

CITY OF ROANOKE RAPIDS, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2012

GREGORY T. REDMAN, CPA
GREENVILLE, NORTH CAROLINA

City of Roanoke Rapids, North Carolina
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Financial Section

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Independent Auditor's Report

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

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Roanoke Rapids, North Carolina, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Roanoke Rapids. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Roanoke Rapids, North Carolina, as of June 30, 2012, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 19, 2012 on my consideration of the City of Roanoke Rapids' internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial report or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance's and the Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions be presented to supplement the basic financial statements. Such information although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 us with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Roanoke Rapids' basic financial statements. The combining, and individual fund statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The accompanying schedule of expenditures of federal and State awards is presented as for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, and is also not a required part of the basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules, and the schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual fund financial statements, budgetary schedules, other schedules, and the schedule of expenditures of federal and State awards are fairly stated in all material respects in relation to the basic financial statements as a whole.



Greenville, North Carolina
October 19, 2012

Management's Discussion and Analysis

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2012**

As management of the City of Roanoke Rapids, we offer readers of the City of Roanoke Rapids' financial statements this narrative overview and analysis of the financial activities of the City of Roanoke Rapids for the fiscal year ended June 30, 2012. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

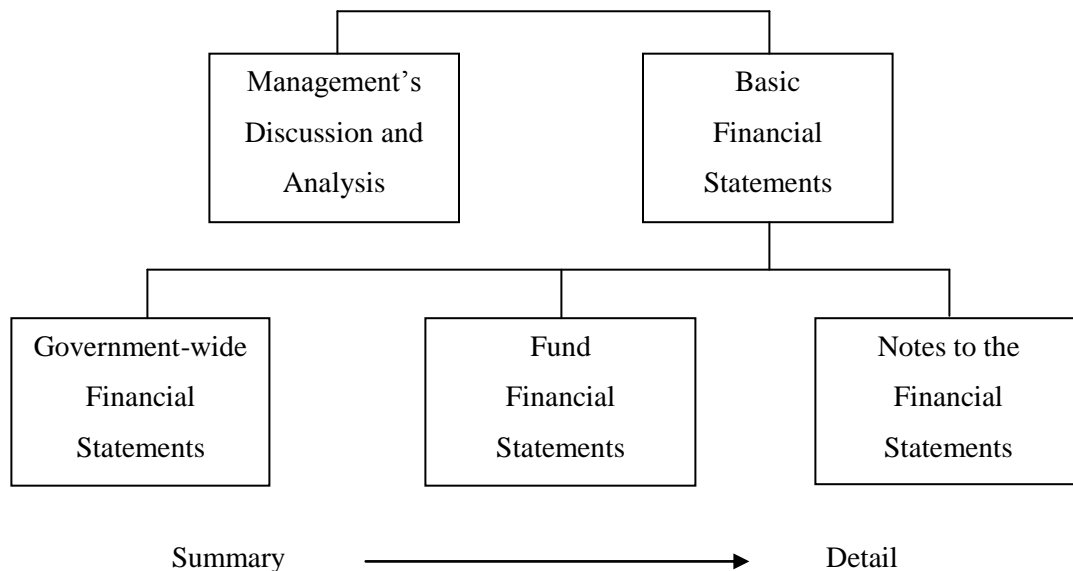
Financial Highlights

- The assets of the City of Roanoke Rapids exceeded its liabilities at the close of the fiscal year by \$5,057,312.
- The government's total net assets decreased by \$96,792.
- As of close of the current fiscal year, the City of Roanoke Rapids' governmental funds reported combined ending fund balances of \$7,746,309 with a net increase of \$273,924 in fund balance. Approximately 56.5 percent of this total amount, or \$4,380,575, is available for spending at the government's discretion.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$4,218,104 or 28.7 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report



**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2012**

Basic Financial Statements

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

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

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

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2012**

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

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

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

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

City of Roanoke Rapids' Net Assets

	Governmental Activities	
	2012	2011
Assets:		
Current assets	\$ 7,217,646	\$ 6,756,253
Capital assets	20,097,094	20,873,884
Non-current assets	8,176,968	5,394,592
Total Assets	\$ 35,491,708	\$ 33,024,729
Liabilities:		
Long-term liabilities outstanding	\$ 28,733,964	\$ 26,095,645
Other liabilities	17,400,432	1,774,980
Total Liabilities	\$ 46,134,396	\$ 27,870,625
Net assets:		
Invested in capital assets, net of related debt	\$ 91,209	\$ (1,876,913)
Restricted	3,050,022	2,139,129
Unrestricted	1,916,081	4,891,888
Total Net Assets	\$ 5,057,312	\$ 5,154,104

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2012**

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the City of Roanoke Rapids exceed liabilities by \$5,057,312 as of June 30, 2012. The City's net assets decreased by \$96,792 for the fiscal year ended June 30, 2012. The City of Roanoke Rapids uses the capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Roanoke Rapids' investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

City of Roanoke Rapids Changes in Net Assets

	Governmental Activities	
	<u>2012</u>	<u>2011</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,877,102	\$ 1,763,927
Operating grants and contributions	5,665,914	4,871,900
Capital grants and contributions	27,849	-
General revenues:		
Property taxes	7,085,105	7,004,226
Other taxes	887,164	611,871
Grants and contributions not restricted to specific programs	-	-
Other	390,364	65,059
Loss on disposal of capital assets	-	-
Total Revenues	<u>\$ 15,933,498</u>	<u>\$ 14,316,983</u>
Expenses:		
General government	\$ 3,583,167	\$ 2,043,625
Public safety	4,827,962	5,040,857
Transportation	1,600,224	1,601,112
Economic and physical development	1,382,706	1,213,716
Environmental Protection	1,271,072	1,051,705
Cultural and recreation	1,923,358	1,997,806
Interest on long-term debt	1,388,380	1,229,570
Total Expenses	<u>\$ 15,976,869</u>	<u>\$ 14,178,391</u>
Increase (decrease) in net assets before transfers	(43,371)	138,592
Net assets, July 1	5,154,104	5,015,512
Prior period adjustment	(53,421)	-
Net assets, June 30	<u>\$ 5,057,312</u>	<u>\$ 5,154,104</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, 2012**

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 \$4,218,104, while total fund balance reached \$7,583,838. 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 28.7 percent of total General Fund expenditures, while total fund balance represents 51.6 percent of that same amount.

At June 30, 2012, the governmental funds of City of Roanoke Rapids reported a combined fund balance of \$7,746,309 with a net increase in fund balance of \$220,503.

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 2012/2013 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, 2012 total \$20,097,094 (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	
	2012	2011
Land and construction in progress	\$ 3,029,510	\$ 3,029,510
Buildings and systems	15,965,124	16,347,414
Machinery and equipment	1,102,460	1,496,960
Total	\$ 20,097,094	\$ 20,873,884

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, 2012**

Long-term Debt. The Tax Increment Financing debt of \$19,690,000 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	
	2012	2011
General obligation bonds	\$ -	\$ -
Tax increment financing	19,690,000	20,120,000
Installment notes payable	2,294,890	2,630,797
Total	<u>\$ 21,984,890</u>	<u>\$ 22,750,797</u>

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within the government's boundaries. The legal debt margin for the City of Roanoke Rapids is \$69,189,824.

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

Economic Overview

Halifax County ranked second in growth among all I-95 Corridor counties in 2011 travel-related expenditure growth, according to the 2011 Economic Impact of Travel on North Carolina Counties report. Tourism expenditures in Halifax County exceeded \$78 million, growing by 8.8 percent from 2010 to 2011 and ranked 27 out of the 100 North Carolina counties in growth. Halifax County's tourism generates \$4.71 million in state tax receipts and \$1.68 million in local tax receipts.

Theatre

A major venue for entertainment is *the Royal Palace Theatre* formerly known as the Roanoke Rapids Theatre and is the centerpiece of the Carolina Crossroads Music & Entertainment District. On August 7, 2012, the City of Roanoke Rapids entered into a lease with the option to purchase to the Arkansas-based HSV Entertainment LLC for the Roanoke Rapids Theatre. The facility has a seating capacity of 1,500 and sports state of the art acoustics, stage dynamics and lighting. The new tenants will host a variety of music types including country, gospel, rock, beach, contemporary and others along with internet sweepstakes. Twenty five (25) new full time positions will be created at the theatre.

Roanoke Avenue Business Alliance

This was the second full year of the *Main Street program* in Roanoke Rapids, and the Roanoke Avenue Business Alliance had many successes in their revitalization efforts.

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2012**

Fourteen facades were improved this year with a net gain of 64 jobs and 10 new businesses. The Avenue District continues to draw new business with a 9% increase from the previous year. Thirty four percent of all business use permits applied for in the city of Roanoke Rapids was for businesses locating in the Roanoke Avenue District.

In addition, the Roanoke Avenue Business Alliance and the City of Roanoke Rapids worked together to bring a farmers market to the district that launched on June 18, 2012. The city and RABA worked very closely to amend the land use ordinance to allow open air markets and horticultural sales.

Small Business Entrepreneurial Assistance Program (CDBG - SBEA)

On February 27, 2012, White's Auto applied for a building permit to renovate the existing Ford Showroom and to construct a new Chevrolet and Cadillac sales showroom and service center at 175 Old Farm Road. At a cost of \$1,750,000, of which \$250,000 the City will contribute with Community Development Block Grant – SBEA funding, the expansion of the business is expected to provide at least 10 new full-time jobs and retention of 41 existing jobs.

Halifax Regional Medical Center

On July 28, 2011, *Halifax Regional Medical Center* began construction on a \$6.5 million modernization and expansion of outpatient services. The project involves constructing or renovating 15,200 square feet, and is scheduled for completion in the fall of 2012. At a time of economic uncertainty, Halifax Regional is moving forward with confidence in its responsibility to provide modern, quality healthcare services.

Vester Family Properties LLC

On January 27, 2012, Vester Family Properties filed two building permit applications for the construction of a *Nissan car dealership* with an investment of \$1,050,000 and for the construction of a *Honda car dealership* with an investment of \$1,050,000. These two developments represent a total investment of \$2,100,000.

Business Use Permits

The City's Planning & Development Department received 49 Business Use Permit Applications during the fiscal year. A permit is required for new or relocation of businesses occupancy throughout the City's Planning & Zoning jurisdiction. Many business uses range from professional offices, clerical operations, service, fitness and retail stores. Applications also included restaurants and food service, such as *Marina's Italian Restaurant* at 1602 E. 10th Street, *Simply Divine Cakes* at 1032 Roanoke Avenue, *The Grill* at 1620 Suite 112 E. 10th Street, *Sweet Frogs frozen yogurt* at 289 Premier Boulevard, and *Shawn's Coffee Café* at 22 E. 11th Street.

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2012**

Budget Highlights for the Fiscal Year Ending June 30, 2013

Governmental Activities: The City of Roanoke Rapids' Budget contains several revenue sources that are dependent on the general economy. Among these are sales, tax, property tax, interest income and user and permit fees. The budget provides high level of funding for police and fire protection, and addressing public health, safety and appearance issues through solid waste and refuse collection, funding for a more aggressive enforcement of the City's minimum housing code, vehicle and nuisance ordinances. The property tax rate is 62.4 cents per \$100 valuation. Overall tax base revenue represents 46.34% of the total general fund revenue budget for fiscal year 2012/2013. Employee compensation, including benefits, accounts for the majority of the budgeted expenditures.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to:

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 Assets
June 30, 2012

Exhibit 1

**Governmental
Activities**

Assets	
Current Assets:	
Cash and cash equivalents	\$ 5,098,624
Taxes receivable (net)	669,869
Accounts receivable (net)	1,197,396
Accrued interest receivable	140,141
Inventories	38,642
Prepaid expense	72,974
Total Current Assets	\$ 7,217,646
Noncurrent Assets:	
Restricted cash	\$ 1,979,005
Deferred outflow	6,197,963
Total Non-current Assets	\$ 8,176,968
Capital Assets:	
Land, improvements, and construction in progress	\$ 3,029,510
Other capital assets, net of depreciation	17,067,584
Total Capital Assets	\$ 20,097,094
Total Assets	\$ 35,491,708
Liabilities	
Current Liabilities:	
Accounts payable and accrued expenses	\$ 380,665
Unearned revenue	259,667
Current portion of long-term liabilities	1,060,100
Total Current Liabilities	\$ 1,700,432
Long-term Liabilities:	
Due in more than one year	22,536,001
Derivative instrument - Interest Rate Swap	6,197,963
Total Long-term Liabilities	\$ 28,733,964
Total Liabilities	\$ 30,434,396
Net Assets	
Investment in capital assets, net of related debt	\$ 91,209
Restricted for:	
Debt service	1,979,005
Other functions	-
Stabilization by State Statute	1,071,017
Unrestricted	1,916,081
Total Net Assets	\$ 5,057,312

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, 2012

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 3,583,167	\$ 75,092	\$ 3,405,450	\$ -	\$ (102,625)
Public Safety	4,827,962	70,995	-	-	(4,756,967)
Transportation	1,600,224	167,871	458,878	-	(973,475)
Economic and					
Physical Development	1,382,706	-	882,560	27,849	(472,297)
Environmental Protection	1,271,072	1,262,879	-	-	(8,193)
Cultural and Recreational	1,923,358	300,265	919,026	-	(704,067)
Interest on long-term debt	1,388,380	-	-	-	(1,388,380)
Total Governmental Activities	\$15,976,869	\$ 1,877,102	\$ 5,665,914	\$ 27,849	\$ (8,406,004)
General Revenues:					
Taxes:					
Property taxes, levied for general purpose					\$ 7,085,105
Other taxes and licenses					887,164
Investment earnings, unrestricted					4,443
Miscellaneous, unrestricted					385,921
Total General Revenues and Transfers					\$ 8,362,633
Change in Net Assets					\$ (43,371)
Net Assets - beginning					5,154,104
Prior period adjustment					(53,421)
Net Assets - ending					5,057,312

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, 2012

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	\$ 4,934,653	\$ 163,971	\$ 5,098,624
Taxes Receivable, net	669,869	-	669,869
Due from other governmental agencies	687,721	92,403	780,124
Due from other funds	93,903	-	93,903
Accounts Receivable, net	366,794	-	366,794
Inventories	38,642	-	38,642
Grant receivable	50,478	-	50,478
Prepaid expenses	72,974	-	72,974
Total Current Assets	\$ 6,915,034	\$ 256,374	\$ 7,171,408
Noncurrent Assets:			
Restricted cash	1,979,005	-	1,979,005
Total Assets	\$ 8,894,039	\$ 256,374	\$ 9,150,413
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 380,665	\$ -	\$ 380,665
Due to other funds		93,903	93,903
Deferred revenues	909,364	-	909,364
Unearned revenue	20,172	-	20,172
Total Liabilities	\$ 1,310,201	\$ 93,903	\$ 1,404,104
Fund Balances:			
Non-spendable:			
Inventories and prepaid expenses	\$ 111,616	\$ -	\$ 111,616
Restricted:			
Stabilization by State Statute	1,071,017	-	1,071,017
Streets	-	-	-
Debt service	1,979,005	-	1,979,005
Assigned:			
Law enforcement	204,096	-	204,096
Unassigned	4,218,104	162,471	4,380,575
Total Fund Balances	\$ 7,583,838	\$ 162,471	\$ 7,746,309
Total Liabilities and Fund Balances	\$ 8,894,039	\$ 256,374	\$ 9,150,413

(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 Assets
June 30, 2012

Exhibit 3

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

Fund balance as reported in the balance sheet governmental funds	\$ 7,746,309
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Amounts reported for governmental activities in the Statement of Net Assets (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	20,097,094
---	------------

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.	140,141
---	---------

Liabilities for earned but deferred revenues in fund statements.	669,869
--	---------

Some liabilities are not due and payable in the current period and therefore are not reported in the funds.	(23,596,101)
---	--------------

Net Assets of Governmental Activities	\$ 5,057,312
---------------------------------------	--------------

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, 2012

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	\$ 7,089,146	\$ -	\$ 7,089,146
Other taxes and licenses	887,164	-	887,164
Unrestricted intergovernmental	3,366,860	-	3,366,860
Restricted intergovernmental	1,412,271	938,258	2,350,529
Permits and fees	75,092	-	75,092
Sales and services	1,778,384	-	1,778,384
Investment earnings	4,414	29	4,443
Miscellaneous	278,703	18,500	297,203
Insurance reimbursements	88,718	-	88,718
Total Revenues	<u>\$ 14,980,752</u>	<u>\$ 956,787</u>	<u>\$ 15,937,539</u>
Expenditures			
Current:			
General Government	\$ 3,073,127	\$ -	\$ 3,073,127
Public Safety	4,480,744	-	4,480,744
Transportation	1,690,634	-	1,690,634
Environmental Protection	1,458,237	-	1,458,237
Economic & Physical Development	450,797	931,909	1,382,706
Cultural and Recreational	1,367,415	-	1,367,415
Debt service	2,154,287	-	2,154,287
Capital Outlay		24,849	24,849
Miscellaneous grants	31,616	-	31,616
Total Expenditures	<u>\$ 14,706,857</u>	<u>\$ 956,758</u>	<u>\$ 15,663,615</u>
Excess (Deficiency) of			
Revenues Over Expenditures	<u>\$ 273,895</u>	<u>\$ 29</u>	<u>\$ 273,924</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, 2012

(continued)

Exhibit 4

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Governmental Non-Major Funds</u>	<u>Total Governmental Funds</u>
Other Financing Sources (Uses)			
Transfers (to) from other funds	\$ -	\$ -	\$ -
Loan proceeds	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balance	\$ 273,895	\$ 29	\$ 273,924
Fund Balance:			
Beginning of year	7,309,943	215,863	7,525,806
Prior Period Adjustment	-	(53,421)	(53,421)
End of year	<u>\$ 7,583,838</u>	<u>\$ 162,471</u>	<u>\$ 7,746,309</u>

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, 2012

Exhibit 4-2

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

Net changes in fund balance - total governmental funds	\$	273,924
--	----	---------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		(776,842)
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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.		765,907
---	--	---------

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		(4,041)

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	\$ 28,071	
Net pension obligation	(80,953)	
Other postemployment benefits	(249,437)	(302,319)

Total Changes in Net Assets of Governmental Activities	\$	<u><u>(43,371)</u></u>
--	----	------------------------

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, 2012

Exhibit 5

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 6,983,900	\$ 6,969,300	\$ 7,089,146	\$ 119,846
Other taxes and licenses	17,500	753,600	887,164	133,564
Unrestricted intergovernmental	3,860,018	3,300,018	3,366,860	66,842
Restricted intergovernmental	762,350	1,833,627	1,412,271	(421,356)
Permits and fees	90,295	71,795	75,092	3,297
Sales and services	1,554,609	1,804,909	1,778,384	(26,525)
Investment earnings	6,500	6,500	4,414	(2,086)
Miscellaneous	513,811	248,368	278,703	30,335
Insurance reimbursements	10,500	145,401	88,718	(56,683)
Total Revenues	<u>\$13,799,483</u>	<u>\$15,133,518</u>	<u>\$14,980,752</u>	<u>\$ (152,766)</u>
Expenditures:				
General Government	\$ 2,454,378	\$ 3,253,024	\$ 3,073,127	\$ 179,897
Public Safety	4,560,052	4,564,368	4,480,744	83,624
Transportation	1,771,846	2,082,875	1,690,634	392,241
Environmental Protection	1,511,564	1,597,029	1,458,237	138,792
Economic and Physical Development	356,616	455,079	450,797	4,282
Cultural and Recreational	1,465,484	1,557,131	1,367,415	189,716
Debt service	2,128,755	2,238,357	2,154,287	84,070
Miscellaneous grants	52,831	137,000	31,616	105,384
Total Expenditures	<u>\$14,301,526</u>	<u>\$15,884,863</u>	<u>\$14,706,857</u>	<u>\$ 1,178,006</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (502,043)</u>	<u>\$ (751,345)</u>	<u>\$ 273,895</u>	<u>\$ 1,025,240</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, 2012

(continued)

Exhibit 5

	Original	Final	Actual	Variance With Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Fund balance appropriated	502,043	751,345	-	(751,345)
Decrease in fund balance	-	-	-	-
Total Other Financing Sources (Uses)	\$ 502,043	\$ 751,345	\$ -	\$ (751,345)
 Revenues and Other Financing Sources Over (Under)				
Expenditures and Other Uses	\$ -	\$ -	\$ 273,895	\$ 273,895
 Fund Balance:				
Beginning of Year			7,309,943	
Prior Year Adjustment			-	
End of Year			\$7,583,838	

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, 2012

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Basis of Presentation

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

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

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

The City reports the following major governmental funds:

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

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, Roanoke Canal Museum Fund, Hodgestown Project, 2008 CDBG Program, Halifax County Main Street Project, and CDBG Henry Street Revitalization Project.

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: 2008 Clean Water Management Trust Fund, Fire Station #2 Project, NC Clean Water Management Trust Fund, Carolina Crossroads Water and Sewer, Carolina Crossroads Public Roadway, and NCDOT Curb & Gutter.

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.

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.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

The City considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Halifax County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City of Roanoke Rapids. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the City's vehicle taxes for vehicles registered in Halifax County from March 2011 through February 2012 apply to the fiscal year ended June 30, 2012. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

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

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

D. Budgetary Data

The City's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the General and Enterprise Funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Special Revenue and the Capital Project Funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and the object level for the multi-year funds. The governing board must approve any revisions that alter total expenditures of any fund. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until an annual ordinance can be adopted.

E. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

All deposits of the City are made in board-designated official depositories and are secured as required by State law (G.S. 159-31). The City may designate, as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the City may establish time deposit accounts such as NOW and SuperNOW accounts, money market

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

accounts, and certificates of deposit. State law [G.S. 159-30(c)] authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The Securities of the NCCMT – Cash Portfolio, a SEC registered (2a-7) money market mutual fund, are valued at fair value, which is NCCMT's share price. The NCCMT – Term Portfolio's Securities are valued at fair value.

In accordance with State law, the City has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

2. Cash and Cash Equivalents

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

The unexpended bond proceeds in the 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.

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, 2011. As allowed by State law, the City has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

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.

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. Long-Term Obligations

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

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

9. 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.

10. Net Assets/Fund Balances

Net Assets

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

Fund Balances

In the governmental fund financial statements, 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, 2012

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.

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 Assets of Individual Funds

There were no deficits in Fund Balance or Net Assets 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, 2012.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

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, 2012, the City's deposits had a carrying amount of \$1,038,501 and a bank balance of \$1,103,276. Of the bank balance, \$250,000 was covered by federal depository insurance and \$853,276 in interest bearing deposits were covered by collateral held under the pooling method. At June 30, 2012, the City of Roanoke Rapids had \$900 cash on hand.

2. Investments

At June 30, 2012, the City of Roanoke Rapids had \$6,038,228 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, 2012

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, 2012. The City's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high-grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

3. Capital Assets

Capital asset activity for the City for the year ended June 30, 2012, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,018,855	\$ -	\$ -	\$ 3,018,855
Construction in progress	10,655	-	-	10,655
Total capital assets not being depreciated	<u>\$ 3,029,510</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,029,510</u>
Capital assets being depreciated:				
Buildings & improvements	\$22,634,487	\$ 312,033	\$ -	\$22,946,520
Machinery & equipment	6,820,718	315,630	298,681	6,837,667
Total capital assets being depreciated	<u>\$29,455,205</u>	<u>\$ 627,663</u>	<u>\$ 298,681</u>	<u>\$29,784,187</u>
Less accumulated depreciation for:				
Buildings & improvements	\$ 6,287,073	\$ 694,323	\$ -	\$ 6,981,396
Machinery & equipment	5,323,758	411,449	-	5,735,207
Total accumulated depreciation	<u>\$11,610,831</u>	<u>\$ 1,105,772</u>	<u>\$ -</u>	<u>\$12,716,603</u>
Total capital assets being depreciated, net	<u>\$17,844,374</u>			<u>\$17,067,584</u>
Governmental activity capital assets, net	<u>\$20,873,884</u>			<u>\$20,097,094</u>

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

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

General government	\$ 31,400
Public safety	334,011
Transportation	148,977
Environmental protection	9,600
Cultural and recreation	581,784
Total depreciation expense	<u>581,784</u> <u>\$1,105,772</u>

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 6.35% and 6.82%, 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, 2012, 2011, and 2010 were \$345,058, \$346,240, and \$249,945, 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, 2012

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, 2012 were \$61,638, which consisted of \$19,001 from the City and \$42,637 from employees.

c. Law Enforcement Officers Special Separation Allowance

1. Plan Description

The City of Roanoke Rapids administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Separation Allowance covers all full time law enforcement officers of the City.

At December 31, 2011, the Separation Allowance's membership consisted of:

Retirees receiving benefits	7
Active plan members	<u>37</u>
Total	<u><u>44</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, 2012

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 2012.

The annual required contribution for the fiscal year ended June 30, 2012, was determined as part of the December 31, 2011, 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 December 31, 2011 was 19 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	\$ 84,586
Interest on net pension obligation	18,812
Adjustment to annual required contribution	(22,445)
	<hr/>
Annual pension cost	80,953
Contributions made	-
	<hr/>
Increase (decrease) in net pension obligation	\$ 80,953
Net pension obligation beginning of year	376,242
	<hr/>
Net pension obligation end of year	\$ 457,195
	<hr/> <hr/>

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation Prepaid</u>
6/30/10	\$ 58,842	0.00%	\$ 363,205
6/30/11	81,799	84.06%	376,242
6/30/12	80,953	0.00%	457,195

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

4. Funded Status and Funding Progress

As of December 31, 2011, 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 \$790,506. The covered payroll (annual payroll of active employees covered by the plan) was \$1,453,694, and the ratio of the UAAL to the covered payroll was 54.38 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, 2012 were \$277,782, which consisted of \$110,558 from the City and \$167,224 from law enforcement officers.

e. Other Post-Employment Benefits

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

Membership of the HCB Plan consisted of the following at December 31, 2009, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officer
Retirees and dependents receiving benefits	19	10
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	94	41
Total	113	51

Funding Policy. The City pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a City resolution that can be amended by City Council. The City's members pay \$183 per month for dependent coverage. The City has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 7.68% of annual covered payroll. For the current year, the City contributed \$115,498 or 7.9% of annual covered payroll.

Summary of Significant Accounting Policies. Post employment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation. The City's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 364,935
Interest on net OPEB obligation	-
Annual OPEB cost (expense)	364,935
Contributions made	115,498
Increase (decrease) in net OPEB obligation	249,437
Net OPEB obligation, beginning of year	496,652
Net OPEB obligation, end of year	\$ 746,089

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 were as follows:

<u>For Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$ 364,935	55.3%	\$ 163,238
2011	364,935	44.0%	204,719
2012	364,935	31.6%	249,437

Funded Status and Funding Progress. As of December 31, 2009, 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 \$2,246,882. The covered payroll (annual payroll of active employees covered by the plan) was \$1,453,694, 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, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.50 to 5.00 percent annually. Both rates included a 3.75 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period as December 31, 2009, was 29 years.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

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.

3. Deferred/Unearned Revenues

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

	Deferred Revenue	Unearned Revenue
General Fund:		
Property taxes receivable	\$ 669,869	\$ -
Prepaid taxes not yet earned	-	20,172
Other miscellaneous receivables	239,495	-
Total	\$ 909,364	\$ 20,172

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

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The Finance Officer and Tax Collector are individually bonded for \$50,000 each. The remaining employees that have access to cash are bonded under a blanket bond for \$500,000.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

5. Claims and Judgments

The City had no claims or judgments pending at June 30, 2012.

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, 2012, the City of Roanoke Rapids had a legal debt margin of \$69,189,824. The City has no bonds authorized but unissued at June 30, 2012.

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

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

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

On November 16, 2011, 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, 2011, 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.

Long-term debt payable at June 30, 2012 is comprised of the following:

Installment Notes Payable:

RBC Centura Bank - due in 59 consecutive quarterly installments of principal in the amount of \$30,479 plus interest at 4.75% through February 26, 2014 when the entire unpaid principal balance plus unpaid interest shall be due and payable in full.

213,354

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

USDA - due in 20 annual installments of \$20,230, including interest at 4.375%, beginning April 7, 2005 through April 7, 2025.	185,761
Branch Banking & Trust - due in 5 consecutive annual installments of \$30,872 including interest at 2.85% beginning February 19, 2010 through February 19, 2014.	59,202
USDA - due in 30 annual installments of \$90,178, including interest at 4.375%, beginning March 20, 2009 through March 20, 2039.	1,383,974
Branch Banking & Trust - due in 5 annual installments of \$77,516, including interest at 2.36%, beginning February 15, 2012 through February 15, 2016.	292,599
Branch Banking & Trust - due in 5 consecutive annual installments of \$33,738, including interest at 1.79%, beginning November 16, 2012 through November 16, 2016.	160,000
Total	\$ 2,294,890

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%.	<u>\$19,690,000</u>
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The annual requirements to amortize notes payable outstanding (excluding vacation pay and capitalized leases) as of June 30, 2012, including interest payments, are as follows:

Year	Principal Payments	Interest Payments	Total
2013	\$ 294,307	\$ 87,827	\$ 382,134
2014	268,703	75,044	343,747
2015	151,422	70,227	221,649
2016	155,729	65,920	221,649
2017	82,659	60,882	143,541
2018-2022	282,018	270,551	552,569
2023-2027	285,900	205,326	491,226
2028-2032	307,210	143,615	450,825
2033-2038	466,942	74,048	540,990
Total	\$ 2,294,890	\$ 1,053,440	\$ 3,348,330

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

The annual requirements to amortize economic development bonds outstanding as of June 30, 2012, including interest payments, are as follows:

<u>Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2013	\$ 725,000	\$ 1,031,196	\$ 1,756,196
2014	770,000	1,009,983	1,779,983
2015	820,000	966,179	1,786,179
2016	875,000	919,481	1,794,481
2017	930,000	816,720	1,746,720
2018-2022	7,030,000	3,479,427	10,509,427
2023-2027	8,540,000	1,694,187	10,234,187
Total	\$ 19,690,000	\$ 9,917,173	\$ 29,607,173

Changes in the long-term liabilities:

	<u>Beginning Balances July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances June 30, 2012</u>	<u>Current Portion of Balance</u>
<u>Governmental activities:</u>					
Installment notes payable	2,630,797	-	335,907	2,294,890	294,307
Tax increment financing	20,120,000	-	430,000	19,690,000	725,000
Net pension obligation	376,242	80,953	-	457,195	-
Compensated absences	435,998	-	28,071	407,927	40,793
Interest Rate Swap	3,255,463	2,942,500	-	6,197,963	-
Other postemployment benefits	496,652	364,935	115,498	746,089	-
Total	<u>\$27,315,152</u>	<u>\$3,388,388</u>	<u>\$909,476</u>	<u>\$29,794,064</u>	<u>\$1,060,100</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:

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

- (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.

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	\$ 7,583,838
Less:	
Inventories and Prepaid Expenses	111,616
Stabilization by State Statute	1,071,017
Streets-Powell Bill	-
Debt Service	1,979,005
Assigned - Law Enforcement	204,096
Remaining Fund Balance	4,218,104

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 \$15,552,000 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.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

C. Fair Value

Because interest rates have declined since execution of the swap, the swap has a negative fair value of \$4,488,644. Fair value was estimated by the counterparty using market-to-market valuations.

D. Credit Risk

As of June 30, 2012 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 “A3” by Moody’s Investors Service (Moody’s), “A” by Standard and Poor’s (S&P) and “A” by Fitch Ratings.

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, 2012, 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.

<u>Year End June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Swaps, Net</u>	<u>Total</u>
2013	\$ 725,000	\$ 74,204	\$ 790,069	\$ 1,589,273
2014	770,000	71,216	757,826	\$ 1,599,042
2015	820,000	68,034	723,495	\$ 1,611,529
2016	875,000	64,816	686,868	\$ 1,626,684
2017	930,000	61,031	647,927	\$ 1,638,958
2018-2022	7,030,000	242,112	2,557,921	\$ 9,830,033
2023-2027	8,540,000	109,296	33,857	\$ 8,683,153
Total	<u>\$ 19,690,000</u>	<u>\$ 690,709</u>	<u>\$ 6,197,963</u>	<u>\$ 26,578,672</u>

The following sets forth a summary of the City’s derivative instrument as of June 30, 2012: The forward-starting floating-to-fixed interest rate swap is a cash flow hedge with a notional amount of \$15,552,000 and a negative fair value of \$4,488,644 as of June 30, 2012. The negative fair value at June 30, 2012 represents a decrease of \$1,487,270 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.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

V. Interfund Balance

Balances due to/from other funds at June 30, 2012 consist of the following:

Due to the General Fund:

CDBG Henry Street Revitalization	\$ 31,770
Halifax County Main Street Project	60,633
Clean Water Mangement Trust Fund	1,500
Total	<u>\$ 93,903</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.

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.

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)
12/31/06	\$ 194,158	\$ 574,169	\$ 380,011	33.82%	\$ 1,579,391	24.06%
12/31/07	199,394	655,895	456,501	30.40%	1,619,043	28.20%
12/31/08	211,063	746,741	535,678	28.26%	1,338,527	40.02%
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%

**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
2010	\$ 58,842	0.00%
2011	81,799	84.06%
2012	80,953	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	12-31-11
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	19 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%

**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
2010	364,935	55.3%
2011	364,935	44.0%
2012	364,395	31.6%

Notes to the Required Schedules:

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

Valuation date	12-31-09
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend	10.50% - 5.00%
*Includes inflation at	3.75%
Cost-of living adjustments	N/A

City of Roanoke Rapids, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Ad Valorem Taxes:			
Current year	\$ -	\$ 6,862,753	\$ -
Prior years	-	165,175	-
Penalties and interest	-	61,218	-
Total	<u>\$ 6,969,300</u>	<u>\$ 7,089,146</u>	<u>\$ 119,846</u>
Other Taxes and Licenses:			
Privilege licenses	\$ 110,000	\$ 215,178	\$ 105,178
Motor vehicle license	69,500	69,800	300
Lease vehicle	14,100	19,748	5,648
Holdharmless revenue	560,000	582,438	22,438
Total	<u>\$ 753,600</u>	<u>\$ 887,164</u>	<u>\$ 133,564</u>
Unrestricted Intergovernmental:			
Local option sales tax	\$ 1,941,728	\$ 2,070,113	\$ 128,385
Payments in lieu of taxes	32,000	38,483	6,483
Beer and wine tax	75,140	68,158	(6,982)
ABC profits	33,500	46,549	13,049
Video franchise fee	25,000	26,557	1,557
Occupancy tax	2,650	3,417	767
Utility franchise tax	1,190,000	1,113,583	(76,417)
Total	<u>\$ 3,300,018</u>	<u>\$ 3,366,860</u>	<u>\$ 66,842</u>
Restricted Intergovernmental:			
"State Street Aid" allocation	\$ 446,025	\$ 458,878	\$ 12,853
Grant funds	1,270,022	919,026	(350,996)
Solid waste disposal tax	12,080	10,741	(1,339)
Drug enforcement revenue	105,500	23,626	(81,874)
Total	<u>\$ 1,833,627</u>	<u>\$ 1,412,271</u>	<u>\$ (421,356)</u>
Inspection Fees and Permits	<u>\$ 71,795</u>	<u>\$ 75,092</u>	<u>\$ 3,297</u>
Investment Earnings	<u>\$ 6,500</u>	<u>\$ 4,414</u>	<u>\$ (2,086)</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, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues: (continued)			
Sales and Services:			
Cemetery lots	\$ 96,000	\$ 116,430	\$ 20,430
Rents, concessions, & other fees	328,942	238,448	(90,494)
Solid waste user fees	1,159,967	1,146,349	(13,618)
Roanoke Rapids Theater income	-	61,817	61,817
Airport fuel sales	160,000	167,971	7,971
Airport hangar rental	-	-	-
Municipal ordinance violations	60,000	47,369	(12,631)
Total	<u>\$ 1,804,909</u>	<u>\$ 1,778,384</u>	<u>\$ (26,525)</u>
Miscellaneous:			
Miscellaneous	\$ 243,368	\$ 267,890	24,522
Sale of materials	5,000	10,813	5,813
Total	<u>\$ 248,368</u>	<u>\$ 278,703</u>	<u>\$ 30,335</u>
Insurance Reimbursements	<u>\$ 145,401</u>	<u>\$ 88,718</u>	<u>\$ (56,683)</u>
Total Revenues	<u>\$ 15,133,518</u>	<u>\$ 14,980,752</u>	<u>\$ (152,766)</u>
Expenditures:			
General Government:			
City Council:			
Salaries & employee benefits	\$ -	\$ 48,004	\$ -
Operating expenses	-	8,407	-
Total	<u>\$ 61,544</u>	<u>\$ 56,411</u>	<u>\$ 5,133</u>
Administration:			
Salaries & employee benefits	\$ -	\$ 291,352	\$ -
Operating expenses	-	36,605	-
Total	<u>\$ 349,028</u>	<u>\$ 327,957</u>	<u>\$ 21,071</u>
Finance			
Salaries & employee benefits	\$ -	\$ 197,714	\$ -
Operating expenses	-	17,533	-
Total	<u>\$ 216,859</u>	<u>\$ 215,247</u>	<u>\$ 1,612</u>
Information System:			
Salaries & employee benefits	\$ -	\$ -	\$ -
Operating expenses	-	33,639	-
Capital outlay	-	9,660	-
Total	<u>\$ 45,595</u>	<u>\$ 43,299</u>	<u>\$ 2,296</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, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
General Government: (continued)			
Tax/Revenue Collections:			
Salaries & employee benefits	\$ -	\$ 63,429	\$ -
Operating expenses	-	9,482	-
Collection fees	-	160,575	-
Total	<u>\$ 234,625</u>	<u>\$ 233,486</u>	<u>\$ 1,139</u>
Legal:			
Professional services	\$ -	\$ 28,064	\$ -
Operating expenses	-	-	-
Total	<u>\$ 28,064</u>	<u>\$ 28,064</u>	<u>\$ -</u>
Government Buildings:			
Salaries & employee benefits	\$ -	\$ 30,572	\$ -
Operating expenses	-	56,500	-
Capital outlay	-	-	-
Total	<u>\$ 88,114</u>	<u>\$ 87,072</u>	<u>\$ 1,042</u>
Central Garage:			
Salaries & employee benefits	\$ -	\$ 159,074	\$ -
Vehicle maintenance	-	2,230	-
Operating expenses	-	14,941	-
Capital outlay	-	15,317	-
Total	<u>\$ 218,526</u>	<u>\$ 191,562</u>	<u>\$ 26,964</u>
Miscellaneous:			
Salaries & employee benefits	\$ -	\$ 212,651	\$ -
E-911 system cost	-	131,643	-
Elections	-	3,086	-
Operating expenses	-	189,726	-
Uninsured loss expenditures	-	25,943	-
Miscellaneous expenses	-	1,326,980	-
Capital outlay	-	-	-
Total	<u>\$ 2,010,669</u>	<u>\$ 1,890,029</u>	<u>\$ 120,640</u>
Total General Government	<u>\$ 3,253,024</u>	<u>\$ 3,073,127</u>	<u>\$ 179,897</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, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenditures: (continued)			
Public Safety:			
Police:			
Salaries & employee benefits	\$ -	\$ 2,248,757	\$ -
Vehicle maintenance	-	168,560	-
Operating expenses	-	166,632	-
Capital outlay	-	5,967	-
Total	<u>\$ 2,617,458</u>	<u>\$ 2,589,916</u>	<u>\$ 27,542</u>
Police Grant Programs:			
Salaries & employee benefits	\$ -	\$ 48,202	\$ -
Operating expenses	-	80,549	-
Capital outlay	-	-	-
Total	<u>\$ 153,702</u>	<u>\$ 128,751</u>	<u>\$ 24,951</u>
Fire:			
Salaries & employee benefits	\$ -	\$ 1,531,405	\$ -
Vehicle maintenance	-	38,516	-
Operating expenses	-	154,865	-
Capital outlay	-	37,291	-
Total	<u>\$ 1,793,208</u>	<u>\$ 1,762,077</u>	<u>\$ 31,131</u>
Total Public Safety	<u>\$ 4,564,368</u>	<u>\$ 4,480,744</u>	<u>\$ 83,624</u>
Transportation:			
Streets Repair and Construction:			
Salaries & employee benefits	\$ -	\$ 451,872	\$ -
Vehicle maintenance	-	71,888	-
Operating expenses	-	167,703	-
Street lights	-	410,295	-
Contracted services	-	16,355	-
Capital outlay	-	239,387	-
Total	<u>\$ 1,727,618</u>	<u>\$ 1,357,500</u>	<u>\$ 370,118</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, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenditures: (continued)			
Transportation: (continued)			
Public Works:			
Salaries & employee benefits	\$ -	\$ 281,096	\$ -
Vehicle maintenance	-	3,875	-
Operating expenses	-	48,163	-
Capital outlay	-	-	-
Total	<u>\$ 355,257</u>	<u>\$ 333,134</u>	<u>\$ 22,123</u>
Total Transportation	<u>\$ 2,082,875</u>	<u>\$ 1,690,634</u>	<u>\$ 392,241</u>
Environmental Protection:			
Sanitation - Solid Waste Division:			
Salaries & employee benefits	\$ -	\$ -	\$ -
Landfill tipping fees	-	293,932	-
Vehicle maintenance	-	84,201	-
Operating expenses	-	233,151	-
Capital outlay	-	159,016	-
Total	<u>\$ 880,770</u>	<u>\$ 770,300</u>	<u>\$ 110,470</u>
Sanitation - Refuse Division:			
Salaries & employee benefits	\$ -	\$ 177,632	\$ -
Refuse tipping fees	-	64,296	-
Vehicle maintenance	-	65,608	-
Operating expenses	-	72,158	-
Capital outlay	-	16,981	-
Total	<u>\$ 413,026</u>	<u>\$ 396,675</u>	<u>\$ 16,351</u>
Cemetery:			
Salaries & employee benefits	\$ -	\$ 74,711	\$ -
Operating expenses	-	16,807	-
Capital outlay	-	-	-
Total	<u>\$ 95,527</u>	<u>\$ 91,518</u>	<u>\$ 4,009</u>
Property Maintenance:			
Salaries & employee benefits	\$ -	\$ 134,138	\$ -
Vehicle maintenance	-	13,874	-
Operating expenses	-	30,964	-
Capital outlay	-	20,768	-
Total	<u>\$ 207,706</u>	<u>\$ 199,744</u>	<u>\$ 7,962</u>
Total Environmental Protection	<u>\$ 1,597,029</u>	<u>\$ 1,458,237</u>	<u>\$ 138,792</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, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Economic and Physical Development:			
Planning and Development:			
Salaries & employee benefits	\$ -	\$ 265,845	\$ -
Operating expenses	-	19,744	-
Vehicle maintenance	-	2,779	-
Capital outlay	-	-	-
Economic development	-	48,808	-
Total	<u>\$ 338,812</u>	<u>\$ 337,176</u>	<u>\$ 1,636</u>
Roanoke Rapids Theatre			
Operating expenses	92,476	92,476	-
Total	<u>\$ 92,476</u>	<u>\$ 92,476</u>	<u>\$ -</u>
Miscellaneous:			
Main Street contribution	\$ -	\$ 16,400	\$ -
Christmas parade	-	-	-
Other	-	4,745	-
Total	<u>\$ 23,791</u>	<u>\$ 21,145</u>	<u>\$ 2,646</u>
Total Economic and Physical Development	<u>\$ 455,079</u>	<u>\$ 450,797</u>	<u>\$ 4,282</u>
Cultural and Recreational:			
Davis Recreation:			
Salaries & employee benefits	\$ -	\$ 228,595	\$ -
Vehicle maintenance	-	2,097	-
Operating expenses	-	44,938	-
Capital outlay	-	5,127	-
Total	<u>\$ 342,384</u>	<u>\$ 280,757</u>	<u>\$ 61,627</u>
Roanoke Canal Museum:			
Salaries & employee benefits	\$ -	\$ 26,087	\$ -
Operating expenses	-	16,806	-
Total	<u>\$ 79,966</u>	<u>\$ 42,893</u>	<u>\$ 37,073</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, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Cultural and Recreational: (continued)			
Aquatic Center:			
Salaries & employee benefits	\$ -	\$ 90,276	\$ -
Operating expenses	-	106,698	-
Capital outlay	-	-	-
Total	<u>\$ 235,938</u>	<u>\$ 196,974</u>	<u>\$ 38,964</u>
Parks:			
Salaries & employee benefits	\$ -	\$ 252,695	\$ -
Vehicle maintenance	-	21,147	-
Operating expenses	-	94,489	-
Capital outlay	-	20,714	-
Total	<u>\$ 400,313</u>	<u>\$ 389,045</u>	<u>\$ 11,268</u>
Chaloner Recreation:			
Salaries & employee benefits	\$ -	\$ 50,545	\$ -
Operating expenses	-	22,762	-
Capital outlay	-	-	-
Total	<u>\$ 80,328</u>	<u>\$ 73,307</u>	<u>\$ 7,021</u>
Senior Citizens Center:			
Salaries & employee benefits	\$ -	\$ 56,010	\$ -
Operating expenses	-	20,652	-
Other	-	4,325	-
Transportation grant	-	20,642	-
Outreach grant	-	-	-
Total	<u>\$ 106,276</u>	<u>\$ 101,629</u>	<u>\$ 4,647</u>
Community Center:			
Salaries & employee benefits	\$ -	\$ 16,078	\$ -
Operating expenses	-	25,687	-
Capital outlay	-	-	-
Total	<u>\$ 56,419</u>	<u>\$ 41,765</u>	<u>\$ 14,654</u>
Library:			
Salaries & employee benefits	\$ -	\$ 173,250	\$ -
Operating expenses	-	62,294	-
Capital outlay	-	-	-
Total	<u>\$ 249,037</u>	<u>\$ 235,544</u>	<u>\$ 13,493</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, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Cultural and Recreational: (continued)			
Andrews Meeting Hall:			
Operating expenses	\$ -	\$ 5,501	\$ -
Capital outlay	-	-	-
Total	<u>\$ 6,470</u>	<u>\$ 5,501</u>	<u>\$ 969</u>
Total Cultural and Recreational	<u>\$ 1,557,131</u>	<u>\$ 1,367,415</u>	<u>\$ 189,716</u>
Debt Service:			
Bond/debt principal amount	\$ 474,775	\$ 765,907	\$ -
Interest on debt	1,732,042	1,388,380	-
Bond/service commissions	31,540	-	-
Total Debt Service	<u>\$ 2,238,357</u>	<u>\$ 2,154,287</u>	<u>\$ 84,070</u>
Miscellaneous Grants:			
Learn and Serve grant	\$ -	\$ -	\$ -
Senior Center	-	22,605	-
Arts Council	-	-	-
Miscellaneous	-	7,011	-
Fridays in the park	-	2,000	-
Total Miscellaneous Grants	<u>\$ 137,000</u>	<u>\$ 31,616</u>	<u>\$ 105,384</u>
Total Expenditures	<u>\$ 15,884,863</u>	<u>\$ 14,706,857</u>	<u>\$ 1,178,006</u>
Revenues Over (Under) Expenditures	<u>\$ (751,345)</u>	<u>\$ 273,895</u>	<u>\$ 1,025,240</u>
Other Financing Sources (Uses):			
Fund balance appropriated	\$ 751,345	-	\$ (751,345)
Decrease in fund balance	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 751,345</u>	<u>\$ -</u>	<u>\$ (751,345)</u>
Revenues and Other Financing Sources Over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 273,895</u>	<u>\$ 273,895</u>
Fund Balance, Beginning of Year		7,309,943	
Prior Period Adjustment		<u>-</u>	
Fund Balance, End of Year		<u>\$ 7,583,838</u>	

City of Roanoke Rapids, North Carolina
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2012

Exhibit B-1

	Capital Project Funds						Total Nonmajor Capital Projects Funds
	NCDOT Curb & Gutter	Fire Station #2 Project	2008 Clean Water Management Trust Fund	Clean Water Management Trust Fund	Carolina Crossroads Water & Sewer	Public Roadway	
Assets							
Cash and cash equivalents	\$ -	\$ 22	\$ -	\$ 19,512	\$ 26,172	\$ 73,227	\$ 118,933
Due from other governments	-	-	-	-	-	-	-
Grant receivable	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ 19,512</u>	<u>\$ 26,172</u>	<u>\$ 73,227</u>	<u>\$ 118,933</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable & accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	1,500	-	-	1,500
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	22	-	18,012	26,172	73,227	117,433
Total Fund Balances	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ 18,012</u>	<u>\$ 26,172</u>	<u>\$ 73,227</u>	<u>\$ 117,433</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ 19,512</u>	<u>\$ 26,172</u>	<u>\$ 73,227</u>	<u>\$ 118,933</u>

(continued)

City of Roanoke Rapids, North Carolina
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2012

Exhibit B-1

(continued)

Special Revenue Funds

	Halifax County Main Street Project	Local Law Enforcement Grant Fund	CDBG Henry St Revitalization Project	Hodgestown Project	Roanoke Canal Museum	2008 CDBG Program	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Assets								
Cash and cash equivalents	\$ -	\$ 1,822	\$ -	\$ 43,216	\$ -	\$ -	\$ 45,038	\$ 163,971
Due from other governments	-	-	-	-	-	-	-	-
Grant receivable	60,633	-	31,770	-	-	-	92,403	92,403
Due from other funds	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 60,633</u>	<u>\$ 1,822</u>	<u>\$ 31,770</u>	<u>\$ 43,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,441</u>	<u>\$ 256,374</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts payable & accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Due to General Fund	60,633	-	31,770	-	-	-	92,403	93,903
Total Liabilities	<u>\$ 60,633</u>	<u>\$ -</u>	<u>\$ 31,770</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,403</u>	<u>\$ 93,903</u>
Fund balances:								
Reserved by state statute	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	1,822	-	43,216	-	-	45,038	162,471
Total Fund Balances	<u>\$ -</u>	<u>\$ 1,822</u>	<u>\$ -</u>	<u>\$ 43,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,038</u>	<u>\$ 162,471</u>
Total Liabilities and Fund Balances	<u>\$ 60,633</u>	<u>\$ 1,822</u>	<u>\$ 31,770</u>	<u>\$ 43,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,441</u>	<u>\$ 256,374</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, 2012

Exhibit B-2

	Capital Project Funds						Total Nonmajor Capital Projects Funds
	NCDOT Curb & Gutter	Fire Station #2 Project	\$ 2,008 Clean Water Management Trust Fund	Clean Water Management Trust Fund	Carolina Crossroads Water & Sewer	Public Roadway	
Revenues							
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	\$ 24,849	\$ -	\$ -	\$ -	\$ 3,000	\$ -	\$ 27,849
Other taxes and licenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of fixed assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>\$ 24,849</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 27,849</u>
Expenditures							
Current:							
Economic & physical development	\$ -	\$ -	\$ -	\$ -	\$ 3,000	\$ -	\$ 3,000
Capital outlay	\$ 24,849	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,849
Total Expenditures	<u>\$ 24,849</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 27,849</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances:							
Beginning of year, July 1	\$ -	\$ 22	\$ -	\$ 18,012	\$ 26,172	\$ 73,227	\$ 117,433
End of year, June 30	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ 18,012</u>	<u>\$ 26,172</u>	<u>\$ 73,227</u>	<u>\$ 117,433</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, 2012

Exhibit B-2

(continued)

	Special Revenue Funds						Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
	Halifax County Main Street Project	Local Law Enforcement Grant Fund	CDBG Henry St Revitalization Project	Hodgestown Project	Roanoke Canal Museum	2008 CDBG Program		
Revenues								
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	63,328	-	232,879	-	-	614,202	910,409	938,258
Other taxes and licenses	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	18,500	18,500	18,500
Investment earnings	-	3	-	26	-	-	29	29
Sale of fixed assets	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 63,328</u>	<u>\$ 3</u>	<u>\$ 232,879</u>	<u>\$ 26</u>	<u>\$ -</u>	<u>\$ 632,702</u>	<u>\$ 928,938</u>	<u>\$ 956,787</u>
Expenditures								
Current:								
Economic & physical development	\$ 63,328	\$ -	\$ 232,879	\$ -	\$ -	\$ 632,702	\$ 928,909	\$ 931,909
Capital outlay	-	-	-	-	-	-	-	24,849
Total Expenditures	<u>\$ 63,328</u>	<u>\$ -</u>	<u>\$ 232,879</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 632,702</u>	<u>\$ 928,909</u>	<u>\$ 956,758</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 26</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29</u>	<u>\$ 29</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	\$ -	\$ 3	\$ -	\$ 26	\$ -	\$ -	\$ 29	\$ 29
Fund Balances:								
Beginning of year, July 1	-	1,819	-	43,190	53,421	-	98,430	215,863
Prior period adjustment	-	-	-	-	(53,421)	-	(53,421)	(53,421)
End of year, June 30	<u>\$ -</u>	<u>\$ 1,822</u>	<u>\$ -</u>	<u>\$ 43,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,038</u>	<u>\$ 162,471</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, 2012

Exhibit C-1

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Investment earnings	\$ 150	\$ 348	\$ 3	\$ 351	\$ 201
Federal grant	48,100	63,553	-	63,553	15,453
Total Revenues	\$ 48,250	\$ 63,901	\$ 3	\$ 63,904	\$ 15,654
Expenditures:					
Capital outlay	53,405	66,415	-	66,415	(13,010)
Revenues Over (Under) Expenditures	\$ (5,155)	\$ (2,514)	\$ 3	\$ (2,511)	\$ 2,644
Other Financing Sources:					
Transfer in	5,155	4,344	-	4,344	(811)
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 1,830</u>	\$ 3	<u>\$ 1,833</u>	<u>\$ 1,833</u>
Fund Balance:					
Beginning of year, July 1			1,819		
End of year, June 30			<u>\$ 1,822</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, 2012

Exhibit C-2

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Investment earnings	\$ -	\$ 10,059	\$ 26	\$ 10,085	\$ 10,085
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>\$ 130,086</u>	<u>\$ 26</u>	<u>\$ 130,112</u>	<u>\$ (54,748)</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>\$ 892</u>	<u>\$ 26</u>	<u>\$ 918</u>	<u>\$ 202,755</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>\$ 43,162</u>	<u>\$ 26</u>	<u>\$ 43,188</u>	<u>\$ 43,188</u>
Fund Balance:					
Beginning of year, July 1			43,190		
End of year, June 30			<u>\$ 43,216</u>		

City of Roanoke Rapids, North Carolina
Special Revenue Funds - Roanoke Canal Museum
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2012

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:					
Donated Dominion					
Canal Exhibit	\$ 150,000	\$ 150,000	\$ -	\$ 150,000	\$ -
NC DOT Grants	1,347,920	1,343,033	-	1,343,033	(4,887)
NCRT Grant	50,000	92,497	-	92,497	42,497
Donations	92,040	93,565	-	93,565	1,525
	<u>\$ 1,639,960</u>	<u>\$1,679,095</u>	<u>\$ -</u>	<u>\$1,679,095</u>	<u>\$ 39,135</u>
Expenditures:					
Master Plan development	\$ 15,250	\$ 15,250	\$ -	\$ 15,250	\$ -
Project design and engineering	59,876	59,876	-	59,876	-
Construction	326,636	341,026	-	341,026	(14,390)
Contingency	20,053	-	-	-	20,053
Capital Outlay	1,239,099	1,230,493	-	1,230,493	8,606
	<u>\$ 1,660,914</u>	<u>\$1,646,645</u>	<u>\$ -</u>	<u>\$1,646,645</u>	<u>\$ 14,269</u>
Revenues Over (Under) Expenditures	\$ (20,954)	\$ 32,450	\$ -	\$ 32,450	\$ 53,404
Other Financing Sources:					
Transfers in (out)	20,954	20,971	-	20,971	17
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 53,421</u>	<u>\$ -</u>	<u>\$ 53,421</u>	<u>\$ 53,421</u>
Fund Balance:					
Beginning of year, July 1			53,421		
Prior period adjustment			(53,421)		
End of year, June 30			<u>\$ -</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, 2012

Exhibit C-4

	Project Authorization	Prior Years	Actual		Variance Favorable (Unfavorable)
			Current Year	Total to Date	
Revenues:					
ARRA - CDBG	\$ 850,000	\$ 171,886	\$ 614,202	786,088	\$ (63,912)
General Fund	65,000	65,000	-	65,000	-
RR Sanitary District	18,500	-	18,500	18,500	-
Total Revenues	<u>\$ 933,500</u>	<u>\$ 236,886</u>	<u>\$ 632,702</u>	<u>\$ 869,588</u>	<u>\$ (63,912)</u>
Expenditures:					
Acquisition	\$ 164,100	\$ 19,025	\$ 150,332	\$ 169,357	\$ (5,257)
Street improvements	102,584	5,447	117,267	122,714	(20,130)
Flood and drainage improvements	11,036	-	1,990	1,990	9,046
Public sewer	120,781	7,203	86,683	93,886	26,895
Public water	92,971	8,516	64,171	72,687	20,284
Relocation assistance	192,560	44,079	129,377	173,456	19,104
Rehabilitation	80,000	49,098	11,120	60,218	19,782
Clearance	43,949	9,070	10,000	19,070	24,879
Local funds	65,000	38,531	41,356	79,887	(14,887)
RR Sanitary District	18,500	-	18,500	18,500	-
Administration	42,019	55,917	1,906	57,823	(15,804)
Total Expenditures	<u>\$ 933,500</u>	<u>\$ 236,886</u>	<u>\$ 632,702</u>	<u>\$ 869,588</u>	<u>\$ 63,912</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, 2012

Exhibit C-5

	<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	\$ 90,569	\$ 63,328	\$ 153,897	\$ (46,103)
Expenditures:					
Administration	\$ 20,380	\$ 16,055	\$ -	\$ 16,055	\$ 4,325
Marketing	20,530	4,960	11,818	16,778	3,752
Town Resource Expenses	159,090	69,554	51,510	121,064	38,026
Total Expenditures	<u>\$ 200,000</u>	<u>\$ 90,569</u>	<u>\$ 63,328</u>	<u>\$ 153,897</u>	<u>\$ 46,103</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 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, 2012

Exhibit C-6

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues:					
CDBG	\$ 600,000	\$ -	\$ 232,879	\$ 232,879	\$ (367,121)
Total Revenues	<u>\$ 600,000</u>	<u>\$ -</u>	<u>\$ 232,879</u>	<u>\$ 232,879</u>	<u>\$ (367,121)</u>
Expenditures:					
Acquisition	\$ 230,000	\$ -	\$ 178,836	\$ 178,836	\$ 51,164
Rehabilitation	310,000	-	14,574	14,574	295,426
Local funds	-	-	10,637	10,637	(10,637)
Administration	60,000	-	28,832	28,832	31,168
Total Expenditures	<u>\$ 600,000</u>	<u>\$ -</u>	<u>\$ 232,879</u>	<u>\$ 232,879</u>	<u>\$ 367,121</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, 2012

Exhibit C-7

	Project Authorization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
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, 2012

Exhibit C-8

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursement from RR Sanitary District	12,500	12,500	-	12,500	-
Total Revenues	<u>\$ 12,500</u>	<u>\$ 12,500</u>	<u>\$ -</u>	<u>\$ 12,500</u>	<u>\$ -</u>
Expenditures:					
Site construction (On-site)	\$ 916	\$ 916	\$ -	\$ 916	\$ -
Building construction	1,399,861	1,370,202	-	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	<u>\$ 1,612,500</u>	<u>\$ 1,483,615</u>	<u>\$ -</u>	<u>\$ 1,483,615</u>	<u>\$ 128,885</u>
Revenues Over (Under) Expenditures	\$ (1,600,000)	\$(1,471,115)	\$ -	\$(1,471,115)	\$ 128,885
Other Financing Sources (Uses):					
USDA Loan	<u>1,600,000</u>	<u>1,485,123</u>	<u>-</u>	<u>1,485,123</u>	<u>(114,877)</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 14,008</u>	<u>\$ -</u>	<u>\$ 14,008</u>	<u>\$ 14,008</u>
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 - 2008 Clean Water Management Trust Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2012

Exhibit C-9

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Interest earned	\$ -	\$ -	\$ -	\$ -	\$ -
Matching Funds	1,755,850	-	-	-	(1,755,850)
NC Clean Water Management Trust fund	788,000	559,119	-	559,119	(228,881)
Total Revenues	<u>\$ 2,543,850</u>	<u>\$ 559,119</u>	<u>\$ -</u>	<u>\$ 559,119</u>	<u>\$ (1,984,731)</u>
Expenditures:					
Land acquisition/easements	\$ 1,567,850	\$ -	\$ -	\$ -	\$ 1,567,850
Design, permitting, & survey	130,000	130,000	-	130,000	-
Public education signage	12,500	5,779	-	5,779	6,721
Construction administration	95,500	135,924	-	135,924	(40,424)
Construction contingency	50,000	-	-	-	50,000
Construction mobilization	48,500	41,907	-	41,907	6,593
Clearing, grubbing excavation	91,000	13,402	-	13,402	77,598
Floodplain fill, upland grading	110,500	19,925	-	19,925	90,575
Channel structures	74,000	104,181	-	104,181	(30,181)
Erosion control	35,000	47,983	-	47,983	(12,983)
Planting	93,000	28,299	-	28,299	64,701
Miscellaneous	48,000	31,719	-	31,719	16,281
Recipient's Admin Cost	188,000	-	-	-	188,000
Total Expenditures	<u>\$ 2,543,850</u>	<u>\$ 559,119</u>	<u>\$ -</u>	<u>\$ 559,119</u>	<u>\$ 1,984,731</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 - Carolina Crossroads Water and Sewer
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2012

Exhibit C-10

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
			<u>Current Year</u>			
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	958,155	3,000	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>\$2,236,935</u>	<u>\$ 3,000</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	75,150	3,000	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>\$2,210,763</u>	<u>\$ 3,000</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, 2012

Exhibit C-11

	<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 - NCDOT Curb & Gutter
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2012

Exhibit C-12

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
NC DOT	\$ 50,000	\$ -	\$ 24,849	\$ 24,849	\$ (25,151)
Total Revenues	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 24,849</u>	<u>\$ 24,849</u>	<u>\$ (25,151)</u>
Expenditures:					
Capital outlay	\$ 50,000	\$ -	\$ 24,849	\$ 24,849	\$ 25,151
Total Expenditures	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 24,849</u>	<u>\$ 24,849</u>	<u>\$ 25,151</u>
Revenues Over (Under) Expenditures	<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
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2012**

Exhibit D-1

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2011</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Discoveries (Abatements) Adjustments</u>	<u>Uncollected Balance June 30, 2012</u>
2011-2012	\$ -	\$ 6,816,426	\$ 6,862,224	\$ 221,994	\$ 176,196
2010-2011	225,121	-	97,739	(1,181)	126,201
2009-2010	146,605	-	38,361	(371)	107,873
2008-2009	149,719	-	23,565	(205)	125,949
2007-2008	49,830	-	6,751	(1,350)	41,729
2006-2007	28,286	-	3,323	(117)	24,846
2005-2006	24,996	-	1,324	(6)	23,666
2004-2005	21,696	-	1,873	-	19,823
2003-2004	37,872	-	1,315	(3)	36,554
2002-2003	21,512	-	961	(22)	20,529
2001-2002	17,510	-	1,238	(16,269)	3
2000-2001	312	-	312	-	-
Total	<u>\$ 723,459</u>	<u>\$ 6,816,426</u>	<u>\$ 7,038,986</u>	<u>\$ 202,470</u>	<u>\$ 703,369</u>
					Less allowance for Uncollectible Ad Valorem Taxes Receivable
					33,500
					<u>Ad Valorem Taxes Receivable - Net</u>
					<u>\$ 669,869</u>
					Reconcilement with Revenues:
					Taxes - Ad valorem - General Fund
					\$ 7,089,146
					Refunds/write-offs
					11,058
					Penalties and interest
					(61,218)
					<u>Total Collections and Credits (above)</u>
					<u>\$ 7,038,986</u>

City of Roanoke Rapids, North Carolina
Property Taxes
For the Fiscal Year Ended June 30, 2012

Exhibit D-2

	Total Property Valuation	Rate	Total Levy		
			Amount of Levy	Property Excluding Registered Vehicles	Registered Vehicles
Real Estate/Personal Property	\$ 1,045,135,598	0.624	\$ 6,521,646	\$ 6,521,646	\$ -
Motor Vehicles	98,168,682	0.624	612,573	-	612,573
Tax Levy	\$ 1,143,304,280		\$ 7,134,219	\$ 6,521,646	\$ 612,573
Refunds on cars by Co.		0.624	2,716	-	2,716
Adjustments - current		0.624	(3,260)	(551)	(2,709)
Adjustments - current year Rate	(4,668,175)	0.624	(29,129)	(6,538)	(22,591)
Afterlists & Discovery Billings	1,047,819	0.624	6,538	6,538	-
Net Levy	\$ 1,139,683,924		\$ 7,111,084	\$ 6,521,095	\$ 589,989
Under/Over/W.O.'s/Rounding/Discounts			(72,664)	(72,619)	(45)
Less uncollected taxes at June 30, 2012			176,196	125,455	50,741
Current Year's Taxes Collected			\$ 6,862,224	\$ 6,323,020	\$ 539,204
Current Levy Collection Percentage			96.50%	96.96%	91.39%

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

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

I have audited the basic financial statements of the governmental activities, each major fund, and the aggregated remaining fund information of the City Of Roanoke Rapids, North Carolina, as of and for the year ended June 30, 2012, which collectively comprises the City of Roanoke Rapids' basic financial statements, and have issued my report thereon dated October 19, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

My consideration of the internal control over financial reporting was for limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified . However, as described in the schedule of findings and responses, I identified certain deficiencies in internal control over financial reporting that I consider to be material weaknesses and other deficiencies that I consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses reported as Findings 2012-1 and 2012-2.

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. I consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies reported as Finding 2012-3.

Compliance and Other Matters

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

This City's response to the findings identified in my audit are described in the accompanying schedule of findings and responses. I did not audit the City's response and accordingly, I express no opinion on it.

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



Greenville, North Carolina
October 19, 2012

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

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

Compliance

I have audited the City of Roanoke Rapids' compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission that could have a direct and material effect on each of City of Roanoke Rapids' major federal programs for the year ended June 30, 2012. The City of Roanoke Rapids' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Roanoke Rapids' management. My responsibility is to express an opinion on the City of Roanoke Rapids' compliance based on my audit.

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

In my opinion, the City of Roanoke Rapids complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

A *deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control is a deficiency, or a combination of deficiencies in internal control over compliance, that such there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

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

This report is intended solely for the information and use of management, others within the entity, members of the Board, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Greenville, North Carolina
October 19, 2012

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

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

Compliance

I have audited the 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 its major State programs for the year ended June 30, 2012. The City of Roanoke Rapids' major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Roanoke Rapids' management. My responsibility is to express an opinion on the City of Roanoke Rapids' compliance based on my audit.

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

In my opinion, the City of Roanoke Rapids complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

The management of the City of Roanoke Rapids is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing my audit, I considered the City of Roanoke Rapids' internal control over compliance with the requirements that could have a direct and material effect on a major State program in order to determine the auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness the City's internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the City's internal control over compliance.

A 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.

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 City's internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

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



Greenville, North Carolina
October 19, 2012

**City Of Roanoke Rapids, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ___X___ yes ___ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses ___X___ yes ___ none reported
- Noncompliance material to financial statements noted ___ yes ___X___ no

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

CFDA #	Program Name
14.228 and 14.255	CDBG State Administered CDBG Cluster

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

Auditee qualified as low-risk auditee ___X___ yes ___ no

**City Of Roanoke Rapids, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Section I – Summary of Auditor’s Results

State Awards

Internal control over major State programs:

- Material weakness(es) identified? _____yes X no

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

Noncompliance material to financial statements noted _____yes X no

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

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

Identification of major State programs:

<u>Program Name</u>	<u>CFDA #</u>
Powell Bill Funds	N/A

**City Of Roanoke Rapids, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Section II – Financial Statement Findings

Material Weakness

Finding: 2012-1

Condition: At the time of the audit, the General Fund bank account was not reconciled. The general ledger amount did not match the bank statement reconciliation by \$124,367. Prior to the completion of the audit, management properly reconciled the bank statements to the general ledger.

Effect: If the bank account is not reconciled, the amount that is not reconciled could potentially affect any of the general ledger amounts. Any amounts not properly recorded could materially affect the financial statement amounts.

Cause: Debits to the bank account throughout the year were not properly recorded.

Recommendation: Management should implement internal control procedures that will ensure that the general ledger is reconciled to the bank statements on a monthly basis.

Views of responsible officials and planned corrective actions: Management agrees with the finding and has already implemented procedures to properly reconcile the bank account on a monthly basis.

**City Of Roanoke Rapids, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Section II – Financial Statement Findings

Material Weakness

Finding: 2012-2

Condition: Capital assets of the City of Roanoke Rapids are not being reconciled during the year to properly record additions and disposals.

Effect: The capital assets are not being properly accounted for. The amounts on the capital asset subsidiary are apparently materially incorrect and are not reconciled to the actual amounts of capital assets on hand and on the general ledger.

Cause: The current capital asset accounting software is difficult to maintain.

Recommendation: Management should explore additional accounting options for the capital assets. Once a new software is purchased or a decision is made to manage the current software, a physical inventory of capital assets should be taken to ensure proper accountability.

Views of responsible officials and planned corrective actions: Management agrees with the finding.

**City Of Roanoke Rapids, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Section II – Financial Statement Findings

Significant Deficiency

Finding: 2012-3

Condition: A prior period adjustment in the amount of \$53,421 had to be made in the Roanoke Canal Museum fund.

Effect: The net assets were adjusted because they were incorrect. The project is complete and an adjustment is necessary to close out the special revenue project ordinance.

Cause: A journal entry was set up in prior years to record an accounts receivable. However, no adjustment was necessary.

Recommendation: Management should continue to monitor all Special Revenue and Capital Projects to determine the proper accounting for receipts and expenditures.

Views of responsible officials and planned corrective actions: Management agrees with the finding.

**City Of Roanoke Rapids, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Section III – Federal Award Findings and Questioned Costs

None Reported

Section IV – State Award Findings and Questioned Costs

None Reported

**City Of Roanoke Rapids, North Carolina
Corrective Action Plan
For the Year Ended June 30, 2012**

Section II – Financial Statement Findings

Finding 2012-1

Name of Contact Person: MeLinda Hite
Finance Director

Corrective Action: We will implement procedures to ensure that the bank account is properly reconciled on a monthly basis.

Proposed Completion Date: The Board will implement the above procedure immediately.

Finding 2012-2

Name of Contact Person: MeLinda Hite
Finance Director

Corrective Action: We will explore our options to ensure that all capital assets are properly accounted for and that the subsidiary will reconcile to the general ledger.

Proposed Completion Date: June 30, 2013

Finding 2012-3

Name of Contact Person: MeLinda Hite
Finance Director

Corrective Action: We will monitor all transactions of the Special Revenue and Capital Project funds to ensure proper accounting.

Proposed Completion Date: June 30, 2013

City Of Roanoke Rapids, North Carolina
Corrective Action Plan
For the Year Ended June 30, 2012

Section III – Federal Award Findings and Questioned Costs

N/A

Section IV – State Award Findings and Questioned Costs

N/A

**City Of Roanoke Rapids, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2012**

None Reported

City of Roanoke Rapids, North Carolina
Schedule of Expenditures of Federal and State Awards
June 30, 2012

Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Federal Expenditures	State Expenditures
CASH PROGRAMS:			
FEDERAL GRANTS:			
U.S. Department of Justice			
Passed-through N.C. Department of Crime: Control & Public Safety:			
Cops Hiring Recovery Program Grant	16.803	\$ 80,748	\$ -
U.S. Department of Housing and Urban Development:			
Passed-through N.C. Department of Commerce: CDBG State Administered CDBG Cluster:			
Community Development Block Grant/States Program	14.228	\$ 235,879	\$ -
ARRA - Community Development Block Grant/States Program	14.255	614,202	-
Total		\$ 850,081	\$ -
Institute of Museum and Library Services			
Passed-through N.C. Department of Cultural Resources: LSTA Strengthening Public & Acedemic Library Collections Grant			
	45.310	\$ 206	\$ -
STATE GRANTS:			
N.C. Department of Transportation			
Powell Bill	N/A	\$ -	\$ 619,930
N.C. Department of Cultural Resources:			
Aid to Public Libraries	N/A	\$ -	\$ 14,084
Total Assistance		\$ 931,035	\$ 634,014

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.