

CITY OF ROANOKE RAPIDS, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2014

GREGORY T. REDMAN, CPA
TARBORO, NORTH CAROLINA

Financial Statements

City of Roanoke Rapids, North Carolina

Board of Commissioners

Emory G. Doughtie, Mayor
Suetta Scarbrough
Wayne Smith
Carol H. Cowen
Carl Ferebee
Ernest C. Bobbitt

Administrative and Financial Staff

Joseph Scherer, City Manager
MeLinda Hite, Finance Director

City of Roanoke Rapids, North Carolina
Table of Contents
June 30, 2014

	<u>Page</u>
Financial Section	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	21
Notes to the Financial Statements	23
Required Supplemental Financial Data	
Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance	47
Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance	48
Schedule of Funding Progress for the Other Postemployment Benefits	49
Schedule of Employer Contributions for the Other Postemployment Benefits	50

Individual Fund Statements and Schedules

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – General Fund 51

Combining Balance Sheet – Non-Major Governmental Funds 59

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Governmental Funds 61

Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:

Special Revenue Funds:

Local Law Enforcement Grant Fund 63

Hodgestown Project 64

2008 CDBG Program 65

Halifax County Main Street Project 66

CDBG Henry Street Revitalization Project 67

CDBG SBEA Grant 68

Capital Project Funds:

Clean Water Management Trust Grant Fund 69

Fire Station #2 Project 70

Carolina Crossroads Water & Sewer 71

Carolina Crossroads Public Roadway 72

USDA Rural Development Garage Door Project 73

Kate B. Reynolds Ledgerwood Project 74

Other Schedules:

Schedule of Ad Valorem Taxes Receivable 75

Analysis of Current Tax Levy – City-wide Levy 76

Compliance Section

Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	77
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	79
Schedule of Findings and Questioned Costs	81
Corrective Action Plan	84
Summary Schedule of Prior Year Audit Findings	86
Schedule of Expenditures of Federal and State Awards	87

Financial Section



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Independent Auditor's Report

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

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions 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 financial statements are free of material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective 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, 2014, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowances, Other Postemployment Benefits' Schedules of Funding Progress, and Schedules of Employee Contributions be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Roanoke Rapids, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules, and Schedule of Federal and State Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The combining and individual fund statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by me. In my opinion, based on my audit, the procedures performed as described above, the combining and individual fund statements, budgetary schedules, Schedule of Expenditures of Federal and State Awards, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated October 31, 2014 on my consideration of City of Roanoke Rapids, North Carolina's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Roanoke Rapids, North Carolina's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Gregory T. Redman, CPA".

Gregory T. Redman, CPA
Tarboro, North Carolina
October 31, 2014

Management's Discussion and Analysis

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2014**

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 position and how they have changed. Net position are the difference between the City's total assets and total liabilities. Measuring net position 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.

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 are governmental 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 Position 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, 2014**

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.

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 Position

	Governmental Activities	
	2014	2013
Assets:		
Current assets	\$ 7,635,256	\$ 8,192,376
Capital assets	20,128,905	20,044,648
Non-current assets	7,016,328	7,644,201
Total Assets	\$ 34,780,489	\$ 35,881,225
Liabilities:		
Long-term liabilities outstanding	\$ 26,068,672	\$ 27,722,543
Other liabilities	2,087,480	1,436,316
Total Liabilities	\$ 28,156,152	\$ 29,158,859
Deferred Inflows of Resources	\$ 333,205	\$ 345,347
Net Position:		
Net investment in capital assets	\$ 1,803,962	\$ 669,780
Restricted net position	1,567,832	3,195,518
Unrestricted net position	2,919,338	2,511,721
Total Net Position	\$ 6,291,132	\$ 6,377,019

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2014**

As noted earlier, net position 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 \$6,291,132 as of June 30, 2014. The City's net position decreased by \$85,887 for the fiscal year ended June 30, 2014. 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 Position

	Governmental Activities	
	2014	2013
Revenues:		
Program revenues:		
Charges for services	\$ 1,735,055	\$ 1,755,073
Operating grants and contributions	774,947	1,045,745
Capital grants and contributions	187,619	617,248
General revenues:		
Property taxes	7,427,833	7,227,131
Other taxes	970,063	1,261,650
Grants and contributions not restricted to specific programs	3,264,735	3,345,776
Other	151,722	163,389
Loss on disposal of capital assets	-	-
Total Revenues	<u>\$ 14,511,974</u>	<u>\$ 15,416,012</u>
Expenses:		
General government	\$ 2,388,111	\$ 2,357,423
Public safety	5,016,519	4,771,038
Transportation	1,906,905	1,687,448
Economic and physical development	1,105,758	1,591,003
Environmental Protection	1,302,212	1,217,778
Cultural and recreation	1,729,275	1,589,972
Interest on long-term debt	1,149,081	881,643
Total Expenses	<u>\$ 14,597,861</u>	<u>\$ 14,096,305</u>
Increase (decrease) in net position before transfers	(85,887)	1,319,707
Net position, July 1	6,377,019	5,057,312
Prior period adjustment	-	-
Net position, June 30	<u>\$ 6,291,132</u>	<u>\$ 6,377,019</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, 2014**

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 \$4,149,411, while total fund balance reached \$7,918,711. 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 27 percent of total General Fund expenditures, while total fund balance represents 52 percent of that same amount.

At June 30, 2014, the governmental funds of City of Roanoke Rapids reported a combined fund balance of \$8,086,827 with a net decrease in fund balance of \$711,251.

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 2013/2014 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, 2014 total \$20,128,905 (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	
	2014	2013
Land and construction in progress	\$ 3,035,687	\$ 3,035,687
Buildings and systems	16,104,768	15,921,307
Machinery and equipment	988,450	1,087,654
Total	\$ 20,128,905	\$ 20,044,648

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

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2014**

Long-term Debt. The Tax Increment Financing debt of \$18,195,000 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.

General Obligation and Revenue Bonds

	Governmental Activities	
	2014	2013
Tax increment financing	\$ 18,195,000	\$ 18,965,000
Installment notes payable	2,275,192	2,389,146
Total	\$ 20,470,192	\$ 21,354,146

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 \$74,891,725.

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

Economic Overview

Theatre

The *Royal Palace Theatre*, leased by HSV Entertainment, continues to bring music, comedy and internet sweepstakes games to the venue.

The Royal Palace Theatre is the cornerstone of the Carolina Crossroads Music and Entertainment District, located at Exit 171 off I-95 in Roanoke Rapids. The 1,500 seat, state of the art facility was built by the City of Roanoke Rapids in 2006 as a premier tourist attraction for the region and the State of North Carolina. The Royal Palace Theater, which is open 24 hours a day 7 days a week, offers over 250 internet sweepstakes machines and hosts major performances.

Small and Commercial Business Development

Sheetz

Sheetz will be coming to Roanoke Rapids. Preparation is under way now for the construction of a 6,489 square foot new service center with 61 parking spaces located at the intersection of Julian Allsbrook Highway and Old Farm Road. (Assessed land value \$619,140 and assessed building value \$1,289,000)

Zaxby's

Zaxby's Restaurant will be located at 1907 Julian Allsbrook Highway. This is a franchise chain of casual dining offering a variety of items. The 3,654 square foot building will offer dine in and take out. Scheduled to open in the late fall. (Assessed land value \$366,990 and assessed building value \$560,000)

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2014**

Commercial Building

Construction will begin in the fall of 2014 on a new 4,000 square foot commercial building to be located at 297 Premier Boulevard. (Assessed land value \$488,140 and assessed building value \$475,000)

Sleepy's Mattress Store

Sleepy's Mattress Store is coming to Roanoke Rapids and will be located at 295 Premier Boulevard. Site plans have been submitted to the Planning and Development Department for the construction of a 5,000 square foot building. (Assessed building value \$500,000)

Popeye's

At the corner of Julian R Allsbrook Highway and Premier Boulevard is a new Popeye's Restaurant owned by Paramount Hospitality Management. Popeye's Louisiana Kitchen opened its doors in January 2014. The 2,723 square foot building offers dine in or take out. (Assessed land value \$280,030 and assessed building value \$677,498)

Domino's

Site plans have been submitted to the Planning and Development Department with regards to a new Domino's Pizza Restaurant to be located at 200 East Tenth Street. The new restaurant will include dine in or take out. The 1,810 square foot building will be constructed on .5785 acres of land. (Assessed land value \$48,150)

Little Caesar's

Construction has begun on a new 1,600 square foot building, Little Caesar's Restaurant, which is scheduled to open in the fall of 2014. The new restaurant will offer dine in or take out. (Assessed land value \$83,810 and assessed building value \$250,000)

Main Street Roanoke Rapids

Roanoke Rapids is in its fifth year as a NC Main Street Community. Based on the numbers, the district is seeing growth in property improvements and total new investment dollars. The number one priority is with business growth, which is now a primary focus of Fiscal Year 2014/2015.

The non-profit's greatest accomplishment of the year was forming a quasi-public/private partnership with the City of Roanoke Rapids. This partnership includes the City's commitment to fund one full time economic director, pay for day to day operations, and provide office space. This new partnership provides financial stability to the nonprofit, and now every dollar raised goes directly into a Main Street revitalization project. The partnership took effect at the beginning of 2014 with a full time City employee starting at the end of February, 2014.

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2014**

Main Street Roanoke Rapids was involved in eight special events within the district this year. Events include Olde Fashioned Main Street Christmas, Fridays in the Park Summer Concert Series, and the 301 Endless Yard Sale. Also spearheaded two major fundraisers: (1) Funds to Organization "Footwork for Main Street" Shoe Donation Drive and (2) the first annual Roanoke Rapids Seafood & Shag Festival held on May 30, 2014 in Centennial Park.

Mainstay businesses in the district include Shell Furniture celebrated 110 years, The Daily Herald celebrated 100 years, and David's Restaurant & Catering celebrated 15 years plus was awarded Roanoke Valley Chamber's Small Business of the Year Award.

Halifax County Overview

A prime location and pro-business climate make Halifax County a community of choice for both homeowners and businesses. The Halifax County Board of Commissioners has a demonstrated commitment to improving the quality-of-life for its citizens, which requires a commitment to long-term strategies for economic development. These strategies include a continued focus on infrastructure and site development at the Halifax Corporate Park, specifically extension of rail and designation as a Foreign Trade Zone. These projects will help Halifax County attract significant investments in manufacturing and distributions that will create new jobs and diversify the County's tax base.

Halifax County Business Horizons, Halifax Development Commission, and the City of Roanoke Rapids have entered into a marketing agreement with the owner of the former WestPoint Stevens manufacturing facility located near downtown Roanoke Rapids. This agreement will allow HCEDC to actively recruit new industrial development opportunities to take advantage of this idle 50+ acre manufacturing site offering rail, large water and sewer capacities, and over 700,000 square feet of buildings. A Phase I Environmental Assessment of this property is underway and will be completed in September.

Halifax County's location along Interstate 95 continues to be a driver for commerce and tourism. Visitor spending in Halifax County increased 2.9% over the previous year to \$84 million. In 2013, retail sales exceeded \$410 million for the second consecutive calendar year. Unemployment levels are declining, reaching single digit levels for the first time since 2008. In 2014, the value of building permits from January through June was up 83% compared to the same period in 2013.

Halifax County Business Horizons, HCEDC, and the City of Roanoke Rapids have entered into a marketing agreement with the owner of the former WestPoint Stevens manufacturing facility near downtown Roanoke Rapids. This agreement will allow HCEDC to actively recruit new industrial development opportunities to take advantage of this idle 50+ acre manufacturing site with rail, large water and sewer capacities, and over 700,000 square feet of buildings. A Phase I Environmental Assessment of this property is underway and will be completed in September.

Several major employers are expanding their operations that will create new jobs and investment. KapStone Paper is adding a log yard and distribution facility. Airboss Rubber Compounding and Weldon Steel also plan new equipment investments and new job creation. Halifax Regional Medical Center (HRMC) is completing due diligence for a merger with Novant Health, which will result in over \$35 million in new capital projects at HRMC over the next five years.

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2014**

Klausner Lumber, an Austrian softwood lumber manufacturer, has begun construction of a \$110 million lumber processing facility near Enfield that will create 350 new jobs. The company plans to begin operations at the facility in the first quarter of 2015.

Virginia-based Meherrin River Forest Products has completed the acquisition and upfit of the former Coastal Lumber facility near Weldon, adding 41 new jobs.

Geenex, a Charlotte-based solar power developer, and partner, ET Solar, have begun construction of a 20 MW solar power generation facility at the former Halifax County Airport site west of Roanoke Rapids.. The facility will be completed in November and construction of a renewable energy education and research center, the "Solar Center of Excellence" will commence in October.

After a slow start, LSA America has ramped up production of light sport aircraft at their manufacturing facility in Littleton. The company currently employs 15 people with plans to grow to 34 employees by early 2015.

In January, Flambeau announced the closing of its blow molding operations at the Becker Industrial Park as of June 30th. The Halifax County Economic Development Commission (HCEDC) is working with Flambeau corporate officials to market the 127,000+ SF building for new job creation opportunities.

The Halifax-Northampton Regional Airport, a partnership between Halifax County, Northampton County, and the City of Roanoke Rapids, continues to increase in use and revenues. The airport is busy year-round, and in addition to general aviation activities, is the site of local and state training activities, group tours, and an annual fly-in.

Small and commercial business development continues an upward swing with new business development opportunities in each of Halifax County's municipalities. Commercial revitalization in the town of Halifax is underway that will be a springboard to new development for this historic town, including renovation of the Amphitheater.

A new \$3.5 million Honda & Nissan showroom and service facility, PETSENSE, and sporting goods retail giant, Dunham Sports, opened in 2014. Sheetz has begun construction of a new service center at the intersection of Julian Allsbrook Highway and Old Farm Road. The Roanoke Rapids Main Street Initiative continues with the City of Roanoke Rapids providing administrative support to the effort.

Budget Highlights for the Fiscal Year Ending June 30, 2015

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 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 valuations. Overall tax base revenue represents 44.57% of the total general fund revenue budget for fiscal year 2014/2015. Employee compensation, including benefits accounts for the majority of the budgeted expenditures.

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2014**

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:

Director of Finance
City of Roanoke Rapids
Post Office Box 38
Roanoke Rapids, North Carolina 27870

Basic Financial Statements

City of Roanoke Rapids, North Carolina
Statement of Net Position
June 30, 2014

Exhibit 1

**Governmental
Activities**

Assets

Current Assets:

Cash and cash equivalents	\$ 6,035,515
Taxes receivable (net)	443,882
Accounts receivable (net)	932,810
Accrued interest receivable	108,972
Inventories	44,508
Prepaid expense	69,569
Total Current Assets	\$ 7,635,256

Noncurrent Assets:

Restricted cash	\$ 2,145,249
Deferred outflow	4,871,079
Total Non-current Assets	\$ 7,016,328

Capital Assets:

Land, improvements, and construction in progress	\$ 3,035,687
Other capital assets, net of depreciation	17,093,218
Total Capital Assets	\$ 20,128,905
Total Assets	\$ 34,780,489

Liabilities

Current Liabilities:

Accounts payable and accrued expenses	\$ 807,619
Current portion of long-term liabilities	1,279,861
Total Current Liabilities	\$ 2,087,480

Long-term Liabilities:

Due in more than one year	21,197,593
Derivative instrument - Interest Rate Swap	4,871,079
Total Long-term Liabilities	\$ 26,068,672
Total Liabilities	\$ 28,156,152

Deferred Inflows of Resources

Prepaid taxes	\$ 144,223
Other	188,982
Total Deferred Inflows of Resources	\$ 333,205

Net Position

Net investment in capital assets	\$ 1,637,792
Restricted for:	
Other functions	-
Stabilization by State Statute	1,567,832
Unrestricted	3,085,508
Total Net Position	\$ 6,291,132

The notes of 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, 2014

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 2,388,111	\$ 66,590	\$ 272,161	\$ -	\$ (2,049,360)
Public Safety	5,016,519	-	20,722	-	(4,995,797)
Transportation	1,906,905	-	473,244	-	(1,433,661)
Economic and Physical Development	1,105,758	78,370	-	187,619	(839,769)
Environmental Protection	1,302,212	1,336,488	8,820	-	43,096
Cultural and Recreational	1,729,275	253,607	-	-	(1,475,668)
Interest on long-term debt	1,149,081	-	-	-	(1,149,081)
Total Governmental Activities	\$14,597,861	\$ 1,735,055	\$ 774,947	\$ 187,619	\$ (11,900,240)
General Revenues:					
Taxes:					
Property taxes, levied for general purpose					\$ 7,427,833
Other taxes and licenses					970,063
Grants and contributions not restricted to specific purpose					3,264,735
Investment earnings, unrestricted					2,293
Miscellaneous, unrestricted					149,429
Total General Revenues and Transfers					\$ 11,814,353
Change in Net Position					\$ (85,887)
Net Position - beginning					6,377,019
Prior period adjustment					-
Net Position - ending					\$ 6,291,132

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

City of Roanoke Rapids, North Carolina
Governmental Funds
Balance Sheet
June 30, 2014

Exhibit 3

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Governmental Non-Major Funds</u>	<u>Total Governmental Funds</u>
Assets			
Current Assets:			
Cash and cash equivalents	\$ 6,035,515	\$ -	\$ 6,035,515
Taxes Receivable, net	443,882	-	443,882
Due from other governmental agencies	686,998	-	686,998
Due from other funds	(3,446)	3,446	-
Accounts Receivable, net	238,804	-	238,804
Inventories	44,508	-	44,508
Grant receivable	7,008	-	7,008
Prepaid expenses	69,569	-	69,569
Total Current Assets	<u>\$ 7,522,838</u>	<u>\$ 3,446</u>	<u>\$ 7,526,284</u>
Noncurrent Assets:			
Restricted cash	1,979,079	166,170	2,145,249
Total Assets	<u>\$ 9,501,917</u>	<u>\$ 169,616</u>	<u>\$ 9,671,533</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 806,119	\$ 1,500	\$ 807,619
Due to other funds	-	-	-
Total Liabilities	<u>\$ 806,119</u>	<u>\$ 1,500</u>	<u>\$ 807,619</u>
Deferred Inflows of Resources			
Property taxes receivable	\$ 443,882	\$ -	\$ 443,882
Prepaid taxes	144,223	-	144,223
Other receivables	188,982	-	188,982
Total Deferred Inflows of Resources	<u>\$ 777,087</u>	<u>\$ -</u>	<u>\$ 777,087</u>
Fund Balances			
Non-spendable:			
Inventories and prepaid expenses	\$ 114,077	\$ -	\$ 114,077
Restricted:			
Stabilization by State Statute	1,567,832	3,446	1,571,278
Streets	-	-	-
Debt service	1,979,079	-	1,979,079
Assigned:			
Law enforcement	108,312	-	108,312
Unassigned	4,149,411	164,670	4,314,081
Total Fund Balances	<u>\$ 7,918,711</u>	<u>\$ 168,116</u>	<u>\$ 8,086,827</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,501,917</u>	<u>\$ 169,616</u>	<u>\$ 9,671,533</u>

(continued)

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

City of Roanoke Rapids, North Carolina
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
June 30, 2014

(continued)

Exhibit 3

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

Fund balance as reported in the balance sheet governmental funds	\$	8,086,827
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		20,128,905
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.		108,972
Liabilities for earned but deferred revenues in fund statements.		443,882
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.		(22,477,454)
Net Position of Governmental Activities	\$	6,291,132

The notes of 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, 2014

Exhibit 4

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Governmental Non-Major Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Ad valorem taxes	\$ 7,550,068	\$ -	\$ 7,550,068
Other taxes and licenses	970,063	-	970,063
Unrestricted intergovernmental	3,264,735	-	3,264,735
Restricted intergovernmental	774,947	187,619	962,566
Permits and fees	73,376	-	73,376
Sales and services	1,661,679	-	1,661,679
Investment earnings	2,283	10	2,293
Miscellaneous	114,265	-	114,265
Insurance reimbursements	35,164	-	35,164
Total Revenues	<u>\$ 14,446,580</u>	<u>\$ 187,629</u>	<u>\$ 14,634,209</u>
Expenditures			
Current:			
General Government	\$ 2,249,585	\$ -	\$ 2,249,585
Public Safety	5,034,891	-	5,034,891
Transportation	2,607,382	-	2,607,382
Environmental Protection	1,330,521	-	1,330,521
Economic & Physical Development	388,486	185,507	573,993
Cultural and Recreational	1,574,382	-	1,574,382
Debt service	2,114,374	-	2,114,374
Capital Outlay	-	-	-
Miscellaneous grants	15,732	-	15,732
Total Expenditures	<u>\$ 15,315,353</u>	<u>\$ 185,507</u>	<u>\$ 15,500,860</u>
Excess (Deficiency) of			
Revenues Over Expenditures	<u>\$ (868,773)</u>	<u>\$ 2,122</u>	<u>\$ (866,651)</u>

(continued)

The notes of 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, 2014

(continued)

Exhibit 4

	Major Funds	Governmental	Total
	General	Non-Major	Governmental
	Fund	Funds	Funds
Other Financing Sources (Uses)			
Transfers (to) from other funds	\$ -	\$ -	\$ -
Loan proceeds	155,400	-	155,400
Total Other Financing Sources (Uses)	\$ 155,400	\$ -	\$ 155,400
Net Change in Fund Balance	\$ (713,373)	\$ 2,122	\$ (711,251)
Fund Balance:			
Beginning of year	8,632,084	165,994	8,798,078
Prior Period Adjustment	-	-	-
End of year	\$ 7,918,711	\$ 168,116	\$ 8,086,827

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

City of Roanoke Rapids, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and Changes
In Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014

Exhibit 4-2

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

Net changes in fund balance - total governmental funds	\$	(711,251)
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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 capital outlays exceeded depreciation in the current period.		128,318
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The issuance of long-term debt provides current financial resources to 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.

New long-term debt issued	\$ (155,400)	
Principal payments on long-term debt	<u>965,293</u>	809,893

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		(122,235)
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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.

Compensated absences	\$ (15,341)	
Net pension obligation	(64,252)	
Other postemployment benefits	<u>(111,019)</u>	(190,612)

Total Changes in Net Position of Governmental Activities	<u>\$</u>	<u>(85,887)</u>
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The notes of 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, 2014

Exhibit 5

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 7,132,121	\$ 7,132,121	\$ 7,550,068	\$ 417,947
Other taxes and licenses	886,500	886,500	970,063	83,563
Unrestricted intergovernmental	3,402,170	3,402,170	3,264,735	(137,435)
Restricted intergovernmental	752,200	752,200	774,947	22,747
Permits and fees	83,555	83,555	73,376	(10,179)
Sales and services	1,662,240	1,662,240	1,661,679	(561)
Investment earnings	2,250	2,250	2,283	33
Miscellaneous	92,595	92,595	114,265	21,670
Insurance reimbursements	34,250	34,250	35,164	914
Total Revenues	<u>\$ 14,047,881</u>	<u>\$ 14,047,881</u>	<u>\$ 14,446,580</u>	<u>\$ 398,699</u>
Expenditures:				
General Government	\$ 2,326,715	\$ 2,550,836	\$ 2,249,585	\$ 301,251
Public Safety	5,053,551	5,606,405	5,034,891	571,514
Transportation	3,243,463	2,696,906	2,607,382	89,524
Environmental Protection	1,417,793	1,851,175	1,330,521	520,654
Economic and Physical Development	679,297	393,184	388,486	4,698
Cultural and Recreational	1,532,813	1,710,590	1,574,382	136,208
Debt service	2,247,054	2,251,046	2,114,374	136,672
Miscellaneous grants	81,000	125,830	15,732	110,098
Total Expenditures	<u>\$ 16,581,686</u>	<u>\$ 17,185,972</u>	<u>\$ 15,315,353</u>	<u>\$ 1,870,619</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (2,533,805)</u>	<u>\$ (3,138,091)</u>	<u>\$ (868,773)</u>	<u>\$ 2,269,318</u>

(continued)

The notes of 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, 2014

(continued)

Exhibit 5

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

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Other Financing Sources (Uses):				
Fund balance appropriated	\$ 2,220,505	\$ 2,824,791	\$ -	\$ (2,824,791)
Loan proceeds	<u>313,300</u>	<u>313,300</u>	<u>155,400</u>	<u>(157,900)</u>
Total Other Financing Sources (Uses)	<u>\$ 2,533,805</u>	<u>\$ 3,138,091</u>	<u>\$ 155,400</u>	<u>\$ (2,982,691)</u>
 Revenues and Other Financing Sources Over (Under)				
Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	\$ (713,373)	<u>\$ (713,373)</u>
 Fund Balance:				
Beginning of Year			8,632,084	
Prior Year Adjustment			<u>-</u>	
End of Year			<u>\$7,918,711</u>	

The notes of 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, 2014

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 position 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.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2014

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.

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 six Special Revenue Funds: Local Law Enforcement Grant Fund, Hodgestown Project, 2008 CDBG Program, Halifax County Main Street Project, CDBG Henry Street Revitalization Project, and CDBG SBEA Grant.

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 six Capital Project funds within the governmental fund types: Fire Station #2 Project, NC Clean Water Management Trust Fund, Carolina Crossroads Water and Sewer, Carolina Crossroads Public Roadway, Kate B. Reynolds Ledgerwood, and USDA Rural Development Garage Door Project.

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, 2014

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 for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, 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, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. 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. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2014

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.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, 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.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2014

3. Restricted Assets

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

Powell Bill funds are classified as restricted assets because it can be expended only for the purposes of maintaining, repairing, constructing, or widening of local streets per G.S. 136-41.1 through 136.41.4.

City of Roanoke Rapids Restricted Cash

Governmental Activities:

General Fund:

Carolina Crossroads - Unexpended bond proceeds	\$ 1,979,079
Special Revenue/Capital Project Fund	166,170
Total	<u><u>\$ 2,145,249</u></u>

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, 2013. 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.

6. Inventory and Prepaid Items

The inventories of the City are valued at cost (first in, first out), which approximates market. The City's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2014

7. 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 - 50
Buildings	30
Improvements	20 - 30
Vehicles	5 - 7
Furniture and equipment	5 - 10
Computer equipment	3
Computer software	5

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has one item that meets this criterion, an unamortized loss on a bond defeasance for Water and Sewer Refunding bonds. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has three items that meet the criterion for this category - prepaid taxes, property taxes receivables, and other receivables.

9. 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 position. 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.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2014

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.

10. 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 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.

11. Net Position/Fund Balances

Net Position

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

Fund Balances

In the governmental fund financial statements, fund balance can be composed of five classifications designed to dissolve the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

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

Inventories and Prepaid Expenses - Portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories and prepaid expenses, which are not spendable resources.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2014

Restricted Fund Balance - this classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Restricted for streets - portion of fund balance that is restricted by revenue source.

Restricted for Debt Service – portion of fund balance represented by unexpended bond proceeds.

Assigned Fund Balance - portion of fund balance that the City intends to use for specific purposes.

Assigned for Law Enforcement Allowances - portion of fund balance that has been assigned for law enforcement separation allowance.

Unassigned Fund Balance - portion of total fund balance that has not been restricted, committed or assigned to specific purposes or other funds.

The City of Roanoke Rapids has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-town funds, town funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

II. Stewardship, Compliance, and Accountability

A. Significant Violations of Finance-Related Legal and Contractual Provisions

1. Noncompliance with North Carolina General Statutes

There were no instances of noncompliance with North Carolina General Statutes noted.

2. Contractual Violations

There were no instances of violations of contractual obligations noted.

B. Deficit in Fund Balance or Net Position of Individual Funds

There were no deficits in Fund Balance or Net Position of Individual Funds at the end of the year.

C. Excess of Expenditures Over Appropriations

There were no expenditures in excess of appropriations during the year ended June 30, 2014.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2014

III. 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, 2014, the City's deposits had a carrying amount of \$2,357,157 and a bank balance of \$2,495,958. Of the bank balance, \$250,000 was covered by federal depository insurance and \$2,245,958 in interest bearing deposits were covered by collateral held under the pooling method. At June 30, 2014, the City of Roanoke Rapids had \$900 cash on hand.

2. Investments

At June 30, 2014, the City of Roanoke Rapids had \$5,823,607 invested with the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM, by Standard and Poor's. The City has adopted a formal policy regarding credit risk.

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.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2014

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, 2014. 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. Receivables – Allowance for Doubtful Accounts

The amounts presented in the Balance Sheet and Statement of Net Position for the year ended June 30, 2014 are net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	<u>\$ 33,500</u>

4. Capital Assets

Capital asset activity for the City for the year ended June 30, 2014, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 3,025,032	\$ -	\$ -	\$ 3,025,032
Construction in progress	10,655	-	-	10,655
Total Capital Assets Not Being Depreciated	\$ 3,035,687	\$ -	\$ -	\$ 3,035,687
Capital Assets Being Depreciated:				
Buildings & improvements	\$ 22,830,787	\$ 936,130	\$ -	\$23,766,917
Machinery & equipment	6,962,430	392,217	141,675	7,212,972
Total Capital Assets Being Depreciated	\$ 29,793,217	\$ 1,328,347	\$ 141,675	\$30,979,889
Less accumulated depreciation	\$ 12,784,256	\$ 1,244,090	\$ 141,675	\$13,886,671
Total Capital Assets Being Depreciated, Net	\$ 17,008,961			\$17,093,218
Governmental Activity Capital Assets, Net	\$ 20,044,648			\$20,128,905

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2014

General government	\$ 17,682
Public safety	282,073
Transportation	167,306
Economic and physical development	531,765
Environmental protection	31,468
Cultural and recreation	213,796
Total depreciation expense	\$1,244,090

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 7.07% and 7.28%, 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, 2014, 2013, and 2012 were \$381,057, \$347,131, and \$345,058, 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, 2014

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, 2014 were \$81,479, which consisted of \$29,899 from the City and \$51,680 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 June 30, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits	7
Active plan members	<u>42</u>
Total	<u><u>49</u></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.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2014

3) Contributions

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees for the fiscal year 2014.

The annual required contribution for the fiscal year ended June 30, 2014, was determined as part of the December 31, 2013, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year. The inflation component was 3.00%. 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 June 30, 2014 was 17 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	\$ 80,919
Interest on net pension obligation	26,479
Adjustment to annual required contribution	(43,146)
Annual pension cost	64,252
Contributions made	-
Increase (decrease) in net pension obligation	\$ 64,252
Net pension obligation beginning of year	529,571
Net pension obligation end of year	\$ 593,823

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation Prepaid
6/30/12	80,953	0.00%	457,195
6/30/13	72,376	0.00%	529,571
6/30/14	64,252	0.00%	593,823

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2014

Funded Status and Funding Progress

As of December 31, 2013, 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 \$798,505. The covered payroll (annual payroll of active employees covered by the plan) was \$1,509,223, and the ratio of the UAAL to the covered payroll was 52.91 percent.

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. The Supplemental Retirement Income plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The City's contributions for the year ended June 30, 2014 were \$192,077, which consisted of \$110,361 from the City and \$81,716 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 September 5, 1990, 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 30 years creditable service with at least twenty years of creditable service with the City. The insurance coverage will cease on the premium due date next following employee's 65th birth date. 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.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2014

Retired Employees' Years of Creditable Service	Date Hired On or after September 5, 1990
Less than 30 years	Not eligible for coverage
30+ years	Full coverage paid for by City

Membership of the HCB Plan consisted of the following at December 31, 2012, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officer
Retirees and dependents receiving benefits	16	10
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	95	37
Total	111	47

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 has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 4.6% of annual covered payroll. For the current year, the City contributed \$110,186 or 2.3% 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	\$ 191,361
Interest on net OPEB obligation	29,844
Annual OPEB cost (expense)	221,205
Contributions made	110,186
Increase (decrease) in net OPEB obligation	111,019
Net OPEB obligation, beginning of year	861,741
Net OPEB obligation, end of year	\$ 972,760

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2014

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 were as follows:

For Year Ended June 30	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
2012	364,935	31.6%	746,089
2013	221,205	47.7%	861,741
2014	221,205	49.8%	972,760

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$4,462,736. The covered payroll (annual payroll of active employees covered by the plan) was \$4,792,849, and the ratio of the UAAL to the covered payroll was 46.7 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.

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, 2012 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 8.50 to 5.00 percent annually. Both rates included a 3.00 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, 2012, was 30 years.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2014

2. 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.

For the fiscal year ended June 30, 2014, the City made contributions to the State for death benefits of \$0. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll, respectively.

Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows:

<u>No. Years Contributing</u>	<u>Years Relief</u>	<u>FY Contributions Resume</u>
less than 10	1	2014
10 - 20	2	2015
20 or more	3	2016

The City of Roanoke Rapids will have a three year reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

3. Deferred Outflows and Inflows of Resources

Deferred inflows of resources at year-end are comprised of the following elements:

	<u>Unavailable Revenue</u>	<u>Unearned Revenue</u>
General Fund:		
Property taxes receivable	\$ 443,882	\$ -
Prepaid taxes not yet earned	-	144,223
Other miscellaneous receivables	188,982	-
Total	<u>\$ 632,864</u>	<u>\$ 144,223</u>

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2014

4. 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 Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

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 \$50,000 each. The remaining employees that have access to cash are bonded under a blanket bond for \$500,000.

5. Claims and Judgments

The City had no claims or judgments pending at June 30, 2014.

6. 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, 2014, the City of Roanoke Rapids had a legal debt margin of \$74,891,725. The City has no bonds authorized but unissued at June 30, 2014.

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.

On November 16, 2012, the City entered into an installment note payable with Branch Banking & Trust in the amount of \$160,000 to purchase a high compaction rear loading trash truck.

On February 15, 2012, the City entered into an installment purchase contract with Branch Banking & Trust. The City purchased thirteen Ford Crown Victoria police cars in the amount of \$361,582.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2014

On April 8, 2013, the City entered into an installment note payable with Sun Trust Bank in the amount of \$480,000 to purchase a fire ladder truck.

On August 30, 2013, the City entered into an installment note payable with First Citizens Bank in the amount of \$185,760 to refinance the USDA loan that was secured for the Neighborhood Resource Center. This allowed the City to reduce the terms and interest rate.

On August 30, 2013, the City entered into an installment note payable with First Citizens Bank in the amount of \$1,300,000 to refinance the USDA loan that was secured for the construction of Fire Station #2. This allowed the City to reduce the terms and interest rate.

On August 30, 2013, the City entered into an installment note payable with First Citizens Bank in the amount of \$155,400 to purchase six police vehicles.

Long-term debt payable at June 30, 2014 is comprised of the following:

Installment Notes Payable:

First Citizens Bank - (refinanced USDA loan - Neighborhood Resource Center) due in 8 annual installments of \$25,522.26, including interest at 2.25%, beginning August 30, 2014 through August 30, 2021.	\$ 185,760
First Citizens Bank - (refinanced USDA loan - Firestation #2) due in 18 annual installments of \$94,5212.30, including interest at 3.00%, beginning August 30, 2014 through August 30, 2031.	\$ 1,300,000
Branch Banking & Trust - due in 5 annual installments of \$77,516, including interest at 2.36%, beginning February 15, 2012 through February 15, 2016. (13 Ford Crown Victoria Police Vehicles)	\$ 149,712
Branch Banking & Trust - due in 5 consecutive annual installments of \$33,738.72, including interest at 1.79%, beginning November 16, 2012 through November 16, 2016. (1 high compaction rear loading trash truck)	\$ 97,698
First Citizens Bank - due in 5 consecutive annual installments of \$32,826.02, including interest at 1.85%, beginning July 2014 through July 2018. (6 Police Vehicles)	\$ 155,400
Sun Trust Bank - due in 5 consecutive annual installments of \$100,025.38, including interest of 1.385%, beginning April 8, 2014 through April 8, 2018. (1 Fire Ladder Truck)	\$ 386,623
Total	<u>\$ 2,275,192</u>

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2014

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%.

\$ 18,965,000

The annual requirements to amortize notes payable outstanding (excluding vacation pay and capitalized leases) as of June 30, 2014, including interest payments, are as follows:

Year	Principal Payments	Interest Payments	Total
2015	\$ 417,328	\$ 99,692	\$ 517,020
2016	316,709	47,440	364,149
2017	245,718	40,916	286,634
2018	216,819	36,076	252,895
2019	88,309	31,735	120,044
2020-2024	401,415	122,236	523,651
2025-2029	408,031	64,576	472,607
2030-2034	180,863	8,179	189,042
2035-2039	-	-	-
Total	<u><u>\$ 2,275,192</u></u>	<u><u>\$ 450,850</u></u>	<u><u>\$ 2,726,042</u></u>

The annual requirements to amortize economic development bonds outstanding as of June 30, 2014, including interest payments, are as follows:

Year	Principal Payments	Interest Payments	Total
2015	\$ 820,000	\$ 966,179	\$ 1,786,179
2016	875,000	919,481	1,794,481
2017	930,000	869,753	1,799,753
2018	995,000	816,720	1,811,720
2019	1,060,000	699,770	1,759,770
2020-2024	6,430,000	2,114,108	8,544,108
2025-2027	7,085,000	783,109	7,868,109
Total	<u><u>\$ 18,195,000</u></u>	<u><u>\$ 7,169,120</u></u>	<u><u>\$ 25,364,120</u></u>

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2014

Changes in the long-term liabilities:

	Beginning Balances July 1, 2013	Increases	Decreases	Ending Balances June 30, 2014	Current Portion of Balance
Governmental activities:					
Installment notes payable	2,389,146	-	113,954	2,275,192	417,328
Tax increment financing	18,965,000	-	770,000	18,195,000	820,000
Net pension obligation	529,571	64,252	-	593,823	-
Compensated absences	425,338	15,341	-	440,679	42,533
Interest Rate Swap	5,664,923	-	793,844	4,871,079	-
Other postemployment benefits	861,741	221,205	110,186	972,760	-
Total	<u>\$28,835,719</u>	<u>\$ 300,798</u>	<u>\$1,787,984</u>	<u>\$27,348,533</u>	<u>\$1,279,861</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 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.

Net Investment in Capital Assets

	<u>Governmental</u>
Capital Assets	\$ 20,128,905
Less: Long-term debt	(20,470,192)
Plus: Unexpended debt proceeds	1,979,079
Net Investment in Capital Assets	<u>\$ 1,637,792</u>

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2014

7. Fund Balance

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

Total fund balance - General Fund	\$ 7,918,711
Less:	
Inventories and Prepaid Expenses	114,077
Stabilization by State Statute	1,567,832
Streets-Powell Bill	-
Debt Service	1,979,079
Assigned - Law Enforcement	108,312
Remaining Fund Balance	4,149,411

IV. Interest Rate Swaps

A. Objective of the interest rate swap

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. To achieve significant savings, as compared to the savings derived from a product available in the bond market. Significant savings shall be calculated after adjusting for (a) incremental transaction costs and expenses including applicable fees, including takedown, remarketing fees and credit enhancement fees, and (b) call options that may be available on the bonds.

B. Terms

The notional value of the swap is \$14,356,000 and the agreement matures July 1, 2022. The swap was entered into at the same time the bonds were issued (March 2007). The notional value of the swap declines with the principal amount of the associated debt. Under the terms of the swap agreement the City continues to effectively pay a rate equivalent to the US-LIBOR-BBA and the fixed rate of 5.51%. Only the net difference is actually exchanged.

C. Fair Value

Because interest rates have declined since execution of the swap, the swap has a negative fair value of \$2,928,534. Fair value was estimated by the counterparty using market-to-market valuations.

D. Credit Risk

As of June 30, 2014 the City was not exposed to credit risk because the swap had a negative fair value. The swap counterparty, Bank of America, N.A., was rated "A2" by Moody's Investors Service (Moody's), "A" by Standard and Poor's (S&P) and "A" by Fitch Ratings.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2014

E. Termination Risk

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.

F. Swap Payments and Associated Debt

Using ratios as of June 30, 2014, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same for the term of the bonds, were as follows. As rates vary, variable rate bond interest payments and net swap payments will vary.

Year End June 30	Principal	Interest	Interest Rate Swaps, Net	Total
2015	\$ 820,000	\$ 68,034	\$ 757,882	\$ 1,645,916
2016	875,000	64,816	719,514	\$ 1,659,330
2017	930,000	61,031	678,722	\$ 1,669,753
2018	995,000	57,172	635,101	\$ 1,687,273
2019	1,060,000	53,060	588,615	\$ 1,701,675
2020-2024	6,430,000	193,827	1,491,245	\$ 8,115,072
2025-2027	7,085,000	47,349	-	\$ 7,132,349
Total	<u>\$18,195,000</u>	<u>\$ 545,289</u>	<u>\$ 4,871,079</u>	<u>\$23,611,368</u>

The following sets forth a summary of the City's derivative instrument as of June 30, 2014: The forward-starting floating-to-fixed interest rate swap is a cash flow hedge with a notional amount of \$14,356,000 and a negative fair value of \$2,928,534 as of June 30, 2014. The negative fair value at June 30, 2014 represents a decrease of \$296,516 from the prior year.

The payment of the principal and purchase price of, and the interest on, the Bonds are secured by an irrevocable, direct-pay letter of credit (the Letter of Credit) issued by Bank of America, N.A.

V. Interfund Balance

Balances due to/from other funds at June 30, 2014 consist of the following:

Due from the General Fund:	
USDA Rural Development Garage Door Project	<u>\$ 3,446</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.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2014

VI. Summary Disclosure of Significant Contingencies

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.

VII. Significant Effects of Subsequent Events

As of November 12, 2014, the date of the completion of the financial statements, there were no material subsequent events that were required to be reported.

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)
12/31/08	211,063	746,741	535,678	28.26%	1,338,527	40.02%
12/31/09	127,664	994,035	866,371	12.84%	1,460,374	59.33%
12/31/10	169,885	990,724	820,839	17.15%	1,617,441	50.75%
12/31/11	204,050	994,556	790,506	20.52%	1,453,694	54.38%
12/31/12	204,154	981,570	777,416	20.80%	1,506,890	51.59%
12/31/13	204,312	1,002,817	798,505	20.37%	1,509,223	52.91%

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
2012	\$ 80,953	0.00%
2013	\$ 72,376	0.00%
2014	\$ 64,252	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	12-31-13
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	17 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25% - 7.85%
*Includes inflation at	3.00%
Cost-of living adjustments	N/A

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

Exhibit A-3

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%
12/31/09	\$ -	\$ 2,246,882	\$2,246,882	0.00%	\$ 4,812,453	46.69%
12/31/12	\$ -	\$ 4,462,736	\$4,462,736	0.00%	\$ 4,792,849	93.10%

**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
2012	\$ 364,935	31.6%
2013	\$ 221,205	47.7%
2014	\$ 221,205	49.8%

Notes to the Required Schedules:

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

Valuation date	12-31-12
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	8.50% - 5.00%
*Includes inflation at	3.00%
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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Ad Valorem Taxes:			
Current year	\$ -	\$ 7,325,130	\$ -
Prior years	-	163,479	-
Penalties and interest	-	61,459	-
Total	<u>\$ 7,132,121</u>	<u>\$ 7,550,068</u>	<u>\$ 417,947</u>
Other Taxes and Licenses:			
Privilege licenses	\$ 225,000	\$ 195,920	\$ (29,080)
Motor vehicle license	69,500	-	(69,500)
Lease vehicle		20,780	20,780
Holdharmless revenue	592,000	753,363	161,363
Total	<u>\$ 886,500</u>	<u>\$ 970,063</u>	<u>\$ 83,563</u>
Unrestricted Intergovernmental:			
Local option sales tax	\$ 2,018,480	\$ 1,922,752	\$ (95,728)
Payments in lieu of taxes	37,500	29,575	(7,925)
Beer and wine tax	75,190	68,637	(6,553)
ABC profits	43,500	43,188	(312)
Video franchise fee	27,500	21,654	(5,846)
Occupancy tax		3,674	3,674
Utility franchise tax	1,200,000	1,175,255	(24,745)
Total	<u>\$ 3,402,170</u>	<u>\$ 3,264,735</u>	<u>\$ (137,435)</u>
Restricted Intergovernmental:			
"State Street Aid" allocation	\$ 462,113	\$ 473,244	\$ 11,131
Grant funds	203,337	272,161	68,824
Solid waste disposal tax	6,750	8,820	2,070
Drug enforcement revenue	80,000	20,722	(59,278)
Total	<u>\$ 752,200</u>	<u>\$ 774,947</u>	<u>\$ 22,747</u>
Inspection Fees and Permits	<u>\$ 83,555</u>	<u>\$ 73,376</u>	<u>\$ (10,179)</u>
Investment Earnings	<u>\$ 2,250</u>	<u>\$ 2,283</u>	<u>\$ 33</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, 2014

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues: (continued)			
Sales and Services:			
Cemetery lots	\$ 77,050	\$ 144,481	\$ 67,431
Rents, concessions, & other fees	252,067	253,607	1,540
Solid waste user fees	1,259,573	1,192,007	(67,566)
Roanoke Rapids Theater income	13,550	4,994	(8,556)
Airport fuel sales			-
Airport hangar rental			-
Municipal ordinance violations	60,000	66,590	6,590
Total	<u>\$ 1,662,240</u>	<u>\$ 1,661,679</u>	<u>\$ (561)</u>
Miscellaneous:			
Miscellaneous	\$ 67,600	\$ 39,976	(27,624)
Sale of materials	24,995	74,289	49,294
Total	<u>\$ 92,595</u>	<u>\$ 114,265</u>	<u>\$ 21,670</u>
Insurance Reimbursements	<u>\$ 34,250</u>	<u>\$ 35,164</u>	<u>\$ 914</u>
Total Revenues	<u>\$ 14,047,881</u>	<u>\$ 14,446,580</u>	<u>\$ 398,699</u>
Expenditures:			
Governing Body:			
City Council:			
Salaries & employee benefits	\$ -	\$ 47,436	\$ -
Operating expenses	-	11,885	-
Total	<u>\$ 68,303</u>	<u>\$ 59,321</u>	<u>\$ 8,982</u>
Administration:			
Salaries & employee benefits	\$ -	\$ 263,743	\$ -
Operating expenses	-	27,829	-
Total	<u>\$ 312,700</u>	<u>\$ 291,572</u>	<u>\$ 21,128</u>
Finance			
Salaries & employee benefits	\$ -	\$ 210,832	\$ -
Operating expenses	-	19,796	-
Total	<u>\$ 235,643</u>	<u>\$ 230,628</u>	<u>\$ 5,015</u>
Information System:			
Salaries & employee benefits	\$ -	\$ -	\$ -
Operating expenses	-	39,811	-
Capital outlay	-	67,594	-
Total	<u>\$ 108,259</u>	<u>\$ 107,405</u>	<u>\$ 854</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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
General Government: (continued)			
Tax/Revenue Collections:			
Salaries & employee benefits	\$ -	\$ 68,707	\$ -
Operating expenses	-	171,953	-
Collection fees	-	-	-
Total	<u>\$ 241,073</u>	<u>\$ 240,660</u>	<u>\$ 413</u>
Legal:			
Professional services	\$ -	\$ 43,688	\$ -
Operating expenses	-	30	-
Total	<u>\$ 43,800</u>	<u>\$ 43,718</u>	<u>\$ 82</u>
Government Buildings:			
Salaries & employee benefits	\$ -	\$ 32,738	\$ -
Operating expenses	-	67,594	-
Capital outlay	-	17,906	-
Total	<u>\$ 140,199</u>	<u>\$ 118,238</u>	<u>\$ 21,961</u>
Central Garage:			
Salaries & employee benefits	\$ -	\$ 196,001	\$ -
Vehicle maintenance	-	4,260	-
Operating expenses	-	25,088	-
Capital outlay	-	-	-
Total	<u>\$ 247,471</u>	<u>\$ 225,349</u>	<u>\$ 22,122</u>
Miscellaneous:			
Salaries & employee benefits	\$ -	\$ 241,595	\$ -
E-911 system cost	-	141,785	-
Elections	-	4,007	-
Operating expenses	-	488,939	-
Uninsured loss expenditures	-	12,915	-
Miscellaneous expenses	-	43,453	-
Capital outlay	-	-	-
Total	<u>\$ 1,153,388</u>	<u>\$ 932,694</u>	<u>\$ 220,694</u>
Total General Government	<u>\$ 2,550,836</u>	<u>\$ 2,249,585</u>	<u>\$ 301,251</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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Public Safety:			
Police:			
Salaries & employee benefits	\$ -	\$ 2,465,133	\$ -
Vehicle maintenance	-	185,327	-
Operating expenses	-	289,505	-
Capital outlay	-	295,445	-
Total	<u>\$ 3,545,821</u>	<u>\$ 3,235,410</u>	<u>\$ 310,411</u>
Fire:			
Salaries & employee benefits	\$ -	\$ 1,609,857	\$ -
Vehicle maintenance	-	40,483	-
Operating expenses	-	144,141	-
Capital outlay	-	5,000	-
Total	<u>\$ 2,060,584</u>	<u>\$ 1,799,481</u>	<u>\$ 261,103</u>
Total Public Safety	<u>\$ 5,606,405</u>	<u>\$ 5,034,891</u>	<u>\$ 571,514</u>
Transportation:			
Streets Repair and Construction:			
Salaries & employee benefits	\$ -	\$ 509,117	\$ -
Vehicle maintenance	-	110,279	-
Operating expenses	-	218,188	-
Street lights	-	441,821	-
Contracted services	-	10,245	-
Capital outlay	-	751,887	-
Total	<u>\$ 2,081,812</u>	<u>\$ 2,041,537</u>	<u>\$ 40,275</u>
Public Works:			
Salaries & employee benefits	\$ -	\$ 322,286	\$ -
Vehicle maintenance	-	5,045	-
Operating expenses	-	122,618	-
Capital outlay	-	115,896	-
Total	<u>\$ 615,094</u>	<u>\$ 565,845</u>	<u>\$ 49,249</u>
Total Transportation	<u>\$ 2,696,906</u>	<u>\$ 2,607,382</u>	<u>\$ 89,524</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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Environmental Protection:			
Sanitation - Solid Waste Division:			
Salaries & employee benefits	\$ -	\$ 242,708	\$ -
Landfill tipping fees	-	219,091	-
Vehicle maintenance	-	74,511	-
Operating expenses	-	76,980	-
Capital outlay	-	-	-
Total	<u>\$ 953,509</u>	<u>\$ 613,290</u>	<u>\$ 340,219</u>
Sanitation - Refuse Division:			
Salaries & employee benefits	\$ -	\$ 152,915	\$ -
Refuse tipping fees	-	48,775	-
Vehicle maintenance	-	87,369	-
Operating expenses	-	70,973	-
Capital outlay	-	-	-
Total	<u>\$ 459,593</u>	<u>\$ 360,032</u>	<u>\$ 99,561</u>
Cemetery:			
Salaries & employee benefits	\$ -	\$ 84,970	\$ -
Operating expenses	-	16,880	-
Capital outlay	-	47,777	-
Total	<u>\$ 160,534</u>	<u>\$ 149,627</u>	<u>\$ 10,907</u>
Property Maintenance:			
Salaries & employee benefits	\$ -	\$ 142,906	\$ -
Vehicle maintenance	-	13,731	-
Operating expenses	-	38,935	-
Capital outlay	-	12,000	-
Total	<u>\$ 277,539</u>	<u>\$ 207,572</u>	<u>\$ 69,967</u>
Total Environmental Protection	<u>\$ 1,851,175</u>	<u>\$ 1,330,521</u>	<u>\$ 520,654</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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Economic and Physical Development:			
Planning and Development:			
Salaries & employee benefits	\$ -	\$ 299,431	\$ -
Operating expenses	-	19,100	-
Vehicle maintenance	-	5,355	-
Capital outlay	-	-	-
Economic development	-	29,575	-
Total	<u>\$ 356,454</u>	<u>\$ 353,461</u>	<u>\$ 2,993</u>
Miscellaneous:			
Main Street contribution	\$ -	\$ 17,000	\$ -
Rescue squad	-	10,000	-
Other	-	8,025	-
Total	<u>\$ 36,730</u>	<u>\$ 35,025</u>	<u>\$ 1,705</u>
Total Economic and Physical Development	<u>\$ 393,184</u>	<u>\$ 388,486</u>	<u>\$ 4,698</u>
Cultural and Recreational:			
Davis Recreation:			
Salaries & employee benefits	\$ -	\$ 209,149	\$ -
Vehicle maintenance	-	3,350	-
Operating expenses	-	102,566	-
Capital outlay	-	1,778	-
Total	<u>\$ 332,769</u>	<u>\$ 316,843</u>	<u>\$ 15,926</u>
Roanoke Canal Museum:			
Salaries & employee benefits	\$ -	\$ 44,388	\$ -
Operating expenses	-	21,532	-
Total	<u>\$ 67,362</u>	<u>\$ 65,920</u>	<u>\$ 1,442</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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Cultural and Recreational: (continued)			
Aquatic Center:			
Salaries & employee benefits	\$ -	\$ 94,340	\$ -
Operating expenses	-	87,944	-
Capital outlay	-	11,997	-
Total	<u>\$ 214,555</u>	<u>\$ 194,281</u>	<u>\$ 20,274</u>
Parks:			
Salaries & employee benefits	\$ -	\$ 281,177	\$ -
Vehicle maintenance	-	24,091	-
Operating expenses	-	78,950	-
Capital outlay	-	10,528	-
Total	<u>\$ 431,509</u>	<u>\$ 394,746</u>	<u>\$ 36,763</u>
Chaloner Recreation:			
Salaries & employee benefits	\$ -	\$ 51,213	\$ -
Operating expenses	-	41,998	-
Capital outlay	-	-	-
Total	<u>\$ 93,498</u>	<u>\$ 93,211</u>	<u>\$ 287</u>
Senior Citizens Center:			
Salaries & employee benefits	\$ -	\$ 66,234	\$ -
Operating expenses	-	35,489	-
Other	-	-	-
Transportation grant	-	18,621	-
Title V	-	-	-
Total	<u>\$ 143,518</u>	<u>\$ 120,344</u>	<u>\$ 23,174</u>
Community Center:			
Salaries & employee benefits	\$ -	\$ 7,330	\$ -
Operating expenses	-	50,950	-
Capital outlay	-	30,600	-
Total	<u>\$ 93,725</u>	<u>\$ 88,880</u>	<u>\$ 4,845</u>
Library:			
Salaries & employee benefits	\$ -	\$ 173,994	\$ -
Operating expenses	-	74,429	-
Capital outlay	-	4,000	-
Total	<u>\$ 284,927</u>	<u>\$ 252,423</u>	<u>\$ 32,504</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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Cultural and Recreational: (continued)			
Andrews Meeting Hall:			
Operating expenses	\$ -	\$ 47,734	\$ -
Capital outlay	-	-	-
Total	<u>\$ 48,727</u>	<u>\$ 47,734</u>	<u>\$ 993</u>
Total Cultural and Recreational	<u>\$ 1,710,590</u>	<u>\$ 1,574,382</u>	<u>\$ 136,208</u>
Debt Service:			
Bond/debt principal amount	\$ -	\$ 965,293	\$ -
Interest on debt	-	1,136,469	-
Bond/service commissions	-	12,612	-
Total Debt Service	<u>\$ 2,251,046</u>	<u>\$ 2,114,374</u>	<u>\$ 136,672</u>
Miscellaneous Grants:			
Learn and Serve grant	\$ -	\$ -	\$ -
Senior Center	-	5,934	-
Miscellaneous	-	9,798	-
USDA Rural Development	-	-	-
Total Miscellaneous Grants	<u>\$ 125,830</u>	<u>\$ 15,732</u>	<u>\$ 110,098</u>
Total Expenditures	<u>\$ 17,185,972</u>	<u>\$ 15,315,353</u>	<u>\$ 1,870,619</u>
Revenues Over (Under) Expenditures	<u>\$ (3,138,091)</u>	<u>\$ (868,773)</u>	<u>\$ 2,269,318</u>
Other Financing Sources (Uses):			
Fund balance appropriated	\$ 2,824,791	-	\$ (2,824,791)
Installment financing	313,300	155,400	(157,900)
Total Other Financing Sources (Uses)	<u>\$ 3,138,091</u>	<u>\$ 155,400</u>	<u>\$ (2,982,691)</u>
Revenues and Other Financing Sources Over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (713,373)</u>	<u>\$ (713,373)</u>
Fund Balance, Beginning of Year		8,632,084	
Prior Period Adjustment		<u>-</u>	
Fund Balance, End of Year		<u>\$ 7,918,711</u>	

City of Roanoke Rapids, North Carolina
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2014

Exhibit B-1

	Capital Project Funds						
	Kate B. Reynolds Ledgerwood	Fire Station #2 Project	USDA Rural Development Garage Door Project	Clean Water Management Trust Fund	Carolina Crossroads Water & Sewer	Carolina Crossroads Public Roadway	Total Nonmajor Capital Projects Funds
Assets							
Cash and cash equivalents	\$ 2,112	\$ 22	\$ -	\$ 19,512	\$ 26,172	\$ 73,227	\$ 121,045
Due from other governments	-	-	-	-	-	-	-
Grant receivable	-	-	-	-	-	-	-
Due from other funds	-	-	3,446	-	-	-	3,446
Accounts receivable	-	-	-	-	-	-	-
Total Assets	<u>\$ 2,112</u>	<u>\$ 22</u>	<u>\$ 3,446</u>	<u>\$ 19,512</u>	<u>\$ 26,172</u>	<u>\$ 73,227</u>	<u>\$ 124,491</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable & accrued liabilities	\$ -	\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ 1,500
Due to Other Funds	-	-	-	-	-	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500</u>
Fund balances:							
Reserved by state statute	\$ -	\$ -	\$ 3,446	\$ -	\$ -	\$ -	\$ 3,446
Unreserved	2,112	22	-	18,012	26,172	73,227	119,545
Total Fund Balances	<u>\$ 2,112</u>	<u>\$ 22</u>	<u>\$ 3,446</u>	<u>\$ 18,012</u>	<u>\$ 26,172</u>	<u>\$ 73,227</u>	<u>\$ 122,991</u>
Total Liabilities and Fund Balances	<u>\$ 2,112</u>	<u>\$ 22</u>	<u>\$ 3,446</u>	<u>\$ 19,512</u>	<u>\$ 26,172</u>	<u>\$ 73,227</u>	<u>\$ 124,491</u>

(continued)

City of Roanoke Rapids, North Carolina
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2014

Exhibit B-1

(continued)

	Special Revenue Funds							
	Halifax County Main Street Project	Local Law Enforcement Grant Fund	CDBG Henry St Revitalization Project	Hodgestown Project	CDBG SBEA Grant	2008 CDBG Program	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Assets								
Cash and cash equivalents	\$ -	\$ 1,826	\$ -	\$ 43,299	\$ -	\$ -	\$ 45,125	\$ 166,170
Due from other governments	-	-	-	-	-	-	-	-
Grant receivable	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	3,446
Accounts receivable	-	-	-	-	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 1,826</u>	<u>\$ -</u>	<u>\$ 43,299</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,125</u>	<u>\$ 169,616</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts payable & accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,500
Due to General Fund	-	-	-	-	-	-	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500</u>
Fund balances:								
Reserved by state statute	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,446
Unreserved	-	1,826	-	43,299	-	-	45,125	164,670
Total Fund Balances	<u>\$ -</u>	<u>\$ 1,826</u>	<u>\$ -</u>	<u>\$ 43,299</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,125</u>	<u>\$ 168,116</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 1,826</u>	<u>\$ -</u>	<u>\$ 43,299</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,125</u>	<u>\$ 169,616</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, 2014

Exhibit B-2

	Capital Project Funds						Total Nonmajor Capital Projects Funds
	Kate B. Reynolds Ledgerwood	Fire Station #2 Project	USDA Rural Development Garage Door Project	Clean Water Management Trust Fund	Carolina Crossroads Water & Sewer	Public Roadway	
Revenues							
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	83,685	-	-	-	-	-	83,685
Other taxes and licenses	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-	-
Total Revenues	<u>\$ 83,685</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,685</u>
Expenditures							
Current:							
Economic & physical development	\$ 81,573	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,573
Capital outlay	-	-	-	-	-	-	-
Total Expenditures	<u>\$ 81,573</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,573</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,112</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,112</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>
Net Change in Fund Balances	\$ 2,112	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,112
Fund Balances:							
Beginning of year, July 1	-	22	3,446	18,012	26,172	73,227	120,879
End of year, June 30	<u>\$ 2,112</u>	<u>\$ 22</u>	<u>\$ 3,446</u>	<u>\$ 18,012</u>	<u>\$ 26,172</u>	<u>\$ 73,227</u>	<u>\$ 122,991</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, 2014

Exhibit B-2

(continued)

	Special Revenue Funds							
	Halifax County Main Street Project	Local Law Enforcement Grant Fund	CDBG Henry St Revitalization Project	Hodgestown Project	CDBG SBEA Grant	2008 CDBG Program	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Revenues								
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	-	-	14,992	-	88,942	-	103,934	187,619
Other taxes and licenses	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Investment earnings	-	1	-	9	-	-	10	10
Sale of fixed assets	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 14,992</u>	<u>\$ 9</u>	<u>\$ 88,942</u>	<u>\$ -</u>	<u>\$ 103,944</u>	<u>\$ 187,629</u>
Expenditures								
Current:								
Economic & physical development	\$ -	\$ -	\$ 14,992	\$ -	\$ 88,942	\$ -	\$ 103,934	\$ 185,507
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,992</u>	<u>\$ -</u>	<u>\$ 88,942</u>	<u>\$ -</u>	<u>\$ 103,934</u>	<u>\$ 185,507</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 2,122</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>
Net Change in Fund Balances	\$ -	\$ 1	\$ -	\$ 9	\$ -	\$ -	\$ 10	\$ 2,122
Fund Balances:								
Beginning of year, July 1	-	1,825	-	43,290	-	-	45,115	165,994
Prior period adjustment	-	-	-	-	-	-	-	-
End of year, June 30	<u>\$ -</u>	<u>\$ 1,826</u>	<u>\$ -</u>	<u>\$ 43,299</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,125</u>	<u>\$ 168,116</u>

City of Roanoke Rapids, North Carolina
Special Revenue Funds - Local Law Enforcement Grant Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2014

Exhibit C-1

	<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:					
Investment earnings	\$ 150	\$ 343	\$ 1	\$ 344	\$ 194
Federal grant	48,100	63,553	-	63,553	15,453
Total Revenues	<u>\$ 48,250</u>	<u>\$ 63,896</u>	<u>\$ 1</u>	<u>\$ 63,897</u>	<u>\$ 15,647</u>
Expenditures:					
Capital outlay	<u>53,405</u>	<u>66,415</u>	<u>-</u>	<u>66,415</u>	<u>(13,010)</u>
Revenues Over (Under) Expenditures	\$ (5,155)	\$ (2,519)	\$ 1	\$ (2,518)	\$ 2,637
Other Financing Sources:					
Transfer in	<u>5,155</u>	<u>4,344</u>	<u>-</u>	<u>4,344</u>	<u>(811)</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 1,825</u>	<u>\$ 1</u>	<u>\$ 1,826</u>	<u>\$ 1,826</u>
Fund Balance:					
Beginning of year, July 1			1,825		
End of year, June 30			<u>\$ 1,826</u>		

City of Roanoke Rapids, North Carolina
Special Revenue Funds - Hodgestown Project
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2014

Exhibit C-2

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Investment earnings	\$ -	\$ 10,187	\$ 9	\$ 10,196	\$ 10,196
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	<u>\$ 184,860</u>	<u>\$ 130,214</u>	<u>\$ 9</u>	<u>\$ 130,223</u>	<u>\$ (54,637)</u>
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	<u>\$ 386,697</u>	<u>\$ 129,194</u>	<u>\$ -</u>	<u>\$ 129,194</u>	<u>\$ 257,503</u>
Revenues Over (Under) Expenditures	<u>\$ (201,837)</u>	<u>\$ 1,020</u>	<u>\$ 9</u>	<u>\$ 1,029</u>	<u>\$ 202,866</u>
Other Financing Sources:					
Transfers in (out)	\$ 42,270	\$ 42,270	\$ -	\$ 42,270	\$ -
Fund balance appropriated	159,567	-	-	-	(159,567)
Total Other Financing Sources (Uses)	<u>\$ 201,837</u>	<u>\$ 42,270</u>	<u>\$ -</u>	<u>\$ 42,270</u>	<u>\$ (159,567)</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 43,290</u>	<u>\$ 9</u>	<u>\$ 43,299</u>	<u>\$ 43,299</u>
Fund Balance:					
Beginning of year, July 1			43,290		
End of year, June 30			<u>\$ 43,299</u>		

City of Roanoke Rapids, North Carolina
Special Revenue Funds - 2008 CDBG Program
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2014

Exhibit C-3

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
ARRA - CDBG	\$ 850,000	\$ 834,142	\$ -	834,142	\$ (15,858)
General Fund	65,000	65,000	-	65,000	-
RR Sanitary District	18,500	18,500	-	18,500	-
Total Revenues	<u>\$ 933,500</u>	<u>\$ 917,642</u>	<u>\$ -</u>	<u>\$ 917,642</u>	<u>\$ (15,858)</u>
Expenditures:					
Acquisition	\$ 189,660	\$ 189,660	\$ -	\$ 189,660	\$ -
Street improvements	102,584	89,979	-	89,979	12,605
Flood and drainage improvements	11,036	8,972	-	8,972	2,064
Public sewer	120,781	120,781	-	120,781	-
Public water	92,971	92,971	-	92,971	-
Relocation assistance	167,000	167,000	-	167,000	-
Rehabilitation	80,000	80,000	-	80,000	-
Clearance	46,000	46,000	-	46,000	-
Local funds	65,000	65,000	-	65,000	-
RR Sanitary District	18,500	18,500	-	18,500	-
Administration	39,968	38,779	-	38,779	1,189
Total Expenditures	<u>\$ 933,500</u>	<u>\$ 917,642</u>	<u>\$ -</u>	<u>\$ 917,642</u>	<u>\$ 15,858</u>
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
Special Revenue Funds - Halifax County Main Street Project
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2014

Exhibit C-4

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual</u>		<u>Variance Favorable (Unfavorable)</u>
			<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Golden Leaf Funds	\$ 200,000	\$ 200,000	\$ -	\$ 200,000	\$ -
Expenditures:					
Administration	\$ 20,381	\$ 20,381	\$ -	\$ 20,381	\$ -
Marketing	18,018	18,018	-	18,018	-
Town Resource Expenses	161,601	161,601	-	161,601	-
Total Expenditures	\$ 200,000	\$ 200,000	\$ -	\$ 200,000	\$ -
Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ -		

City of Roanoke Rapids, North Carolina
Special Revenue Funds - CDBG Henry Street Revitalization Project
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2014

Exhibit C-5

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues:					
CDBG	\$ 600,000	\$ 583,912	\$ 14,992	\$ 598,904	\$ (1,096)
Total Revenues	<u>\$ 600,000</u>	<u>\$ 583,912</u>	<u>\$ 14,992</u>	<u>\$ 598,904</u>	<u>\$ (1,096)</u>
Expenditures:					
Acquisition	\$ 178,836	\$ 178,836	\$ -	\$ 178,836	\$ -
Clearance	67,000	66,665	-	66,665	335
Rehabilitation	294,164	284,464	9,643	294,107	57
Local funds	-	-	5,349	5,349	(5,349)
Administration	60,000	53,947	-	53,947	6,053
Total Expenditures	<u>\$ 600,000</u>	<u>\$ 583,912</u>	<u>\$ 14,992</u>	<u>\$ 598,904</u>	<u>\$ 1,096</u>
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
Special Revenue Funds - CDBG SBEA Grant
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2014

Exhibit C-6

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues:					
CDBG	\$ 250,000	\$ 161,058	\$ 88,942	\$ 250,000	\$ -
Total Revenues	<u>\$ 250,000</u>	<u>\$ 161,058</u>	<u>\$ 88,942</u>	<u>\$ 250,000</u>	<u>\$ -</u>
Expenditures:					
Planning	\$ 5,000	\$ 4,975	\$ 25	\$ 5,000	\$ -
Rehabilitation	225,000	138,105	86,895	225,000	-
Administration	20,000	17,978	2,022	20,000	-
Total Expenditures	<u>\$ 250,000</u>	<u>\$ 161,058</u>	<u>\$ 88,942</u>	<u>\$ 250,000</u>	<u>\$ -</u>
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 - 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, 2014

Exhibit C-7

	<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:					
Interest earned	\$ -	\$ 6,607	\$ -	\$ 6,607	\$ 6,607
NC Clean Water Management Trust fund	551,000	518,999	-	518,999	(32,001)
Total Revenues	<u>\$ 551,000</u>	<u>\$ 525,606</u>	<u>\$ -</u>	<u>\$ 525,606</u>	<u>\$ (25,394)</u>
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	35,000	-	35,000	(5,000)
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	<u>\$ 553,500</u>	<u>\$ 512,594</u>	<u>\$ -</u>	<u>\$ 512,594</u>	<u>\$ 40,906</u>
Revenues Over (Under) Expenditures	\$ (2,500)	\$ 13,012	\$ -	\$ 13,012	\$ (15,512)
Other Financing Sources: Transfer in	<u>2,500</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>2,500</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 18,012</u>	<u>\$ -</u>	<u>\$ 18,012</u>	<u>\$ 18,012</u>
Fund Balance:					
Beginning of year, July 1			18,012		
End of year, June 30			<u>\$ 18,012</u>		

City of Roanoke Rapids, North Carolina
Capital Project Funds - Fire Station #2 Project
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2014

Exhibit C-8

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues:					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursement from RR Sanitary District	12,500	12,500	-	12,500	-
Total Revenues	\$ 12,500	\$ 12,500	\$ -	\$ 12,500	\$ -
Expenditures:					
Site construction (On-site)	\$ 916	\$ 916	\$ -	\$ 916	\$ -
Building construction	1,399,861	1,370,202	-	1,370,202	29,659
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	\$ 1,612,500	\$ 1,483,615	\$ -	\$ 1,483,615	\$ 128,885
Revenues Over (Under) Expenditures	\$ (1,600,000)	\$(1,471,115)	\$ -	\$(1,471,115)	\$ 128,885
Other Financing Sources (Uses): USDA Loan	1,600,000	1,485,123	-	1,485,123	(114,877)
Revenues and Other Financing Sources Over (Under) Expenditures	\$ -	\$ 14,008	\$ -	\$ 14,008	\$ 14,008
Fund Balance:					
Beginning of year, July 1			22		
End of year, June 30			<u>\$ 22</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
4From Inception and For the Fiscal Year Ended June 30, 2014

Exhibit C-9

	Project Authorization	Prior Years	Actual		Variance Favorable (Unfavorable)
			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	961,155	-	961,155	(38,845)
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>\$2,239,935</u>	<u>\$ -</u>	<u>\$2,239,935</u>	<u>\$ (552,115)</u>
Expenditures:					
Planning	\$ 5,000	\$ 5,000	\$ -	\$ 5,000	\$ -
Testing	2,500	-	-	-	2,500
Administration	51,500	78,150	-	78,150	(26,650)
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>\$2,213,763</u>	<u>\$ -</u>	<u>\$2,213,763</u>	<u>\$ 578,287</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, 2014

Exhibit C-10

	<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:					
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
Capital Project Funds - USDA Rural Development Garage Door Project
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2014

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:					
USDA Grant	\$ 11,000	\$ 11,000	\$ -	\$ 11,000	\$ -
USDA Loan	21,000	21,000	-	21,000	-
Total Revenues	<u>\$ 32,000</u>	<u>\$ 32,000</u>	<u>\$ -</u>	<u>\$ 32,000</u>	<u>\$ -</u>
Expenditures:					
Design and engineering	\$ 3,500	\$ 2,500	\$ -	\$ 2,500	\$ 1,000
Construction	28,500	26,054	-	26,054	2,446
Total Expenditures	<u>\$ 32,000</u>	<u>\$ 28,554</u>	<u>\$ -</u>	<u>\$ 28,554</u>	<u>\$ 3,446</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 3,446</u>	<u>\$ -</u>	<u>\$ 3,446</u>	<u>\$ 3,446</u>
Fund Balance:					
Beginning of year, July 1			3,446		
End of year, June 30			<u>\$ 3,446</u>		

City of Roanoke Rapids, North Carolina
Capital Project Funds - Kate B. Reynolds Ledgerwood Project
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2014

Exhibit C-12

	<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:					
KB Reynolds Grant	\$ 83,685	\$ -	\$ 83,685	\$ 83,685	\$ -
Total Revenues	<u>\$ 83,685</u>	<u>\$ -</u>	<u>\$ 83,685</u>	<u>\$ 83,685</u>	<u>\$ -</u>
Expenditures:					
Construction	\$ 83,685	\$ -	\$ 81,573	\$ 81,573	\$ 2,112
Total Expenditures	<u>\$ 83,685</u>	<u>\$ -</u>	<u>\$ 81,573</u>	<u>\$ 81,573</u>	<u>\$ 2,112</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,112</u>	<u>\$ 2,112</u>	<u>\$ 2,112</u>
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ 2,112</u>		

City of Roanoke Rapids, North Carolina
Property Taxes
For the Fiscal Year Ended June 30, 2014

Exhibit D-2

	Total Property Valuation	Rate	Amount of Levy	Total Levy	
				Property Excluding Registered Vehicles	Registered Vehicles
Real Estate/Personal Property	\$ 1,011,671,614	0.624	\$ 6,312,831	\$ 6,312,831	\$ -
Motor Vehicles	125,805,128	0.624	785,024	-	785,024
Tax Levy	\$ 1,137,476,742		\$ 7,097,855	\$ 6,312,831	\$ 785,024
Refunds on cars by County		0.624	1,712	-	1,712
Adjustments - current		0.624	(2,156)	(1,372)	(784)
Abatements - current year Rate	(2,096,795)	0.624	(13,084)	-	(13,084)
Afterlists & Discovery Billings	56,644,021	0.624	353,459	353,459	-
Net Levy	\$ 1,192,023,968		\$ 7,437,786	\$ 6,664,918	\$ 772,868
Less uncollected taxes at June 30, 2014			93,434	80,796	12,638
Current Year's Taxes Collected			\$ 7,344,352	\$ 6,584,122	\$ 760,230
Current Levy Collection Percentage			98.74%	98.79%	98.36%



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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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2014, and have issued my report thereon dated October 31, 2014 and the related notes to the financial statements, which collectively comprise the City of Roanoke Rapids, North Carolina's basic financial statements, and have issued my report thereon dated October 31, 2014.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the City of Roanoke Rapids, North Carolina's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operating of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Roanoke Rapids, North Carolina's 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*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Gregory T. Redman, CPA". The signature is written in a cursive style with a large, sweeping initial 'G'.

Gregory T. Redman, CPA
Tarboro, North Carolina
October 31, 2014



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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

Report on Compliance for Each Major State Program

We have audited the City Of Roanoke Rapids, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission, that could have a direct and material effect on each Of the City of Roanoke Rapids, North Carolina's major State programs for the year ended June 30, 2014. The City of Roanoke Rapids, North Carolina's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the City of Roanoke Rapids, North Carolina's major State programs based on my audit of the types of compliance requirements referred to above. 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 applicable sections of OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organization*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, 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 State program occurred. An audit includes examining, on a test basis, evidence about the City of Roanoke Rapids, North Carolina's 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 on compliance for each major State program. However, my audit does not provide a legal determination of the City of Roanoke Rapids, North Carolina's compliance.

Opinion on Each Major State Program

In my opinion, the City of Roanoke Rapids, North Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the City of Roanoke Rapids, North Carolina is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing my audit of compliance, I considered the City of Roanoke Rapids, North Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with OMB Circular A-133 but not for the purpose of expressing an opinion on the effectiveness the City's internal control over compliance.

A deficiency in 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, and correct noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over compliance that might be deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Gregory T. Redman, CPA
Tarboro, North Carolina
October 31, 2014

**City Of Roanoke Rapids, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____yes 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

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: Unmodified.

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

**City Of Roanoke Rapids, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014**

Section II – Financial Statement Findings

None Reported

**City Of Roanoke Rapids, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014**

Section III – State Award Findings and Questioned Costs

None Reported

City Of Roanoke Rapids, North Carolina
Corrective Action Plan
For the Year Ended June 30, 2014

Section II – Financial Statement Findings

None Reported

**City Of Roanoke Rapids, North Carolina
Corrective Action Plan
For the Year Ended June 30, 2014**

Section III – State Award Findings and Questioned Costs

None Reported

**City Of Roanoke Rapids, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2014**

None Reported

City of Roanoke Rapids, North Carolina
Schedule of Expenditures of State Awards
June 30, 2014

Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Federal Expenditures	State Expenditures
FEDERAL GRANTS:			
U.S. Department of Housing and Urban Development:			
CDBG	14.228	\$ 103,934	\$ -
U.S. Department of Health and Human Services			
Passed-through N.C. Department of Health and Human Services:			
Access:			
Title III-B	93.044	\$ 19,110	\$ 1,124
In-Home Services:			
90% State Funds	N/A	\$ -	\$ 49,087
90% State Funds/Caregiver Match	N/A	-	894
SSBG	93.667	4,853	139
Total		<u>\$ 4,853</u>	<u>\$ 50,120</u>
STATE GRANTS:			
N.C. Department of Transportation			
Powell Bill	N/A	\$ -	\$ 473,244
N.C. Department of Cultural Resources:			
Aid to Public Libraries	N/A	\$ -	\$ 12,908
N.C. Department of Health and Human Services:			
Senior Center Outreach	N/A	\$ -	\$ 11,680
Fan/Heat Program	N/A	-	450
Total		<u>\$ -</u>	<u>\$ 12,130</u>
N.C. Department of Environment and Natural Resources:			
State Aid for Mosquito Control	N/A	\$ -	\$ 8,000
Total Assistance		<u>\$ 127,897</u>	<u>\$ 557,526</u>

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.