,251)</u>	<u>\$ 48,558</u>
Other Financing Sources:					
Transfers in (out)	\$ 3,809	\$ 3,809	\$ -	\$ 3,809	\$ -
USDA Loan	266,000	266,000	-	266,000	-
Total Other Financing Sources	<u>\$ 269,809</u>	<u>\$ 269,809</u>	<u>\$ -</u>	<u>\$ 269,809</u>	<u>\$ -</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 48,558</u>	<u>\$ -</u>	<u>\$ 48,558</u>	<u>\$ 48,558</u>
Fund Balance:					
Beginning of year, July 1			48,558		
End of year, June 30			<u>\$ 48,558</u>		

City of Roanoke Rapids, North Carolina
Special Revenue Funds - Hodgestown Project
Statement of Revenues, Expenditures, and
From Inception and For the Fiscal Year Ended June 30, 2009

Exhibit C-3

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Investment earnings	\$ -	\$ 9,344	\$ 663	\$ 10,007	\$ 10,007
Sale of fixed assets	165,000	95,008	-	95,008	(69,992)
Roanoke Rapids Sanitary District contribution	19,860	16,519	-	16,519	(3,341)
Spring Street reimbursement	-	8,500	-	8,500	8,500
Total Revenues	\$ 184,860	\$ 129,371	\$ 663	\$ 130,034	\$ (54,826)
Expenditures:					
Contracted services	\$ 41,371	\$ 40,375	\$ -	\$ 40,375	\$ 996
Miscellaneous	139,882	-	-	-	139,882
Engineering and design	32,700	-	-	-	32,700
Testing of materials	2,500	-	-	-	2,500
Street/Utility Construction	115,719	87,636	-	87,636	28,083
Contingency	54,525	1,183	-	1,183	53,342
Total Expenditures	\$ 386,697	\$ 129,194	\$ -	\$ 129,194	\$ 257,503
Revenues Over (Under) Expenditures	\$ (201,837)	\$ 177	\$ 663	\$ 840	\$ 202,677
Other Financing Sources:					
Transfers in (out)	\$ 42,270	\$ 42,270	\$ -	\$ 42,270	\$ -
Fund balance appropriated	159,567	-	-	-	(159,567)
Total Other Financing Sources (Uses)	\$ 201,837	\$ 42,270	\$ -	\$ 42,270	\$ (159,567)
Revenues and Other Financing Sources Over (Under) Expenditures	\$ -	\$ 42,447	\$ 663	\$ 43,110	\$ 43,110
Fund Balance:					
Beginning of year, July 1			42,447		
End of year, June 30			<u>\$ 43,110</u>		

City of Roanoke Rapids, North Carolina
Special Revenue Funds - Roanoke Canal Museum
From Inception and For the Fiscal Year Ended June 30, 2009

Exhibit C-4

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Donated Dominion					
Canal Exhibit	\$ 150,000	\$ 100,000	\$ 50,000	\$ 150,000	\$ -
NC DOT Grants	1,347,920	891,081	451,952	1,343,033	(4,887)
NCRT Grant	50,000	50,000	42,497	92,497	42,497
Donations	92,040	93,565	-	93,565	1,525
Total Revenues	<u>\$ 1,639,960</u>	<u>\$1,134,646</u>	<u>\$ 544,449</u>	<u>\$1,679,095</u>	<u>\$ 39,135</u>
Expenditures:					
Master Plan development	\$ 15,250	\$ 15,250	\$ -	\$ 15,250	\$ -
Project design and engineering	59,876	59,876	-	59,876	-
Construction	326,636	341,026	-	341,026	(14,390)
Contingency	20,053	-	-	-	20,053
Capital Outlay	1,239,099	678,790	544,449	1,223,239	15,860
Total Expenditures	<u>\$ 1,660,914</u>	<u>\$1,094,942</u>	<u>\$ 544,449</u>	<u>\$1,639,391</u>	<u>\$ 21,523</u>
Revenues Over (Under) Expenditures	\$ (20,954)	\$ 39,704	\$ -	\$ 39,704	\$ 60,658
Other Financing Sources: Transfers in (out)	20,954	20,971	-	20,971	17
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 60,675</u>	<u>\$ -</u>	<u>\$ 60,675</u>	<u>\$ 60,675</u>
Fund Balance:					
Beginning of year, July 1			60,675		
End of year, June 30			<u>\$ 60,675</u>		

City of Roanoke Rapids, North Carolina
Capital Project Funds - The One North Carolina Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2009

Exhibit C-5

	<u>Project Authorization</u>	<u>Actual Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
One NC Grant funds	\$ 81,000	\$ -	\$ 40,500	\$ 40,500	\$ (40,500)
Total Revenues	<u>\$ 81,000</u>	<u>\$ -</u>	<u>\$ 40,500</u>	<u>\$ 40,500</u>	<u>\$ (40,500)</u>
Expenditures:					
Capital outlay	81,000		40,500	40,500	40,500
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ -</u>		

City of Roanoke Rapids, North Carolina
Capital Project Funds - Fire Station #2 Project
From Inception and For the Fiscal Year Ended June 30, 2009

Exhibit C-6

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursement from RR Sanitary District	12,500	12,500	-	12,500	-
Total Revenues	<u>\$ 12,500</u>	<u>\$ 12,500</u>	<u>\$ -</u>	<u>\$ 12,500</u>	<u>\$ -</u>
Expenditures:					
Site construction (On-site)	\$ 916	\$ 916	\$ -	\$ 916	\$ -
Building construction	1,399,861	1,370,202	13,986	1,384,188	15,673
Engineering testing	12,000	1,494	-	1,494	10,506
Architectural fees	112,062	92,820	-	92,820	19,242
Telephones	7,500	4,155	-	4,155	3,345
Furniture	15,000	14,028	-	14,028	972
Contingency	65,161	-	-	-	65,161
Total Expenditures	<u>\$ 1,612,500</u>	<u>\$ 1,483,615</u>	<u>\$ 13,986</u>	<u>\$ 1,497,601</u>	<u>\$ 114,899</u>
Revenues Over (Under) Expenditures	\$ (1,600,000)	\$(1,471,115)	\$ (13,986)	\$(1,485,101)	\$ 114,899
Other Financing Sources (Uses): USDA Loan	<u>1,600,000</u>	<u>1,485,123</u>	<u>-</u>	<u>1,485,123</u>	<u>(114,877)</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 14,008</u>	<u>\$ (13,986)</u>	<u>\$ 22</u>	<u>\$ 22</u>
Fund Balance:					
Beginning of year, July 1			14,008		
End of year, June 30			<u>\$ 22</u>		

City of Roanoke Rapids, North Carolina
Capital Project Funds - 2008 Clean Water Management Trust Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2009

Exhibit C-7

	Project Authorization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
Revenues:					
Interest earned	\$ -	\$ -	\$ -	\$ -	\$ -
Matching Funds	1,755,850				(1,755,850)
NC Clean Water Management Trust fund	788,000	137,050	390,188	527,238	(260,762)
Total Revenues	\$ 2,543,850	\$ 137,050	\$ 390,188	\$ 527,238	\$ (2,016,612)
Expenditures:					
Land acquisition/easements	\$ 1,567,850	\$ -	\$ -	\$ -	\$ 1,567,850
Design, permitting, & survey	130,000	130,000	-	130,000	-
Public education signage	12,500	-	-	-	12,500
Construction administration	95,500	7,050	122,078	129,128	(33,628)
Construction contingency	50,000	-	-	-	50,000
Construction mobilization	48,500	-	41,907	41,907	6,593
Clearing, grubbing excavation	91,000	-	13,402	13,402	77,598
Floodplain fill, upland grading	110,500	-	19,925	19,925	90,575
Channel structures	74,000	-	104,181	104,181	(30,181)
Erosion control	35,000	-	47,983	47,983	(12,983)
Planting	93,000	-	28,299	28,299	64,701
Miscellaneous	48,000	-	12,413	12,413	35,587
Recipient's Admin Cost	188,000	-	-	-	188,000
Total Expenditures	\$ 2,543,850	\$ 137,050	\$ 390,188	\$ 527,238	\$ 2,016,612
Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ -		

City of Roanoke Rapids, North Carolina
Capital Project Funds - Clean Water Management Trust Grant Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2009

Exhibit C-8

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
Interest earned	\$ -	\$ 6,607	\$ -	\$ 6,607	\$ 6,607
NC Clean Water Management Trust fund	551,000	518,999	-	518,999	(32,001)
Total Revenues	\$ 551,000	\$ 525,606	\$ -	\$ 525,606	\$ (25,394)
Expenditures:					
Clearing, erosion control	\$ 47,915	\$ 47,915	\$ -	\$ 47,915	\$ -
Earthwork, Geotextile Place	102,842	102,841	-	102,841	1
Vegetation	66,286	66,286	-	66,286	-
Streambank stabilization materials	117,495	117,495	-	117,495	-
Bridge replacement	57,497	57,497	-	57,497	-
Relocate utilities	10,000	8,341	-	8,341	1,659
Mobilization/demobilization	25,213	20,257	-	20,257	4,956
Observation/drawings	30,100	30,100	-	30,100	-
Water quality monitoring	30,000	28,500	2,500	31,000	(1,000)
Permitting	10,000	10,000	-	10,000	-
Contingencies	34,290	-	-	-	34,290
Final report preparation	5,000	-	-	-	5,000
Public education	2,500	2,500	-	2,500	-
Project management/bidding	14,362	14,362	-	14,362	-
Total Expenditures	\$ 553,500	\$ 506,094	\$ 2,500	\$ 508,594	\$ 44,906
Revenues Over (Under) Expenditures	\$ (2,500)	\$ 19,512	\$ (2,500)	\$ 17,012	\$ 19,512
Other Financing Sources: Miscellaneous	2,500	2,500	2,500	5,000	2,500
Revenues and Other Financing Sources Over (Under) Expenditures	\$ -	\$ 22,012	\$ -	\$ 22,012	\$ 22,012
Fund Balance:					
Beginning of year, July 1			22,012		
End of year, June 30			<u>\$ 22,012</u>		

City of Roanoke Rapids, North Carolina
Capital Project Funds - Lowes Economic Development Grant
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2009

Exhibit C-9

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Interest Earnings	\$ 31	\$ 39	\$ -	\$ 39	\$ 8
CDBG Eco Dev Grant	274,804	274,790	-	274,790	(14)
Lowes contribution	80,000	80,000	-	80,000	-
Total Revenues	<u>\$ 354,835</u>	<u>\$ 354,829</u>	<u>\$ -</u>	<u>\$ 354,829</u>	<u>\$ (6)</u>
Expenditures:					
Water improvements	\$ 273,627	\$ 273,614	\$ -	\$ 273,614	\$ 13
Sewer improvements	48,150	48,150	-	48,150	-
Planning	5,000	5,000	-	5,000	-
Administration	24,587	24,587	-	24,587	-
Total Expenditures	<u>\$ 351,364</u>	<u>\$ 351,351</u>	<u>\$ -</u>	<u>\$ 351,351</u>	<u>\$ 13</u>
Revenues Over (Under) Expenditures	\$ 3,471	\$ 3,478	\$ -	\$ 3,478	\$ 7
Other Financing Sources:					
Transfers out	<u>(3,471)</u>	<u>(3,473)</u>	<u>-</u>	<u>(3,473)</u>	<u>(2)</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 5</u>
Fund Balance:					
Beginning of year, July 1			5		
End of year, June 30			<u>\$ 5</u>		

City of Roanoke Rapids, North Carolina
Capital Project Funds - NC 125 Sanitary Sewer Extension
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2009

Exhibit C-10

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Interest Revenue	\$ -	\$ 186	\$ -	\$ 186	\$ 186
Halifax Horizons contribution	25,000	25,000	-	25,000	-
NC Department of Commerce grant	150,000	150,000	-	150,000	-
Developer contribution Roanoke Rapids Economic Development Commission contribution	31,201 7,500	30,075 7,500	- -	30,075 7,500	(1,126) -
Total Revenues	<u>\$ 213,701</u>	<u>\$ 212,761</u>	<u>\$ -</u>	<u>\$ 212,761</u>	<u>\$ (940)</u>
Expenditures:					
2646 Lf extension	\$ 251,227	\$ 251,227	\$ -	\$ 251,227	\$ -
ENG/Bidding and certification	3,938	2,964	-	2,964	974
Project contingency	-	-	-	-	-
Total Expenditures	<u>\$ 255,165</u>	<u>\$ 254,191</u>	<u>\$ -</u>	<u>\$ 254,191</u>	<u>\$ 974</u>
Revenues Over (Under) Expenditures	\$ (41,464)	\$ (41,430)	\$ -	\$ (41,430)	\$ 34
Other Financing Sources: Transfers in	<u>41,464</u>	<u>41,464</u>	<u>-</u>	<u>41,464</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 34</u>	<u>\$ -</u>	<u>\$ 34</u>	<u>\$ 34</u>
Fund Balance:					
Beginning of year, July 1			34		
End of year, June 30			<u>\$ 34</u>		

City of Roanoke Rapids, North Carolina
Capital Project Funds - Carolina Crossroads
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2008

Exhibit C-11

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Miscellaneous		467,713		467,713	467,713
Investment earnings	-	193,096		193,096	193,096
Total Revenues	<u>\$ -</u>	<u>\$ 660,809</u>	<u>\$ -</u>	<u>\$ 660,809</u>	<u>\$ 660,809</u>
Expenditures:					
Economic development	17,795,771	16,107,845	496,392	16,604,237	1,191,534
Total Expenditures	<u>\$ 17,795,771</u>	<u>\$ 16,107,845</u>	<u>\$ 496,392</u>	<u>\$ 16,604,237</u>	<u>\$ 1,191,534</u>
Revenues Over (Under) Expenditures	<u>\$(17,795,771)</u>	<u>\$(15,447,036)</u>	<u>\$ (496,392)</u>	<u>\$(15,943,428)</u>	<u>\$ 1,852,343</u>
Other Financing Sources:					
Bond proceeds	\$ 21,500,000	\$ 21,500,000		21,500,000	-
Transfers	(3,704,229)	(3,490,911)	(2,065,661)	(5,556,572)	(1,852,343)
Total Other Financing Sources	<u>17,795,771</u>	<u>18,009,089</u>	<u>(2,065,661)</u>	<u>15,943,428</u>	<u>(1,852,343)</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 2,562,053</u>	<u>\$(2,562,053)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year, July 1			2,562,053		
End of year, June 30			<u>\$ -</u>		

City of Roanoke Rapids, North Carolina
Capital Project Funds - Carolina Crossroads Water and Sewer
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2009

Exhibit C-12

	Project Authorization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
Revenues:					
Utility account	\$ 429,550	\$ 456,840	\$ -	\$ 456,840	\$ 27,290
EDA	278,100	-	-	-	(278,100)
Rural Center	500,000	451,275	-	451,275	(48,725)
NC Dept. of Commerce Grant - CDBG	1,000,000	945,155	-	945,155	(54,845)
Golden Leaf Foundation	399,000	370,665	-	370,665	(28,335)
Roanoke Rapids Sanitary District	185,400	-	-	-	(185,400)
Total Revenues	<u>\$ 2,792,050</u>	<u>\$2,223,935</u>	<u>\$ -</u>	<u>\$2,223,935</u>	<u>\$ (568,115)</u>
Expenditures:					
Planning	\$ 5,000	\$ 5,000	\$ -	\$ 5,000	\$ -
Testing	2,500	-	-	-	2,500
Administration	51,500	62,150	-	62,150	(10,650)
Construction	2,684,550	2,097,920	-	2,097,920	586,630
Engineering and design	48,500	32,693	-	32,693	15,807
Total Expenditures	<u>\$ 2,792,050</u>	<u>\$2,197,763</u>	<u>\$ -</u>	<u>\$2,197,763</u>	<u>\$ 594,287</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 26,172</u>	<u>\$ -</u>	<u>\$ 26,172</u>	<u>\$ 26,172</u>
Fund Balance:					
Beginning of year, July 1			26,172		
End of year, June 30			<u>\$ 26,172</u>		

City of Roanoke Rapids, North Carolina
Capital Project Funds - Carolina Crossroads Public Roadway
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2009

Exhibit C-13

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
NC DOT	\$ 2,000,000	\$ 2,818,365	\$ -	\$ 2,818,365	\$ 818,365
Powell Bill/General	100,000	148,700	-	148,700	48,700
CDBG	-	46,721	-	46,721	46,721
Miscellaneous funds	1,000,000	8,241	-	8,241	(991,759)
Total Revenues	<u>\$ 3,100,000</u>	<u>\$ 3,022,027</u>	<u>\$ -</u>	<u>\$ 3,022,027</u>	<u>\$ (77,973)</u>
Expenditures:					
Design and engineering	\$ 197,000	\$ 206,458	\$ -	\$ 206,458	\$ (9,458)
Construction	2,903,000	2,742,342	-	2,742,342	160,658
Total Expenditures	<u>\$ 3,100,000</u>	<u>\$ 2,948,800</u>	<u>\$ -</u>	<u>\$ 2,948,800</u>	<u>\$ 151,200</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 73,227</u>	<u>\$ -</u>	<u>\$ 73,227</u>	<u>\$ 73,227</u>
Fund Balance:					
Beginning of year, July 1			73,227		
End of year, June 30			<u>\$ 73,227</u>		

City of Roanoke Rapids, North Carolina
Agency Fund
Statement of Changes in Assets and Liabilities
June 30, 2009

Exhibit D-1

	Balance	Additions	Deductions	Balance
	June 30, 2008			June 30, 2009
Assets:				
Cash and investments	\$ 1,275	\$ 20	\$ -	\$ 1,295
Liabilities:				
Miscellaneous liabilities	\$ 1,275	\$ 20	\$ -	\$ 1,295

City of Roanoke Rapids, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2009

Exhibit E-1

Fiscal Year	Uncollected Balance June 30, 2008	Additions	Collections And Credits	Discoveries (Abatements) Adjustments	Uncollected Balance June 30, 2009
2008-2009	\$ -	\$ 6,907,803	\$ 6,488,460	\$ 139,798	\$ 559,141
2007-2008	223,751	-	78,625	(3,361)	141,765
2006-2007	43,408	-	9,361	(391)	33,656
2005-2006	36,665	-	7,122	27	29,570
2004-2005	26,624	-	2,454	(117)	24,053
2003-2004	43,117	-	2,298	(296)	40,523
2002-2003	31,136	-	4,325	(2,582)	24,229
2001-2002	20,414	-	1,436	(164)	18,814
2000-2001	15,666	-	1,372	(148)	14,146
1999-2000	29,507	-	783	(186)	28,538
1998-1999	28,012	-	215	(13,684)	14,113
1997-1998	629	-	-	-	629
1996-1997	185	-	-	-	185
1995-1996	22	-	-	-	22
1994-1995	-	-	-	-	-
1993-1994	170	-	-	1	171
Total	\$ 499,306	\$ 6,907,803	\$ 6,596,451	\$ 118,897	\$ 929,555
Less allowance for Uncollectible Ad Valorem Taxes Receivable					33,500
Ad Valorem Taxes Receivable - Net					\$ 896,055
Reconcilement with Revenues:					
Taxes - Ad valorem - General Fund (Exhibit 2)					\$ 6,665,497
Refunds/write-offs					(4,434)
Penalties and interest					(64,612)
Total Collections and Credits (above)					\$ 6,596,451

City of Roanoke Rapids, North Carolina
Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2009

Exhibit E-2

	<u>City-wide</u>			Property Excluding Registered Vehicles	Registered Vehicles
	Property Valuation	Rate	Total		
Original Levy:					
Real property	\$ 820,528,534	0.624	\$ 5,120,098	\$ 5,120,098	\$ -
Personal property	190,083,949	0.624	1,186,124	1,186,124	-
Motor vehicles	99,460,988	0.579/.624	591,919	-	591,919
Total	<u>\$ 1,110,073,471</u>		<u>\$ 6,898,141</u>	<u>\$ 6,306,222</u>	<u>\$ 591,919</u>
Refunds and write-offs					
on cars by County			1,843		1,843
Adjustments - current	326,600	0.624	2,038	2,427	(389)
Adjustments					
- current year Rate	(18,372,436)	0.624	(114,644)	(100,358)	(14,286)
Afterlists & Discoveries	<u>41,702,403</u>		<u>260,223</u>	<u>260,223</u>	
Total Property Valuation	<u><u>\$ 1,133,730,038</u></u>				
Net Levy			\$ 7,047,601	\$ 6,468,514	\$ 579,087
Less uncollected taxes at June 30, 2009			559,141	505,910	53,231
Current Year's Taxes Collected			<u>\$ 6,488,460</u>	<u>\$ 5,962,604</u>	<u>\$ 525,856</u>
Current Levy Collection Percentage			<u>92.07%</u>	<u>92.18%</u>	<u>90.81%</u>

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Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit
Of Financial Statements Performed In Accordance With
Government Auditing Standards

To the Honorable Mayor and
Members of the City Council
City of Roanoke Rapids, North Carolina

I have audited the basic financial statements of the governmental activities, each major fund, and the aggregated remaining fund information of the City Of Roanoke Rapids, North Carolina, as of and for the year ended June 30, 2009, which collectively comprises the City of Roanoke Rapids' basic financial statements, and have issued my report thereon dated October 28, 2009. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the City of Roanoke Rapids' internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Roanoke Rapids' internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Roanoke Rapids' financial statements are free of material misstatement, I 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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Greenville, North Carolina
October 28, 2009

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Report On Compliance With Requirements Applicable
To Each Major Federal Program And Internal Control Over
Compliance In Accordance With OMB Circular A-133
And the State Single Audit Implementation Act

To the Honorable Mayor and
Members of the City Council
City of Roanoke Rapids, North Carolina

Compliance

I have audited the compliance of the City Of Roanoke Rapids, North Carolina, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission that are applicable to each of its major federal programs for the year ended June 30, 2009. The City of Roanoke Rapids' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Roanoke Rapids' management. My responsibility is to express an opinion on the City of Roanoke Rapids' compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Roanoke Rapids' compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the City of Roanoke Rapids' compliance with those requirements.

In my opinion, the City of Roanoke Rapids complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

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

A control deficiency is an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in the City's internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

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

Greenville, North Carolina
October 28, 2009

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Report On Compliance With Requirements Applicable
To Each Major State Program And Internal Control Over
Compliance In Accordance With OMB Circular A-133
And the State Single Audit Implementation Act

To the Honorable Mayor and
Members of the City Council
City of Roanoke Rapids, North Carolina

Compliance

I have audited the compliance of the City Of Roanoke Rapids, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2009. The City of Roanoke Rapids' major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Roanoke Rapids' management. My responsibility is to express an opinion on the City of Roanoke Rapids' compliance based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City of Roanoke Rapids' compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the City of Roanoke Rapids' compliance with those requirements.

In my opinion, the City of Roanoke Rapids complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2009.

Internal Control Over Compliance

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

A control deficiency is an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a State program is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the City's internal control.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in the City's internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

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

Greenville, North Carolina
October 28, 2009

**City Of Roanoke Rapids, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____yes X no

- Significant deficiency(ies) identified that are not considered to be material weaknesses _____yes X none reported

- Noncompliance material to financial statements noted _____yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____yes X no

- Significant deficiency(ies) identified that are not considered to be material weaknesses _____yes X none reported

- Noncompliance material to financial statements noted _____yes X no

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 _____yes X no

**City Of Roanoke Rapids, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009**

Section I – Summary of Auditor’s Results

Identification of major federal programs:

<u>CFDA #</u>	<u>Names of Federal Program or Cluster</u>
20.205	Highway Planning Construction

Dollar threshold used to distinguish between Type A and Type B Programs \$300,000

Auditee qualified as low-risk auditee _____yes X no

State Awards

Internal control over major State programs:

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

Noncompliance material to financial statements noted _____yes X no

Type of auditor’s report issued on compliance for major State programs: Unqualified.

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act _____yes X no

Identification of major State programs:

<u>Program Name</u>	<u>CFDA #</u>
Powell Bill Funds	N/A
Clean Water Management Trust Fund	N/A

**City Of Roanoke Rapids, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009**

Section II – Financial Statement Findings

None Reported

Section III – Federal Award Findings and Questioned Costs

None Reported

Section IV – State Award Findings and Questioned Costs

None Reported

**City Of Roanoke Rapids, North Carolina
Corrective Action Plan
For the Year Ended June 30, 2009**

Section II – Financial Statement Findings

N/A

Section III – Federal Award Findings and Questioned Costs

N/A

Section IV – State Award Findings and Questioned Costs

N/A

City Of Roanoke Rapids, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2009

Finding: **08-1** – Auditor Prepared Financial Statements.

 Status: Corrected

City of Roanoke Rapids, North Carolina
Schedule of Expenditures of Federal and State Awards
June 30, 2009

Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Federal Expenditures	State Expenditures
CASH PROGRAMS:			
FEDERAL GRANTS:			
U.S. Department of Health and Human Services:			
Passed-through Upper Coastal Plain Council of Government:			
In-Home Services:			
90% State Funds	N/A	\$ -	\$ 21,175
Title III-B	93.044	5,321	313
90% State Funds/Caregiver Match	N/A	-	828
SSBG	93.667	2,818	81
Total In-Home Services		<u>\$ 8,139</u>	<u>\$ 22,397</u>
Access:			
90% State Funds	N/A	\$ -	\$ 4,575
Title III-B	93.044	16,858	992
Total Access		<u>\$ 16,858</u>	<u>\$ 5,567</u>
Total U.S. Department of Health and Human Services		<u>\$ 24,997</u>	<u>\$ 27,964</u>
U.S. Department of Transportation			
Passed-through N.C. Department of Transportation:			
Highway Planning and Construction	20.205	\$ 451,952	\$ -
STATE GRANTS:			
N.C. Department of Transportation			
Powell Bill	N/A	\$ -	\$ 543,198
N.C. Department of Health and Human Services:			
Division of Aging:			
Senior Center Outreach	N/A	\$ -	\$ 654
Senior Center Outreach		-	4,363
Fan/Heat Program	N/A	-	100
Total N.C. Department of Health and Human Services		<u>\$ -</u>	<u>\$ 5,117</u>

City of Roanoke Rapids, North Carolina
Schedule of Expenditures of Federal and State Awards
June 30, 2009

Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Federal Expenditures	State Expenditures
STATE GRANTS: (continued)			
N.C. Department of Cultural Resources:			
Aid to Public Libraries	N/A	\$ -	\$ 16,073
N.C. Department of Environment and Natural Resources:			
Clean Water Management Trust Fund	N/A	\$ -	\$ 390,188
N.C. Parks and Recreation Trust Fund	N/A	-	42,497
Total N.C. Department of Environment and Natural Resources		\$ -	\$ 432,685
N.C. Department of Commerce:			
One North Carolina Fund	N/A	\$ -	\$ 40,500
Total Assistance		\$ 476,949	\$ 1,065,537

Note 1:

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of the City of Roanoke Rapids and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirement of OMB Circular A-133, Audits of States, Local Government, 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. Benefit payments are paid directly to recipients and are not included in the City's basic financial statements. However, due to the City's involvement in determining eligibility, they are considered federal awards to the City and are included on this schedule.