

CITY OF ROANOKE RAPIDS, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2015

GREGORY T. REDMAN, CPA
TARBORO, NORTH CAROLINA

Financial Statements

City of Roanoke Rapids, North Carolina

Board of Commissioners

Emery G. Doughtie, Mayor
Carl Ferebee, Mayor Pro Tem
Ernest C. Bobbitt
Carol H. Cowen
Suetta S. Scarbrough
Wayne Smith

Administrative and Financial Staff

Joseph Scherer, City Manager
Leigh Etheridge, Finance Director

City of Roanoke Rapids, North Carolina
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June 30, 2015

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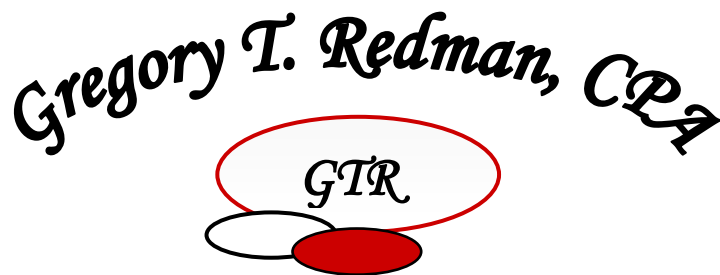
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Financial Section



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Independent Auditor's Report

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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Roanoke Rapids, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Roanoke Rapids, North Carolina as of June 30, 2015, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Roanoke Rapids, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules, and Schedule of Federal and State Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations* and the State Single Audit Implementation Act, are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated August 26, 2015 on my consideration of City of Roanoke Rapids, North Carolina's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Roanoke Rapids, North Carolina's internal control over financial reporting and compliance.

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

Gregory T. Redman, CPA
Tarboro, North Carolina
August 26, 2015

Management's Discussion and Analysis

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2015**

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, 2015. 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.

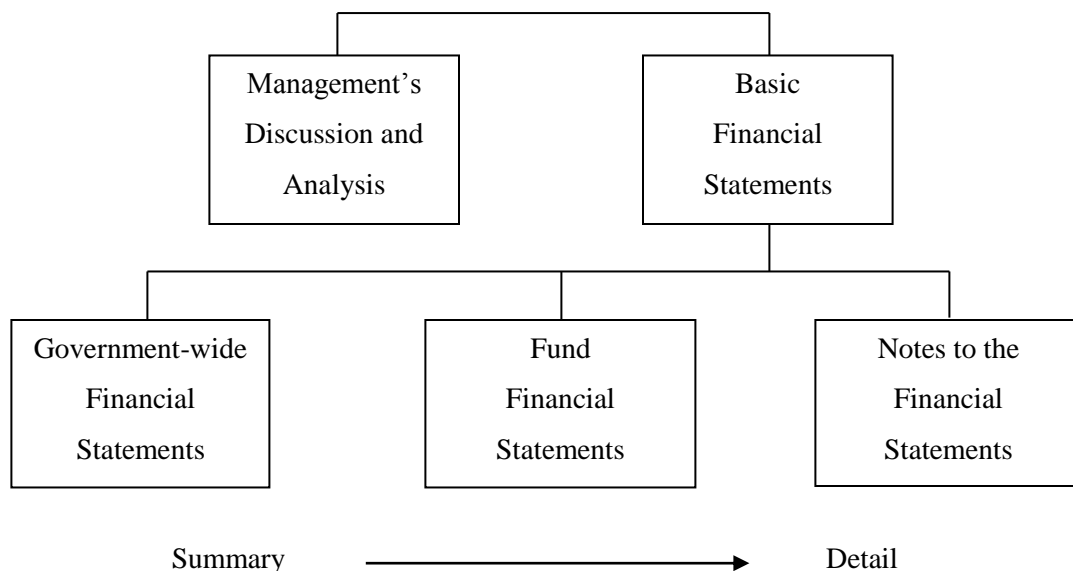
Financial Highlights

- The assets of the City of Roanoke Rapids exceeded its liabilities at the close of the fiscal year by \$7,484,878.
- The government's total net position increased by \$1,193,746.
- As of close of the current fiscal year, the City of Roanoke Rapids' governmental funds reported combined ending fund balances of \$8,278,804 with a net increase of \$191,977 in fund balance. Approximately 55 percent of this total amount, or \$4,514,218, 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 \$4,367,805 or 28 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, 2015**

Basic Financial Statements

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

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

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

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2015**

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

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

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

City of Roanoke Rapids' Net Position

	Governmental Activities	
	2015	2014
Assets:		
Current assets	\$ 7,295,757	\$ 7,635,256
Capital assets	21,063,251	20,128,905
Restricted assets	2,944,328	2,145,249
Deferred outflows of resources	4,512,243	4,871,079
Total Assets and Deferred Outflows	\$ 35,815,579	\$ 34,780,489
Liabilities:		
Long-term liabilities outstanding	\$ 24,701,715	\$ 26,068,672
Other liabilities	1,981,470	2,087,480
Total Liabilities	\$ 26,683,185	\$ 28,156,152
Deferred Inflows of Resources	\$ 1,647,516	\$ 333,205
Net Position:		
Net investment in capital assets	\$ 3,551,860	\$ 1,803,962
Restricted net position	1,725,260	1,567,832
Unrestricted net position	2,207,758	2,919,338
Total Net Position	\$ 7,484,878	\$ 6,291,132

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2015**

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the City of Roanoke Rapids exceed liabilities by \$7,484,878 as of June 30, 2015. The City's net position increased by \$1,193,746 for the fiscal year ended June 30, 2015. 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. Also, the City of Roanoke Rapids implemented GASB Statement 68 this year. With the new reporting change, the City is allocated its proportionate share of the Local Government Employees' Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. A restatement to record the effects of the new reporting guidance decreased beginning net position by \$863,095. Decisions regarding the allocations are made by the administrators of the pension plan, not by the City of Roanoke Rapids' management.

City of Roanoke Rapids Changes in Net Position

	Governmental Activities	
	2015	2014
Revenues:		
Program revenues:		
Charges for services	\$ 1,976,148	\$ 1,735,055
Operating grants and contributions	685,977	774,947
Capital grants and contributions	125,000	187,619
General revenues:		
Property taxes	7,509,643	7,427,833
Other taxes	1,197,223	970,063
Grants and contributions not restricted to specific programs	3,773,477	3,264,735
Other	203,136	151,722
Loss on disposal of capital assets	-	-
Total Revenues	<u>\$ 15,470,604</u>	<u>\$ 14,511,974</u>
Expenses:		
General government	\$ 2,296,781	\$ 2,388,111
Public safety	5,064,047	5,016,519
Transportation	1,988,613	1,906,905
Economic and physical development	906,292	1,105,758
Environmental Protection	1,385,007	1,302,212
Cultural and recreation	1,712,139	1,729,275
Interest on long-term debt	60,884	1,149,081
Total Expenses	<u>\$ 13,413,763</u>	<u>\$ 14,597,861</u>
Increase (decrease) in net position before transfers	<u>\$ 2,056,841</u>	<u>\$ (85,887)</u>
Net position, July 1	\$ 6,291,132	\$ 6,377,019
Restatement	(863,095)	-
Net position, beginning, restated	<u>\$ 5,428,037</u>	<u>\$ 6,377,019</u>
Net position, June 30	<u>\$ 7,484,878</u>	<u>\$ 6,291,132</u>

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2015**

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.

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 \$4,367,805, while total fund balance reached \$8,128,945. 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 percent of total General Fund expenditures, while total fund balance represents 52 percent of that same amount.

At June 30, 2015, the governmental funds of City of Roanoke Rapids reported a combined fund balance of \$8,278,804 with a net increase in fund balance of \$191,977.

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 2014/2015 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, 2015 total \$21,063,251 (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	
	2015	2014
Land and construction in progress	\$ 3,012,713	\$ 3,035,687
Buildings and systems	16,472,686	16,104,768
Machinery and equipment	1,577,852	988,450
Total	\$ 21,063,251	\$ 20,128,905

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, 2015**

Long-term Debt. The Tax Increment Financing debt of \$17,375,000 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	
	2015	2014
Tax increment financing	\$ 17,375,000	\$ 18,195,000
Installment notes payable	2,420,906	2,275,192
Total	\$ 19,795,906	\$ 20,470,192

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 \$75,360,214.

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

Economic Overview

New Buildings

SHEETZ Gas Station, Convenience Store, Restaurant – 1500 Julian R. Allsbrook Hwy

On September 10, 2014, SHEETZ applied for a building permit to construct a new store which provides an eat-in or take-out restaurant, convenience store, drive-thru, car wash and gas sales all in one convenient location. The total project had a construction value of \$1,351,985.00. This is the first SHEETZ store in the Roanoke Valley area.

Zaxby’s Restaurant – 1907 Julian R. Allsbrook Hwy

On October 10, 2014, Zaxby’s applied for a building permit for construction of a new restaurant. Zaxby’s is the first of its brand to arrive in the Roanoke Valley. The project had a construction value of \$560,000.00.

Little Caesar’s Restaurant – 1106 Julian R. Allsbrook Hwy

On October 28, 2014, Little Caesar’s completed construction of a new restaurant at a new location, which included a drive thru service that has provided much convenience to the Roanoke Valley area. The construction value of the project was \$278,000.00.

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2015**

Sleepy's Mattress Professionals – 295 Premier Blvd

On November 7, 2014, Sleepy's Mattress Professionals applied for a building permit to construct a new building. The project had a construction value of \$500,000. It is the first stand-alone mattress store in the Roanoke Valley area.

US Cellular – 297 Premier Blvd

On November 7, 2014, US Cellular applied for a building permit for construction of a building at a new location. With a construction value of \$605,000 the new building provides more space and parking for all customers.

Domino's Restaurant – 200 E. 10th St.

On November 20, 2014, Dominos Restaurant applied for a building permit for construction of a building at a new location. At a construction value of \$179,000, the new pizza restaurant provides indoor and outdoor seating, walk in orders, as well a drive thru.

KapStone Paper and Packaging- 100 Gaston Rd.

On October 21, 2014, Kapstone Paper and Packaging Co. completed construction of a 30,000 SF warehouse for paper and product storage. The project provided a construction value of \$3,000,000.00 and has made improvements to the last remaining mill in Roanoke Rapids.

Major Renovations, Building Additions

Halifax Regional Medical Center –250 Smith Church Rd

On September 18, 2014, *Halifax Regional Medical Center* began construction on a \$122,148.00 modernization and expansion of psychiatric hold unit, and a \$190,000 renovation to the existing cafeteria, for a total project cost of \$312,148.00. The project involves constructing or renovating the cafeteria and psychiatric hold unit. At a time of economic uncertainty, Halifax Regional is moving forward with confidence in its responsibility to provide modern, quality healthcare services.

Burger King – 251 Premier Blvd

On September 15, 2014, Burger King filed for a building permit application for the construction of a new restaurant with an investment of \$150,000 upfit within the existing Walmart Shopping Center.

DrugCo Pharmacy – 107 Smith Church Rd

On May 12, 2015, DrugCo Pharmacy applied for a building permit for an addition to their existing business for an office space with an investment of \$32,500.00.

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2015**

Food Lion Grocery Stores (3 locations) – 1201 Julian R. Allsbrook Hwy, 175 Roanoke Ave, 2500 W. 10th St.

On May 28, 2015, Food Lion Grocery Store filed for three building permit application for renovations, modernizations, and rebranding of the three Roanoke Rapids locations to the new store model. The upgrades to the stores have provided a combined construction have of \$1,947,707.00.

Fresenius Medical Center– 260 Smith Church Rd

On December 2, 2014, Fresenius Medical Center filed for two building permits for the construction of a 4500 SQ addition of the dialysis center. The project represents an investment of \$1,330,000.00. This allows the facility to provide quality healthcare services.

New Dixie Gas and Convenience Stores (3 locations) – 1909 Julian R. Allsbrook Hwy, 1131 Hwy 48, 2171 Hwy 125

New Dixie Gas and Convenience Store, filed for three building permit applications for renovations of three existing locations in the Roanoke Valley. The renovations consisted of façade improvements, interior remodels and new restrooms at each location. The combined investment was \$383,408.09.

Starbucks Coffee - 298 Premier Blvd

On January 23, 2015, Starbucks filed for a building permit application for interior upgrades and parking lot improvements which include speed humps. The total investment was \$75,000.00.

Dairy Queen- 1915 Julian R Allsbrook Hwy

On October 14, 2014, Dairy Queen applied for a building permit for the construction or renovation for improvements of their existing store location for a total investment of \$75,560.00.

Business Use Permits

The City's Planning & Development Department received 40 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 included; *Riverside Consulting & Tutoring*, 326 Smith Church Rd; *Divas Den Hair Salon*, 800 Julian R Allsbrook Hwy; *Fisher Auto Parts*, 1603 E.10th Street; *Kidz World Playhouse*, 1620 E 10th Street Ste 144; *The Attic*, 1054 E 10th Street; *Diamonds Dreams and Jewelry*, 1225 Julian R Allsbrook Hwy; *Vape Fitters*, 1730 A Julian R Allsbrook Hwy; *Signature Dogs Restaurant*, 1300 B Roanoke Avenue; *Roanoke Valley Farmers Mart*, 730 Julian R Allsbrook Hwy; *Brian's Billiards*, 1001 Roanoke Avenue & *Tires Unlimited*, 900 Roanoke Ave.

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2015**

Main Street Roanoke Rapids

Since earning our North Carolina Main Street City designation in late 2009, Roanoke Rapids continues to promote our 2-mile Historic District as a successful place to invest, live, work, and play. Using the National Main Street Center's 4-Point Approach to Downtown Revitalization, our City and Main Street Roanoke Rapids (non-profit partner) have developed and managed promotion, preservation, community and business development programs to better our center city. During FY 2014-2015, our successes include:

Hosting and/or supporting 9 special events in Historic Roanoke Rapids including the Seafood & Shag Festival, Fridays In The Park Summer Concert Series, and Small Business Saturday. These events drove an estimated additional 3,500 into our district spending an estimated \$20,000 in our local businesses.

Main Street Roanoke Rapids encouraged facade improvements, including awarding Facade Improvement Matching Grants to 4 projects. Historic Roanoke Raids recorded 23 facade improvements, which is a 53% increase year over year.

For FY 2014-2015, Historic Roanoke Rapids opened 19 net new businesses and created 42 net new jobs. We saw a 100% increase in new businesses and a 45% increase in job creation compared to FY 2013-2014, a strong testament to the success of our economic redevelopment efforts.

Internally, we improved our SOPs to follow the National Main Street Center's best practices. This resulted in earning National Main Street Accreditation for the City of Roanoke Rapids in late 2014. Less than 800 programs nationally and 1/3 of the North Carolina Main Street programs earn this award. Additionally, we are the youngest program in North Carolina to earn National Accreditation from The National Trust for Historic Preservation.

Budget Highlights for the Fiscal Year Ending June 30, 2016

The City of Roanoke Rapids' Budget contains several revenue sources that are dependent on the general economy. Among these are sales tax, property tax, interest income and user and permit fees. The budget provides high level of funding for police and fire protection, and addressing public health, safety and appearance issues through solid waste and refuse collection, funding for a more aggressive enforcement of the City's minimum housing code, vehicle and nuisance ordinances. The property tax rate is 62.4 cents per 100 valuations. Overall tax base revenue represents 49.46% of the total general fund revenue budget for fiscal year 2015/2016. 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 Position
June 30, 2015

Exhibit 1

	Governmental Activities
Assets	
Current Assets:	
Cash and cash equivalents	\$ 5,306,725
Taxes receivable (net)	419,864
Accounts receivable (net)	1,272,688
Accrued interest receivable	141,547
Inventories	84,905
Prepaid expense	70,028
Total Current Assets	\$ 7,295,757
Restricted Assets:	
Restricted cash	\$ 2,432,428
Net pension asset	511,900
Total Restricted Assets	\$ 2,944,328
Capital Assets:	
Land, improvements, and construction in progress	\$ 3,012,713
Other capital assets, net of depreciation	18,050,538
Total Capital Assets	\$ 21,063,251
Total Assets	\$ 31,303,336
Deferred outflows of resources:	
Interest rate swap	4,113,197
Contributions to pension plan in current fiscal year	399,046
Total Deferred outflows of resources	\$ 4,512,243
Liabilities	
Current Liabilities:	
Accounts payable and accrued expenses	\$ 615,584
Current portion of long-term liabilities	1,365,886
Total Current Liabilities	\$ 1,981,470
Long-term Liabilities:	
Due in more than one year	20,588,518
Derivative instrument - Interest Rate Swap	4,113,197
Total Long-term Liabilities	\$ 24,701,715
Total Liabilities	\$ 26,683,185
Deferred Inflows of Resources	
Prepaid taxes	\$ 61,571
Pension deferrals	1,375,130
Other	210,815
Total Deferred Inflows of Resources	\$ 1,647,516
Net Position	
Net investment in capital assets	\$ 3,551,860
Restricted for:	
Net pension asset	511,900
Stabilization by State Statute	1,213,360
Unrestricted	2,207,758
Total Net Position	\$ 7,484,878

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, 2015

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 2,296,781	\$ 14,882	\$ 197,919	\$ -	\$ (2,083,980)
Public Safety	5,064,047	-	5,768	-	(5,058,279)
Transportation	1,988,613	-	470,059	-	(1,518,554)
Economic and Physical Development	906,292	115,293	-	125,000	(665,999)
Environmental Protection	1,385,007	1,344,294	12,231	-	(28,482)
Cultural and Recreational	1,712,139	501,679	-	-	(1,210,460)
Interest on long-term debt	60,884	-	-	-	(60,884)
Total Governmental Activities	\$13,413,763	\$ 1,976,148	\$ 685,977	\$ 125,000	\$ (10,626,638)
General Revenues:					
Taxes:					
Property taxes, levied for general purpose					\$ 7,509,643
Other taxes and licenses					1,197,223
Grants and contributions not restricted to specific purpose					3,773,477
Investment earnings, unrestricted					1,520
Miscellaneous, unrestricted					201,616
Total General Revenues and Transfers					\$ 12,683,479
Change in Net Position					\$ 2,056,841
Net Position, beginning					\$ 6,291,132
Restatement					(863,095)
Net Position, beginning, restated					\$ 5,428,037
Net Position, ending					\$ 7,484,878

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, 2015

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	\$ 5,306,725	\$ -	\$ 5,306,725
Taxes Receivable, net	419,864	-	419,864
Due from other governmental agencies	875,240	-	875,240
Due from other funds	(3,446)	3,446	-
Accounts Receivable, net	397,448	-	397,448
Inventories	84,905	-	84,905
Grant receivable	-	-	-
Prepaid expenses	70,028	-	70,028
Total Current Assets	<u>\$ 7,150,764</u>	<u>\$ 3,446</u>	<u>\$ 7,154,210</u>
Noncurrent Assets:			
Restricted cash	2,284,515	147,913	2,432,428
Total Assets	<u>\$ 9,435,279</u>	<u>\$ 151,359</u>	<u>\$ 9,586,638</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 614,084	\$ 1,500	\$ 615,584
Due to other funds	-	-	-
Total Liabilities	<u>\$ 614,084</u>	<u>\$ 1,500</u>	<u>\$ 615,584</u>
Deferred Inflows of Resources			
Property taxes receivable	\$ 419,864	\$ -	\$ 419,864
Prepaid taxes	61,571	-	61,571
Other receivables	210,815	-	210,815
Total Deferred Inflows of Resources	<u>\$ 692,250</u>	<u>\$ -</u>	<u>\$ 692,250</u>
Fund Balances			
Non-spendable:			
Inventories and prepaid expenses	\$ 154,933	\$ -	\$ 154,933
Restricted:			
Stabilization by State Statute	1,213,360	3,446	1,216,806
Streets	-	-	-
Debt service	2,284,515	-	2,284,515
Assigned:			
Law enforcement	108,332	-	108,332
Unassigned	4,367,805	146,413	4,514,218
Total Fund Balances	<u>\$ 8,128,945</u>	<u>\$ 149,859</u>	<u>\$ 8,278,804</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,435,279</u>	<u>\$ 151,359</u>	<u>\$ 9,586,638</u>

(continued)

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

City of Roanoke Rapids, North Carolina
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
June 30, 2015

(continued)

Exhibit 3

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

Fund balance as reported in the balance sheet governmental funds	\$ 8,278,804
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	21,063,251
Net pension asset	511,900
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	399,046
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.	141,547
Liabilities for earned but deferred revenues in fund statements.	419,864
Pension related deferrals	(1,375,130)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Long-term debt	<u>(21,954,404)</u>
Net Position of Governmental Activities	<u><u>\$ 7,484,878</u></u>

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, 2015

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	\$ 7,501,086	\$ -	\$ 7,501,086
Other taxes and licenses	1,197,223	-	1,197,223
Unrestricted intergovernmental	3,773,477	-	3,773,477
Restricted intergovernmental	680,209	125,000	805,209
Permits and fees	94,733	-	94,733
Sales and services	1,887,183	-	1,887,183
Investment earnings	1,514	6	1,520
Miscellaneous	199,474	-	199,474
Insurance reimbursements	2,142	-	2,142
Total Revenues	<u>\$ 15,337,041</u>	<u>\$ 125,006</u>	<u>\$ 15,462,047</u>
Expenditures			
Current:			
General Government	\$ 2,473,008	\$ -	\$ 2,473,008
Public Safety	4,998,456	-	4,998,456
Transportation	1,975,290	-	1,975,290
Environmental Protection	1,556,769	-	1,556,769
Economic & Physical Development	402,034	3,058	405,092
Cultural and Recreational	1,885,072	-	1,885,072
Debt service	2,204,991	-	2,204,991
Capital Outlay	-	-	-
Miscellaneous grants	54,001	-	54,001
Total Expenditures	<u>\$ 15,549,621</u>	<u>\$ 3,058</u>	<u>\$ 15,552,679</u>
Excess (Deficiency) of			
Revenues Over Expenditures	<u>\$ (212,580)</u>	<u>\$ 121,948</u>	<u>\$ (90,632)</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, 2015

(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	\$ 140,205	\$ (140,205)	\$ -
Loan proceeds	282,609	-	282,609
Total Other Financing Sources (Uses)	<u>\$ 422,814</u>	<u>\$ (140,205)</u>	<u>\$ 282,609</u>
Net Change in Fund Balance	\$ 210,234	\$ (18,257)	\$ 191,977
Fund Balance:			
Beginning of year	7,918,711	168,116	8,086,827
Prior Period Adjustment	-	-	-
End of year	<u>\$ 8,128,945</u>	<u>\$ 149,859</u>	<u>\$ 8,278,804</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, 2015

Exhibit 4-2

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

Net changes in fund balance - total governmental funds	\$	191,977
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized		953,874
Depreciation expense		(1,206,875)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		399,046
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences in the treatment of long-term debt and related items.

New long-term debt issued	\$ (282,609)	
Principal payments on long-term debt	<u>2,144,107</u>	1,861,498

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		8,557
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	\$ (10,409)	
Net pension obligation	(76,524)	
Other postemployment benefits	<u>(64,303)</u>	(151,236)

Total Changes in Net Position of Governmental Activities	\$	<u><u>2,056,841</u></u>
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The notes of the financial statements are an integral part of this statement.

City of Roanoke Rapids, North Carolina
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2015

Exhibit 5

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 7,435,871	\$ 7,530,371	\$ 7,501,086	\$ (29,285)
Other taxes and licenses	309,500	913,640	1,197,223	283,583
Unrestricted intergovernmental	4,070,186	3,479,046	3,773,477	294,431
Restricted intergovernmental	785,242	794,128	685,977	(108,151)
Permits and fees	87,150	72,950	94,733	21,783
Sales and services	1,748,448	2,230,498	1,881,415	(349,083)
Investment earnings	2,250	2,250	1,514	(736)
Miscellaneous	164,881	164,881	199,474	34,593
Insurance reimbursements	37,500	37,500	2,142	(35,358)
Total Revenues	<u>\$ 14,641,028</u>	<u>\$ 15,225,264</u>	<u>\$ 15,337,041</u>	<u>\$ 111,777</u>
Expenditures:				
General Government	\$ 2,338,156	\$ 2,500,054	\$ 2,473,008	\$ 27,046
Public Safety	5,014,201	5,015,676	4,998,456	17,220
Transportation	1,874,317	2,010,184	1,975,290	34,894
Environmental Protection	1,490,134	1,644,105	1,556,769	87,336
Economic and Physical Development	431,674	434,617	402,034	32,583
Cultural and Recreational	1,594,289	2,014,324	1,885,072	129,252
Debt service	2,174,936	2,204,991	2,204,991	-
Miscellaneous grants	113,318	232,871	54,001	178,870
Total Expenditures	<u>\$ 15,031,025</u>	<u>\$ 16,056,822</u>	<u>\$ 15,549,621</u>	<u>\$ 507,201</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (389,997)</u>	<u>\$ (831,558)</u>	<u>\$ (212,580)</u>	<u>\$ 618,978</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, 2015

(continued)

Exhibit 5

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

	Original	Final	Actual	(Negative)
Other Financing Sources (Uses):				
Fund balance appropriated	\$ 389,997	\$ 547,773	\$ -	\$ (547,773)
Transfer from other funds	-	-	140,205	140,205
Loan proceeds	-	283,785	282,609	(1,176)
Total Other Financing Sources (Uses)	\$ 389,997	\$ 831,558	\$ 422,814	\$ (408,744)
 Revenues and Other Financing Sources Over (Under)				
Expenditures and Other Uses	\$ -	\$ -	\$ 210,234	\$ 210,234
 Fund Balance:				
Beginning of Year			7,918,711	
Prior Year Adjustment			-	
End of Year			\$8,128,945	

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, 2015

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Basis of Presentation

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

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

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

The City reports the following major governmental funds:

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

The City reports the following non-major governmental funds:

Special Revenue Fund. The Special Revenue Fund is used to account for the specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The City has two Special Revenue Funds: Local Law Enforcement Grant Fund, Hodgestown 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 seven Capital Project funds within the governmental fund types: Fire Station #2 Project, NC Clean Water Management Trust Fund, Carolina Crossroads Water and Sewer, Carolina Crossroads Public Roadway, Kate B. Reynolds Ledgerwood, USDA Rural Development Garage Door Project, and Kate B. Reynolds Recreation Park Project.

C. Measurement Focus and Basis of Accounting

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

Government-wide and Proprietary Fund Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City of Roanoke Rapids because the tax is levied by Halifax County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D. Budgetary Data

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

1. Deposits and Investments

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

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

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

2. Cash and Cash Equivalents

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

3. Restricted Assets

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

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

City of Roanoke Rapids Restricted Cash

Governmental Activities:

General Fund:

Carolina Crossroads - Unexpended bond proceeds	\$ 2,284,515
Special Revenue/Capital Project Fund	147,913
Total	<u><u>\$ 2,432,428</u></u>

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

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, 2014. As allowed by State law, the City has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventory and Prepaid Items

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

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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	25 - 50
Buildings	30
Improvements	20 - 30
Vehicles	5 - 7
Furniture and equipment	5 -10
Computer equipment	3
Computer software	5

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meet this criterion, contributions made to the pension plan in the 2015 fiscal year and the Interest Rate Swap on the Economic Development Revenue Bond. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has four items that meet the criterion for this category - prepaid taxes, property taxes receivables, other receivables, and deferrals of pension expenses that result from the implementation of GASB 68.

9. Long-Term Obligations

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

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

10. Compensated Absences

The vacation policy of the City provides for the accumulation of up to forty (40) days (forty-two days for police officers) earned vacation leave with such leave being fully vested when earned. For the City's government-wide funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

The City's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the City does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

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

City of Roanoke Rapids, North Carolina
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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 Director will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-City funds, City 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 Director has the authority to deviate from this policy if it is in the best interest of the City.

12. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Roanoke Rapids employer contributions are recognized when due and the City of Roanoke Rapids has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

II. Stewardship, Compliance, and Accountability

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

1. Noncompliance with North Carolina General Statutes

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

2. Contractual Violations

There were no instances of violations of contractual obligations noted.

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

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

C. Excess of Expenditures Over Appropriations

There were no expenditures in excess of appropriations during the year ended June 30, 2015.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
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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, 2015, the City's deposits had a carrying amount of \$1,612,872 and a bank balance of \$2,357,156. Of the bank balance, \$250,000 was covered by federal depository insurance and \$2,107,156 in interest bearing deposits were covered by collateral held under the pooling method. At June 30, 2015, the City of Roanoke Rapids had \$900 cash on hand.

2. Investments

At June 30, 2015, the City of Roanoke Rapids had \$6,125,381 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, 2015

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, 2015. The City's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high-grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

3. Receivables – Allowance for Doubtful Accounts

The amounts presented in the Balance Sheet and Statement of Net Position for the year ended June 30, 2015 are net of the following allowances for doubtful accounts:

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

4. Capital Assets

Capital asset activity for the City for the year ended June 30, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 3,025,032	\$ -	\$ 12,319	\$ 3,012,713
Construction in progress	10,655	-	10,655	-
Total Capital Assets Not Being Depreciated	\$ 3,035,687	\$ -	\$ 22,974	\$ 3,012,713
Capital Assets Being Depreciated:				
Buildings & improvements	\$ 23,766,917	\$ 1,267,918	\$ -	\$ 25,034,835
Machinery & equipment	7,212,972	519,419	-	7,732,391
Total Capital Assets Being Depreciated	\$ 30,979,889	\$ 1,787,337	\$ -	\$ 32,767,226
Less accumulated depreciation	\$ 13,886,671	\$ 1,206,875	\$ 376,858	\$ 14,716,688
Total Capital Assets Being Depreciated, Net	\$ 17,093,218			\$ 18,050,538
Governmental Activity Capital Assets, Net	\$ 20,128,905			\$ 21,063,251

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

General government	\$ 17,682
Public safety	271,322
Transportation	158,306
Economic and physical development	501,200
Environmental protection	25,877
Cultural and recreation	232,488
Total depreciation expense	\$1,206,875

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The City of Roanoke Rapids is a participating employer in 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 membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consist of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included 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, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service

City of Roanoke Rapids, North Carolina
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regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The City of Roanoke Rapids employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Roanoke Rapids contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% of compensation for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Roanoke Rapids were \$399,046 for the year ended June 30, 2015.

Refunds of Contributions – City employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the City reported an asset of \$511,900 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension asset was based on a projection of the City's long-term share of future payroll covered by the

City of Roanoke Rapids, North Carolina
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pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the City's proportion was 0.0868%, which was a decrease of 0.016% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2015, the City recognized pension expense of \$136. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 55,934
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,191,691
Changes in proportion and differences between District contributions and proportionate share of contributions	-	127,507
City contributions subsequent to the measurement date	399,046	-
Total	<u>\$ 399,046</u>	<u>\$ 1,375,132</u>

\$399,046 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	
2016	\$ (343,898)
2017	(343,898)
2018	(343,898)
2019	(343,438)
2020	-
Thereafter	-
	<u><u>\$(1,375,132)</u></u>

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

City of Roanoke Rapids, North Carolina
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Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	<u>100%</u>	

City of Roanoke Rapids, North Carolina
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The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2015 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension asset to changes in the discount rate. The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
City's proportionate share of the net pension liability (asset)	\$1,737,609	\$(511,900)	\$(2,405,913)

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
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For the Year Ended June 30, 2015

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, 2015 were \$82,398, which consisted of \$30,625 from the City and \$51,773 from employees.

c. Law Enforcement Officers Special Separation Allowance

1) Plan Description

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

At June 30, 2015, the Separation Allowance's membership consisted of:

Retirees receiving benefits	7
Active plan members	<u>39</u>
Total	<u><u>46</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. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has not assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- Contributions to the pension plan and earnings on those contributions are irrevocable
- Pension plan assets are dedicated to providing benefits to plan members

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- Pension plan assets are legally protected from the creditors or employers, non-employer contributing entities, the plan administrator, and plan members

Methods Used to Value Investments

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

3) Contributions

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The City's obligation to 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 2015.

The annual required contribution for the fiscal year ended June 30, 2015, was determined as part of the December 31, 2014, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year. The inflation component was 3.00%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at June 30, 2015 was 17 years.

Annual Pension Cost and Net Pension Prepaid

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

Annual required contribution	\$ 96,996
Interest on net pension obligation	29,691
Adjustment to annual required contribution	<u>(50,163)</u>
Annual pension cost	76,524
Contributions made	<u>-</u>
Increase (decrease) in net pension obligation	\$ 76,524
Net pension obligation beginning of year	<u>593,823</u>
Net pension obligation end of year	<u><u>\$ 670,347</u></u>

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation Prepaid
6/30/13	72,376	0.00%	529,571
6/30/14	64,252	0.00%	593,823
6/30/15	76,524	0.00%	670,347

Funded Status and Funding Progress

As of December 31, 2014, 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 \$925,975. The covered payroll (annual payroll of active employees covered by the plan) was \$1,718,303, and the ratio of the UAAL to the covered payroll was 53.89 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, 2015 were \$224,878, which consisted of \$138,834 from the City and \$90,547 from law enforcement officers.

City of Roanoke Rapids, North Carolina
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e. Other Post-Employment Benefits

Plan Description. Under the terms of a City resolution, the City administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). As of September 5, 1990, this plan provides postemployment healthcare benefits to retirees of the City, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have 30 years creditable service with at least twenty years of creditable service with the City. The insurance coverage will cease on the premium due date next following employee's 65th birth date. The City pays the full cost of coverage for these benefits through private insurers. Also, the City's retirees can purchase coverage for their dependents at the City's group rates. The City Council may amend the benefit provisions. A separate report was not issued for the plan.

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

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

	<u>Law Enforcement Officer</u>
Retirees and dependents receiving benefits	7
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	39
Total	46

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

The current ARC rate is 4.6% of annual covered payroll. For the current year, the City contributed \$156,902 or 2.8% 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.

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

Annual required contribution	\$ 191,361
Interest on net OPEB obligation	29,844
Annual OPEB cost (expense)	221,205
Contributions made	156,902
Increase (decrease) in net OPEB obligation	64,303
Net OPEB obligation, beginning of year	972,760
Net OPEB obligation, end of year	\$1,037,063

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 were as follows:

For Year Ended June 30	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
2013	221,205	47.7%	861,741
2014	221,205	49.8%	972,760
2015	221,205	70.9%	1,037,063

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$4,462,736. The covered payroll (annual payroll of active employees covered by the plan) was \$5,647,194, and the ratio of the UAAL to the covered payroll was 79.03 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

City of Roanoke Rapids, North Carolina
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For the Year Ended June 30, 2015

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 8.50 to 5.00 percent annually. Both rates included a 3.00 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period as December 31, 2012, was 30 years.

2. Other Employment Benefits

The City has elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to his/her death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. The City considers these contributions to be immaterial.

For the fiscal year ended June 30, 2015, the City made contributions to the State for death benefits of \$0. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll, respectively.

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

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

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

3. Deferred Outflows and Inflows of Resources

The City has several deferred outflows of resources. Deferred outflows of resources is comprised of the following:

Contributions to pension plan in current fiscal year	\$399,046
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Deferred inflows of resources at year-end are comprised of the following elements:

Property taxes receivable (General Fund)	\$ 419,864
Prepaid taxes not yet earned (General Fund)	\$ 61,571
Other miscellaneous receivables (General Fund)	\$ 210,815
Pension deferrals	\$ 1,375,132

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

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

5. Claims and Judgments

The City had no claims or judgments pending at June 30, 2015.

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, 2015, the City of Roanoke Rapids had a legal debt margin of \$75,360,214. The City has no bonds authorized but unissued at June 30, 2015.

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

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

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

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

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

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

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

On October 29, 2014, the City entered into an installment note payable with First Citizens Bank in the amount of \$282,609 to purchase eleven vehicles.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

Long-term debt payable at June 30, 2015 is comprised of the following:

Installment Notes Payable:

First Citizens Bank - (refinanced USDA loan - Neighborhood Resource Center) due in 8 annual installments of \$25,522.26, including interest at 2.25%, beginning August 30, 2014 through August 30, 2021.	\$ 120,666
First Citizens Bank - (refinanced USDA loan - Firestation #2) due in 18 annual installments of \$94,5212.30, including interest at 3.00%, beginning August 30, 2014 through August 30, 2031.	\$ 1,484,885
Branch Banking & Trust - due in 5 annual installments of \$77,516, including interest at 2.36%, beginning February 15, 2012 through February 15, 2016. (13 Ford Crown Victoria Police Vehicles)	\$ 75,729
Branch Banking & Trust - due in 5 consecutive annual installments of \$33,738.72, including interest at 1.79%, beginning November 16, 2012 through November 16, 2016. (1 high compaction rear loading trash truck)	\$ 65,708
First Citizens Bank - due in 5 consecutive annual installments of \$32,826.02, including interest at 1.85%, beginning July 2014 through July 2018. (6 Police Vehicles)	\$ 98,181
First Citizens Bank - due in 3 consecutive annual installments of \$97,255.93, including interest at 1.4% beginning August 28, 2015 through August 28, 2017	\$ 283,785
Sun Trust Bank - due in 5 consecutive annual installments of \$100,025.38, including interest of 1.385%, beginning April 8, 2014 through April 8, 2018. (1 Fire Ladder Truck)	<u>\$ 291,952</u>
Total	<u><u>\$ 2,420,906</u></u>

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><u>\$ 17,375,000</u></u>
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City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

The annual requirements to amortize notes payable outstanding (excluding vacation pay and capitalized leases) as of June 30, 2015, including interest payments, are as follows:

Year	Principal Payments	Interest Payments	Total
2016	\$ 445,777	\$ 15,629	\$ 461,406
2017	373,502	10,387	383,889
2018	343,312	6,839	350,151
2019	116,163	3,880	120,043
2020	116,368	3,675	120,043
2021-2025	463,309	9,298	472,607
2026-2030	562,475	4,653	567,128
2031-2035	-	-	-
Total	\$ 2,420,906	\$ 54,361	\$ 2,475,267

The annual requirements to amortize economic development bonds outstanding as of June 30, 2015, including interest payments, are as follows:

Year	Principal Payments	Interest Payments	Total
2016	\$ 875,000	\$ 929,425	\$ 1,804,425
2017	930,000	880,611	1,810,611
2018	995,000	823,957	1,818,957
2019	1,060,000	763,583	1,823,583
2020	1,130,000	699,778	1,829,778
2021-2025	6,850,000	1,575,469	8,425,469
2026-2027	5,535,000	98,694	5,633,694
Total	\$ 17,375,000	\$ 5,771,517	\$ 23,146,517

Changes in the long-term liabilities:

	Beginning Balances July 1, 2014	Increases	Decreases	Ending Balances June 30, 2015	Current Portion of Balance
Governmental activities:					
Installment notes payable	2,275,192	283,785	138,071	2,420,906	445,777
Tax increment financing	18,195,000	-	820,000	17,375,000	875,000
Net pension obligation	593,823	76,524	-	670,347	-
Compensated absences	440,679	10,409	-	451,088	45,109
Interest Rate Swap	4,871,079	-	757,882	4,113,197	-
Other postemployment benefits	972,760	221,205	156,902	1,037,063	-
Total	\$27,348,533	\$591,923	\$1,872,855	\$26,067,601	\$1,365,886

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

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

Tax Increment Financing:

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

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

Net Investment in Capital Assets

	<u>Governmental</u>
Capital Assets	\$ 21,063,251
Less: Long-term debt	(19,795,906)
Plus: Unexpended debt proceeds	2,284,515
Net Investment in Capital Assets	\$ 3,551,860

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	8,128,945
Less:	
Inventories and Prepaid Expenses	154,933
Stabilization by State Statute	1,213,360
Streets-Powell Bill	-
Debt Service	2,284,515
Assigned - Law Enforcement	108,332
Remaining Fund Balance	4,367,805

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

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 \$13,700,000 and the agreement matures July 1, 2022. The swap was entered into at the same time the bonds were issued (March 2007). The notional value of the swap declines with the principal amount of the associated debt. Under the terms of the swap agreement the City continues to effectively pay a rate equivalent to the US-LIBOR-BBA and the fixed rate of 5.51%. Only the net difference is actually exchanged.

C. Fair Value

Because interest rates have declined since execution of the swap, the swap has a negative fair value of \$2,942,800. Fair value was estimated by the counterparty using market-to-market valuations.

D. Credit Risk

As of June 30, 2015 the City was not exposed to credit risk because the swap had a negative fair value. The swap counterparty, Bank of America, N.A., was rated "A2" by Moody's Investors Service (Moody's), "A" by Standard and Poor's (S&P) and "A" by Fitch Ratings.

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, 2015, 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.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

Year End June 30	Principal	Interest	Interest Rate Swaps, Net	Total
2016	\$ 875,000	\$ 78,206	\$ 719,514	\$ 1,672,720
2017	930,000	78,245	678,722	\$ 1,686,967
2018	995,000	73,298	635,101	\$ 1,703,399
2019	1,060,000	68,025	588,615	\$ 1,716,640
2020	1,130,000	62,575	539,062	\$ 1,731,637
2021-2025	6,850,000	214,257	952,183	\$ 8,016,440
2026-2027	5,535,000	31,498	-	\$ 5,566,498
Total	<u>\$17,375,000</u>	<u>\$ 606,104</u>	<u>\$ 4,113,197</u>	<u>\$22,094,301</u>

The following sets forth a summary of the City's derivative instrument as of June 30, 2015: The forward-starting floating-to-fixed interest rate swap is a cash flow hedge with a notional amount of \$13,700,000 and a negative fair value of \$2,942,800 as of June 30, 2015. The negative fair value at June 30, 2015 represents a decrease of \$14,266 from the prior year.

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

V. Interfund Balance

Balances due to/from other funds at June 30, 2015 consist of the following:

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

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

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.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

VII. Significant Effects of Subsequent Events

As of October 30, 2015, the date of the completion of the financial statements, there were no material subsequent events that were required to be reported.

VIII. Change in Accounting Principles/Restatement

The City implemented Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Report for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the City to record beginning net pension liability and the effects on net position of contributions made by the City during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the business-type activities decreased by \$863,095.

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
- Schedule of Proportionate Share of Net Pension Asset for Local Government Employees' Retirement System
- Schedule of Contribution to Local Government Employees' Retirement System

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)
12/31/09	127,664	994,035	866,371	12.84%	1,460,374	59.33%
12/31/10	169,885	990,724	820,839	17.15%	1,617,441	50.75%
12/31/11	204,050	994,556	790,506	20.52%	1,453,694	54.38%
12/31/12	204,154	981,570	777,416	20.80%	1,506,890	51.59%
12/31/13	204,312	1,002,817	798,505	20.37%	1,509,223	52.91%
12/31/14	108,317	1,034,292	925,975	10.47%	1,718,303	53.89%

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
2013	\$ 72,376	0.00%
2014	\$ 64,252	0.00%
2015	\$ 76,524	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	12-31-14
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25% - 7.85%
*Includes inflation at	3.00%
Cost-of living adjustments	N/A

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

Exhibit A-3

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/08	\$ -	\$ 3,729,245	\$3,729,245	0.00%	\$ 4,757,532	78.39%
12/31/09	\$ -	\$ 2,246,882	\$2,246,882	0.00%	\$ 4,812,453	46.69%
12/31/12	\$ -	\$ 4,462,736	\$4,462,736	0.00%	\$ 5,647,194	79.03%

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
2013	\$ 221,205	47.7%
2014	\$ 221,205	49.8%
2015	\$ 221,205	70.9%

Notes to the Required Schedules:

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

Valuation date	12-31-12
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend	8.50% - 5.00%
*Includes inflation at	3.00%
Cost-of living adjustments	N/A

City of Roanoke Rapids, North Carolina
City of Roanoke Rapids' Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Two Fiscal Years

Local Government Employees' Retirement System

Exhibit A-5

	<u>2015</u>	<u>2014</u>
City of Roanoke Rapids's proportion of the net pension liability (asset) (%)	0.08680%	0.13200%
City of Roanoke Rapids's proportion of the net pension liability (asset) (\$)	\$ (511,900)	\$ 1,243,956
City of Roanoke Rapids's covered-employee payroll	\$ 5,647,194	\$ 5,395,410
City of Roanoke Rapids's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-9.06%	23.06%
Plan fiduciary net position as a percentage of the total pension liability	102.64%	94.35%

**City of Roanoke Rapids, North Carolina
City of Roanoke Rapids' Contributions
Required Supplementary Information
Last Two Fiscal Years**

Local Government Employees' Retirement System

Exhibit A-6

	2015	2014
Contractually required contribution	\$ 399,046	\$ 381,057
Contributions in relation to the contractually required contributions	399,046	381,057
Contribution deficiency (excess)	\$ -	\$ -
City of Roanoke Rapids's covered-employee payroll	\$5,647,194	\$5,395,410
Contributions as a percentage of covered-employee payroll	7.07%	7.06%

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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Ad Valorem Taxes:			
Current year	\$ -	\$ 7,330,691	\$ -
Prior years	-	110,957	-
Penalties and interest	-	59,438	-
Total	<u>\$ 7,530,371</u>	<u>\$ 7,501,086</u>	<u>\$ (29,285)</u>
Other Taxes and Licenses:			
Privilege licenses	\$ 280,000	\$ 375,726	\$ 95,726
Motor vehicle license	-	-	-
Lease vehicle	15,000	22,413	7,413
Holdharmless revenue	618,640	799,084	180,444
Total	<u>\$ 913,640</u>	<u>\$ 1,197,223</u>	<u>\$ 283,583</u>
Unrestricted Intergovernmental:			
Local option sales tax	\$ 2,091,541	\$ 2,148,086	\$ 56,545
Payments in lieu of taxes	37,500	27,178	(10,322)
Beer and wine tax	76,505	74,131	(2,374)
ABC profits	43,500	50,912	7,412
Video franchise fee	27,500	36,363	8,863
Occupancy tax	2,500	3,801	1,301
Utility franchise tax	1,200,000	1,433,006	233,006
Total	<u>\$ 3,479,046</u>	<u>\$ 3,773,477</u>	<u>\$ 294,431</u>
Restricted Intergovernmental:			
"State Street Aid" allocation	\$ 475,217	\$ 470,059	\$ (5,158)
Grant funds	282,026	197,919	(84,107)
Solid waste disposal tax	6,885	12,231	5,346
Drug enforcement revenue	30,000	5,768	(24,232)
Total	<u>\$ 794,128</u>	<u>\$ 685,977</u>	<u>\$ (108,151)</u>
Inspection Fees and Permits	<u>\$ 72,950</u>	<u>\$ 94,733</u>	<u>\$ 21,783</u>
Investment Earnings	<u>\$ 2,250</u>	<u>\$ 1,514</u>	<u>\$ (736)</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, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues: (continued)			
Sales and Services:			
Cemetery lots	\$ 110,250	\$ 129,592	\$ 19,342
Rents, concessions, & other fees	765,142	501,679	(263,463)
Solid waste user fees	1,295,606	1,214,702	(80,904)
Roanoke Rapids Theater income	-	20,560	20,560
Municipal ordinance violations	59,500	14,882	(44,618)
Total	<u>\$ 2,230,498</u>	<u>\$ 1,881,415</u>	<u>\$ (349,083)</u>
Miscellaneous:			
Miscellaneous	\$ 110,631	\$ 112,382	1,751
Sale of materials	54,250	87,092	32,842
Total	<u>\$ 164,881</u>	<u>\$ 199,474</u>	<u>\$ 34,593</u>
Insurance Reimbursements	<u>\$ 37,500</u>	<u>\$ 2,142</u>	<u>\$ (35,358)</u>
Total Revenues	<u>\$ 15,225,264</u>	<u>\$ 15,337,041</u>	<u>\$ 111,777</u>
Expenditures:			
Governing Body:			
City Council:			
Salaries & employee benefits	\$ -	\$ 46,749	\$ -
Operating expenses	-	13,003	-
Total	<u>\$ 62,998</u>	<u>\$ 59,752</u>	<u>\$ 3,246</u>
Administration:			
Salaries & employee benefits	\$ -	\$ 276,006	\$ -
Operating expenses	-	32,066	-
Total	<u>\$ 310,259</u>	<u>\$ 308,072</u>	<u>\$ 2,187</u>
Finance			
Salaries & employee benefits	\$ -	\$ 228,346	\$ -
Operating expenses	-	25,641	-
Total	<u>\$ 255,543</u>	<u>\$ 253,987</u>	<u>\$ 1,556</u>
Information System:			
Salaries & employee benefits	\$ -	\$ -	\$ -
Operating expenses	-	43,243	-
Capital outlay	-	-	-
Total	<u>\$ 49,847</u>	<u>\$ 43,243</u>	<u>\$ 6,604</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
General Government: (continued)			
Tax/Revenue Collections:			
Salaries & employee benefits	\$ -	\$ 70,738	\$ -
Operating expenses	-	5,581	-
Collection fees	-	156,178	-
Total	<u>\$ 232,497</u>	<u>\$ 232,497</u>	<u>\$ -</u>
Legal:			
Professional services	\$ -	\$ 36,510	\$ -
Operating expenses	-	-	-
Total	<u>\$ 36,510</u>	<u>\$ 36,510</u>	<u>\$ -</u>
Government Buildings:			
Salaries & employee benefits	\$ -	\$ 34,585	\$ -
Operating expenses	-	64,404	-
Capital outlay	-	-	-
Total	<u>\$ 102,201</u>	<u>\$ 98,989</u>	<u>\$ 3,212</u>
Central Garage:			
Salaries & employee benefits	\$ -	\$ 203,181	\$ -
Vehicle maintenance	-	5,182	-
Operating expenses	-	19,075	-
Capital outlay	-	-	-
Total	<u>\$ 236,704</u>	<u>\$ 227,438</u>	<u>\$ 9,266</u>
Miscellaneous:			
Salaries & employee benefits	\$ -	\$ 212,350	\$ -
E-911 system cost	-	244,646	-
Elections	-	-	-
Operating expenses	-	710,384	-
Uninsured loss expenditures	-	35,551	-
Miscellaneous expenses	-	9,589	-
Capital outlay	-	-	-
Total	<u>\$ 1,213,495</u>	<u>\$ 1,212,520</u>	<u>\$ 975</u>
Total General Government	<u>\$ 2,500,054</u>	<u>\$ 2,473,008</u>	<u>\$ 27,046</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, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenditures: (continued)			
Public Safety:			
Police:			
Salaries & employee benefits	\$ -	\$ 2,609,491	\$ -
Vehicle maintenance	-	154,185	-
Operating expenses	-	213,117	-
Capital outlay	-	151,891	-
Total	<u>\$ 3,138,538</u>	<u>\$ 3,128,684</u>	<u>\$ 9,854</u>
Fire:			
Salaries & employee benefits	\$ -	\$ 1,635,307	\$ -
Vehicle maintenance	-	141,812	-
Operating expenses	-	38,813	-
Capital outlay	-	53,840	-
Total	<u>\$ 1,877,138</u>	<u>\$ 1,869,772</u>	<u>\$ 7,366</u>
Total Public Safety	<u>\$ 5,015,676</u>	<u>\$ 4,998,456</u>	<u>\$ 17,220</u>
Transportation:			
Streets Repair and Construction:			
Salaries & employee benefits	\$ -	\$ 592,955	\$ -
Vehicle maintenance	-	83,109	-
Operating expenses	-	242,403	-
Street lights	-	439,441	-
Contracted services	-	16,000	-
Capital outlay	-	144,983	-
Total	<u>\$ 1,546,642</u>	<u>\$ 1,518,891</u>	<u>\$ 27,751</u>
Public Works:			
Salaries & employee benefits	\$ -	\$ 367,991	\$ -
Vehicle maintenance	-	2,421	-
Operating expenses	-	85,987	-
Capital outlay	-	-	-
Total	<u>\$ 463,542</u>	<u>\$ 456,399</u>	<u>\$ 7,143</u>
Total Transportation	<u>\$ 2,010,184</u>	<u>\$ 1,975,290</u>	<u>\$ 34,894</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Environmental Protection:			
Sanitation - Solid Waste Division:			
Salaries & employee benefits	\$ -	\$ 270,851	\$ -
Landfill tipping fees	-	260,532	-
Vehicle maintenance	-	35,299	-
Operating expenses	-	35,076	-
Capital outlay	-	169,791	-
Total	<u>\$ 837,791</u>	<u>\$ 771,549</u>	<u>\$ 66,242</u>
Sanitation - Refuse Division:			
Salaries & employee benefits	\$ -	\$ 159,007	\$ -
Refuse tipping fees	-	57,896	-
Vehicle maintenance	-	68,477	-
Operating expenses	-	76,707	-
Capital outlay	-	-	-
Total	<u>\$ 380,272</u>	<u>\$ 362,087</u>	<u>\$ 18,185</u>
Cemetery:			
Salaries & employee benefits	\$ -	\$ 92,415	\$ -
Vehicle maintenance	-	4,785	-
Operating expenses	-	15,853	-
Capital outlay	-	-	-
Total	<u>\$ 115,962</u>	<u>\$ 113,053</u>	<u>\$ 2,909</u>
Property Maintenance:			
Salaries & employee benefits	\$ -	\$ 178,558	\$ -
Vehicle maintenance	-	15,653	-
Operating expenses	-	88,021	-
Capital outlay	-	27,848	-
Total	<u>\$ 310,080</u>	<u>\$ 310,080</u>	<u>\$ -</u>
Total Environmental Protection	<u>\$ 1,644,105</u>	<u>\$ 1,556,769</u>	<u>\$ 87,336</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Economic and Physical Development:			
Planning and Development:			
Salaries & employee benefits	\$ -	\$ 311,032	\$ -
Operating expenses	-	31,637	-
Vehicle maintenance	-	4,835	-
Capital outlay	-	-	-
Economic development	-	27,178	-
Total	<u>\$ 407,256</u>	<u>\$ 374,682</u>	<u>\$ 32,574</u>
Miscellaneous:			
Main Street contribution	\$ -	\$ -	\$ -
Rescue squad	-	25,000	-
Other	-	2,352	-
Total	<u>\$ 27,361</u>	<u>\$ 27,352</u>	<u>\$ 9</u>
Total Economic and Physical Development	<u>\$ 434,617</u>	<u>\$ 402,034</u>	<u>\$ 32,583</u>
Cultural and Recreational:			
Davis Recreation:			
Salaries & employee benefits	\$ -	\$ 224,744	\$ -
Vehicle maintenance	-	2,261	-
Operating expenses	-	69,737	-
Capital outlay	-	-	-
Total	<u>\$ 300,400</u>	<u>\$ 296,742</u>	<u>\$ 3,658</u>
Roanoke Canal Museum:			
Salaries & employee benefits	\$ -	\$ 56,148	\$ -
Operating expenses	-	20,910	-
Total	<u>\$ 87,998</u>	<u>\$ 77,058</u>	<u>\$ 10,940</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Cultural and Recreational: (continued)			
Aquatic Center:			
Salaries & employee benefits	\$ -	\$ 89,046	\$ -
Operating expenses	-	94,175	-
Capital outlay	-	275,000	-
Total	<u>\$ 513,324</u>	<u>\$ 458,221</u>	<u>\$ 55,103</u>
Parks:			
Salaries & employee benefits	\$ -	\$ 296,081	\$ -
Vehicle maintenance	-	22,085	-
Operating expenses	-	88,443	-
Capital outlay	-	51,542	-
Total	<u>\$ 463,031</u>	<u>\$ 458,151</u>	<u>\$ 4,880</u>
Chaloner Recreation:			
Salaries & employee benefits	\$ -	\$ 52,645	\$ -
Operating expenses	-	27,005	-
Capital outlay	-	-	-
Total	<u>\$ 91,158</u>	<u>\$ 79,650</u>	<u>\$ 11,508</u>
Senior Citizens Center:			
Salaries & employee benefits	\$ -	\$ 68,213	\$ -
Operating expenses	-	22,189	-
Vehicle maintenance	-	1,420	-
Transportation grant	-	14,432	-
Capital outlay	-	59,250	-
Total	<u>\$ 170,442</u>	<u>\$ 165,504</u>	<u>\$ 4,938</u>
Community Center:			
Salaries & employee benefits	\$ -	\$ 7,569	\$ -
Operating expenses	-	47,495	-
Capital outlay	-	-	-
Total	<u>\$ 62,414</u>	<u>\$ 55,064</u>	<u>\$ 7,350</u>
Library:			
Salaries & employee benefits	\$ -	\$ 187,689	\$ -
Operating expenses	-	75,127	-
Capital outlay	-	-	-
Total	<u>\$ 287,316</u>	<u>\$ 262,816</u>	<u>\$ 24,500</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Cultural and Recreational: (continued)			
Andrews Meeting Hall:			
Operating expenses	\$ -	\$ 12,237	\$ -
Capital outlay	-	19,629	-
Total	<u>\$ 38,241</u>	<u>\$ 31,866</u>	<u>\$ 6,375</u>
Total Cultural and Recreational	<u>\$ 2,014,324</u>	<u>\$ 1,885,072</u>	<u>\$ 129,252</u>
Debt Service:			
Bond/debt principal amount	\$ -	\$ 2,144,107	\$ -
Interest on debt	-	59,384	-
Bond/service commissions	-	1,500	-
Total Debt Service	<u>\$ 2,204,991</u>	<u>\$ 2,204,991</u>	<u>\$ -</u>
Miscellaneous Grants:			
Kaboom grant	\$ -	\$ 15,355	\$ -
Senior Center	-	12,337	-
Miscellaneous	-	26,309	-
USDA Rural Development	-	-	-
Total Miscellaneous Grants	<u>\$ 232,871</u>	<u>\$ 54,001</u>	<u>\$ 178,870</u>
Total Expenditures	<u>\$ 16,056,822</u>	<u>\$ 15,549,621</u>	<u>\$ 507,201</u>
Revenues Over (Under) Expenditures	<u>\$ (831,558)</u>	<u>\$ (212,580)</u>	<u>\$ 618,978</u>
Other Financing Sources (Uses):			
Fund balance appropriated	\$ 547,773	\$ -	\$ (547,773)
Transfer from other funds	-	140,205	-
Installment financing	283,785	282,609	(1,176)
Total Other Financing Sources (Uses)	<u>\$ 831,558</u>	<u>\$ 422,814</u>	<u>\$ (408,744)</u>
Revenues and Other Financing Sources Over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 210,234</u>	<u>\$ 210,234</u>
Fund Balance, Beginning of Year		7,918,711	
Prior Period Adjustment		<u>-</u>	
Fund Balance, End of Year		<u>\$ 8,128,945</u>	

City of Roanoke Rapids, North Carolina
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2015

Exhibit B-1

	Capital Project Funds							Total Nonmajor Capital Projects Funds
	Kate B. Reynolds Recreation Park Project	Kate B. Reynolds Ledgerwood Project	Fire Station #2 Project	USDA Rural Development Garage Door Project	Clean Water Management Trust Fund	Carolina Crossroads Water & Sewer	Carolina Crossroads Public Roadway	
Assets								
Cash and cash equivalents	\$ 124,054	\$ -	\$ 22	\$ -	\$ 19,512	\$ -	\$ -	\$ 143,588
Due from other governments	-	-	-	-	-	-	-	-
Grant receivable	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	3,446	-	-	-	3,446
Accounts receivable	-	-	-	-	-	-	-	-
Total Assets	\$ 124,054	\$ -	\$ 22	\$ 3,446	\$ 19,512	\$ -	\$ -	\$ 147,034
Liabilities and Fund Balances								
Liabilities:								
Accounts payable & accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ 1,500
Due to Other Funds	-	-	-	-	-	-	-	-
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ 1,500
Fund balances:								
Reserved by state statute	\$ -	\$ -	\$ -	\$ 3,446	\$ -	\$ -	\$ -	\$ 3,446
Unassigned	124,054	-	22	-	18,012	-	-	142,088
Total Fund Balances	\$ 124,054	\$ -	\$ 22	\$ 3,446	\$ 18,012	\$ -	\$ -	\$ 145,534
Total Liabilities and Fund Balances	\$ 124,054	\$ -	\$ 22	\$ 3,446	\$ 19,512	\$ -	\$ -	\$ 147,034

(continued)

City of Roanoke Rapids, North Carolina
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2015

Exhibit B-1

(continued)

	Local Law Enforcement Grant Fund	Hodgestown Project	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,827	\$ 2,498	\$ 4,325	\$ 147,913
Due from other governments	-	-	-	-
Grant receivable	-	-	-	-
Due from other funds	-	-	-	3,446
Accounts receivable	-	-	-	-
Total Assets	<u>\$ 1,827</u>	<u>\$ 2,498</u>	<u>\$ 4,325</u>	<u>\$ 151,359</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable & accrued liabilities	\$ -	\$ -	\$ -	\$ 1,500
Due to General Fund	-	-	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500</u>
Fund balances:				
Reserved by state statute	\$ -	\$ -	\$ -	\$ 3,446
Unassigned	1,827	2,498	4,325	146,413
Total Fund Balances	<u>\$ 1,827</u>	<u>\$ 2,498</u>	<u>\$ 4,325</u>	<u>\$ 149,859</u>
Total Liabilities and Fund Balances	<u>\$ 1,827</u>	<u>\$ 2,498</u>	<u>\$ 4,325</u>	<u>\$ 151,359</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, 2015

Exhibit B-2

Capital Project Funds

	Kate B. Reynolds Recreation Park Project	Kate B. Reynolds Ledgerwood Project	Fire Station #2 Project	USDA Rural Development Garage Door Project	Clean Water Management Trust Fund	Carolina Crossroads Water & Sewer	Carolina Crossroads Public Roadway	Total Nonmajor Capital Projects Funds
Revenues								
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	125,000	-	-	-	-	-	-	125,000
Other taxes and licenses	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 125,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,000</u>
Expenditures								
Current:								
Economic & physical development	\$ 946	\$ 2,112	\$ -	\$ -	\$ -	\$ -	\$ -	3,058
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>\$ 946</u>	<u>\$ 2,112</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,058</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 124,054</u>	<u>\$ (2,112)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,942</u>
Other Financing Sources (Uses):								
Transfers (to) from other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (26,172)	\$ (73,227)	\$ (99,399)
Financing proceeds	-	-	-	-	-	-	-	-
Total Other Financing Sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,172)</u>	<u>\$ (73,227)</u>	<u>\$ (99,399)</u>
Net Change in Fund Balances	\$ 124,054	\$ (2,112)	\$ -	\$ -	\$ -	\$ (26,172)	\$ (73,227)	\$ 22,543
Fund Balances:								
Beginning of year, July 1	-	2,112	22	3,446	18,012	26,172	73,227	122,991
End of year, June 30	<u>\$ 124,054</u>	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ 3,446</u>	<u>\$ 18,012</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,534</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, 2015

Exhibit B-2

(continued)

	Local Law Enforcement Grant Fund	Hodgestown Project	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Revenues				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	-	-	-	125,000
Other taxes and licenses	-	-	-	-
Miscellaneous	-	-	-	-
Investment earnings	1	5	6	6
Sale of fixed assets	-	-	-	-
Total Revenues	<u>\$ 1</u>	<u>\$ 5</u>	<u>\$ 6</u>	<u>\$ 125,006</u>
Expenditures				
Current:				
Economic & physical development	\$ -	\$ -	\$ -	\$ 3,058
Capital outlay	-	-	-	-
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,058</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1</u>	<u>\$ 5</u>	<u>\$ 6</u>	<u>\$ 121,948</u>
Other Financing Sources (Uses):				
Transfers (to) from other funds	\$ -	\$ (40,806)	\$ (40,806)	\$ (140,205)
Financing proceeds	-	-	-	-
Total Other Financing Sources (uses)	<u>\$ -</u>	<u>\$ (40,806)</u>	<u>\$ (40,806)</u>	<u>\$ (140,205)</u>
Net Change in Fund Balances	\$ 1	\$ (40,801)	\$ (40,800)	\$ (18,257)
Fund Balances:				
Beginning of year, July 1	1,826	43,299	45,125	168,116
Prior period adjustment	-	-	-	-
End of year, June 30	<u>\$ 1,827</u>	<u>\$ 2,498</u>	<u>\$ 4,325</u>	<u>\$ 149,859</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, 2015

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	\$ 344	\$ 1	\$ 345	\$ 195
Federal grant	48,100	63,553	-	63,553	15,453
Total Revenues	<u>\$ 48,250</u>	<u>\$ 63,897</u>	<u>\$ 1</u>	<u>\$ 63,898</u>	<u>\$ 15,648</u>
Expenditures:					
Capital outlay	53,405	66,415	-	66,415	(13,010)
Revenues Over (Under) Expenditures	\$ (5,155)	\$ (2,518)	\$ 1	\$ (2,517)	\$ 2,638
Other Financing Sources:					
Transfer in	5,155	4,344	-	4,344	(811)
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 1,826</u>	<u>\$ 1</u>	<u>\$ 1,827</u>	<u>\$ 1,827</u>
Fund Balance:					
Beginning of year, July 1			1,826		
End of year, June 30			<u>\$ 1,827</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, 2015

Exhibit C-2

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
Investment earnings	\$ -	\$ 10,196	\$ 5	\$ 10,201	\$ 10,201
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>\$ 130,223</u>	<u>\$ 5</u>	<u>\$ 130,228</u>	<u>\$ (54,632)</u>
Expenditures:					
Contracted services	\$ 41,371	\$ 40,375	\$ -	\$ 40,375	\$ 996
Miscellaneous	139,882	-	-	-	139,882
Engineering and design	32,700	-	-	-	32,700
Testing of materials	2,500	-	-	-	2,500
Street/Utility Construction	115,719	87,636	-	87,636	28,083
Contingency	54,525	1,183	-	1,183	53,342
Total Expenditures	<u>\$ 386,697</u>	<u>\$ 129,194</u>	<u>\$ -</u>	<u>\$ 129,194</u>	<u>\$ 257,503</u>
Revenues Over (Under) Expenditures	<u>\$ (201,837)</u>	<u>\$ 1,029</u>	<u>\$ 5</u>	<u>\$ 1,034</u>	<u>\$ 202,871</u>
Other Financing Sources:					
Transfers in (out)	\$ 42,270	\$ 42,270	\$ (40,806)	\$ 1,464	\$ (40,806)
Fund balance appropriated	159,567	-	-	-	(159,567)
Total Other Financing Sources (Uses)	<u>\$ 201,837</u>	<u>\$ 42,270</u>	<u>\$ (40,806)</u>	<u>\$ 1,464</u>	<u>\$ (200,373)</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 43,299</u>	<u>\$ (40,801)</u>	<u>\$ 2,498</u>	<u>\$ 2,498</u>
Fund Balance:					
Beginning of year, July 1			43,299		
End of year, June 30			<u>\$ 2,498</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, 2015

Exhibit C-3

	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	\$ 551,000	\$ 525,606	\$ -	\$ 525,606	\$ (25,394)
Expenditures:					
Clearing, erosion control	\$ 47,915	\$ 47,915	\$ -	\$ 47,915	\$ -
Earthwork, Geotextile Place	102,842	102,841	-	102,841	1
Vegetation	66,286	66,286	-	66,286	-
Streambank stabilization materials	117,495	117,495	-	117,495	-
Bridge replacement	57,497	57,497	-	57,497	-
Relocate utilities	10,000	8,341	-	8,341	1,659
Mobilization/demobilization	25,213	20,257	-	20,257	4,956
Observation/drawings	30,100	30,100	-	30,100	-
Water quality monitoring	30,000	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	\$ 553,500	\$ 512,594	\$ -	\$ 512,594	\$ 40,906
Revenues Over (Under) Expenditures	\$ (2,500)	\$ 13,012	\$ -	\$ 13,012	\$ (15,512)
Other Financing Sources:					
Transfer in	2,500	5,000	-	5,000	2,500
Revenues and Other Financing Sources Over (Under) Expenditures					
	\$ -	\$ 18,012	\$ -	\$ 18,012	\$ 18,012
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, 2015

Exhibit C-4

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues:					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursement from RR Sanitary District	12,500	12,500	-	12,500	-
Total Revenues	<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 - Carolina Crossroads Water and Sewer
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
4From Inception and For the Fiscal Year Ended June 30, 2015

Exhibit C-5

	Project Authorization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
Revenues:					
Utility account	\$ 429,550	\$ 456,840	\$ -	\$ 456,840	\$ 27,290
EDA	278,100	-	-	-	(278,100)
Rural Center	500,000	451,275	-	451,275	(48,725)
NC Dept. of Commerce Grant - CDBG	1,000,000	961,155	-	961,155	(38,845)
Golden Leaf Foundation	399,000	370,665	-	370,665	(28,335)
Roanoke Rapids Sanitary District	185,400	-	-	-	(185,400)
Total Revenues	\$ 2,792,050	\$2,239,935	\$ -	\$2,239,935	\$ (552,115)
Expenditures:					
Planning	\$ 5,000	\$ 5,000	\$ -	\$ 5,000	\$ -
Testing	2,500	-	-	-	2,500
Administration	51,500	78,150	-	78,150	(26,650)
Construction	2,684,550	2,097,920	-	2,097,920	586,630
Engineering and design	48,500	32,693	-	32,693	15,807
Total Expenditures	\$ 2,792,050	\$2,213,763	\$ -	\$2,213,763	\$ 578,287
Revenues Over (Under) Expenditures	\$ -	\$ 26,172	\$ -	\$ 26,172	\$ 26,172
Other Financing Sources: Transfers in (out)	\$ -	\$ -	\$ (26,172)	\$ (26,172)	\$ (26,172)
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 26,172</u>	<u>\$ (26,172)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year, July 1			26,172		
End of year, June 30			<u>\$ -</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, 2015

Exhibit C-6

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
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	\$ -	\$ 73,227	\$ -	\$ 73,227	\$ 73,227
Other Financing Sources:					
Transfers in (out)	\$ -	\$ -	\$ (73,227)	\$ (73,227)	\$ (73,227)
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 73,227</u>	<u>\$ (73,227)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year, July 1			73,227		
End of year, June 30			<u>\$ -</u>		

City of Roanoke Rapids, North Carolina
Capital Project Funds - USDA Rural Development Garage Door Project
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2015

Exhibit C-7

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

City of Roanoke Rapids, North Carolina
Capital Project Funds - Kate B. Reynolds Ledgerwood Project
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2015

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

City of Roanoke Rapids, North Carolina
Capital Project Funds - Kate B. Reynolds Recreation Park Project
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2015

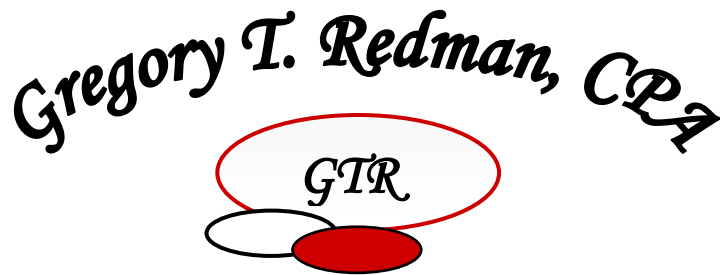
Exhibit C-9

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
KB Reynolds Grant	\$ 125,000	\$ -	\$ 125,000	\$ 125,000	\$ -
Total Revenues	<u>\$ 125,000</u>	<u>\$ -</u>	<u>\$ 125,000</u>	<u>\$ 125,000</u>	<u>\$ -</u>
Expenditures:					
Construction	\$ 125,000	\$ -	\$ 946	\$ 946	\$ 124,054
Total Expenditures	<u>\$ 125,000</u>	<u>\$ -</u>	<u>\$ 946</u>	<u>\$ 946</u>	<u>\$ 124,054</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,054</u>	<u>\$ 124,054</u>	<u>\$ 124,054</u>
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ 124,054</u>		

City of Roanoke Rapids, North Carolina
Analysis of Current Tax Levy - City-wide Levy
For the Fiscal Year Ended June 30, 2015

Exhibit D-2

	Total Property Valuation	Rate	Amount of Levy	Total Levy	
				Property Excluding Registered Vehicles	Registered Vehicles
Real Estate/Personal Property	\$ 1,059,662,981	0.624	\$ 6,612,297	\$ 6,612,297	\$ -
Motor Vehicles	131,755,449	0.624	822,154	-	822,154
Tax Levy	\$ 1,191,418,430		\$ 7,434,451	\$ 6,612,297	\$ 822,154
Refunds on cars by County		0.624	-	-	-
Adjustments - current		0.624	9,778	9,778	-
Abatements - current year Rate	(2,790,155)	0.624	(17,411)	(17,411)	-
Afterlists & Discovery Billings	823,226	0.624	5,137	5,137	-
Net Levy	\$ 1,189,451,501		\$ 7,431,955	\$ 6,609,801	\$ 822,154
Less uncollected taxes at June 30, 2015			105,979	105,979	-
Current Year's Taxes Collected			\$ 7,325,976	\$ 6,503,822	\$ 822,154
Current Levy Collection Percentage			98.57%	98.40%	100.00%



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Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance with
Government Auditing Standards

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Roanoke Rapids, North Carolina as of and for the year ended June 30, 2015, and have issued my report thereon dated August 26, 2015 and the related notes to the financial statements, which collectively comprise the City of Roanoke Rapids, North Carolina's basic financial statements, and have issued my report thereon dated August 26, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

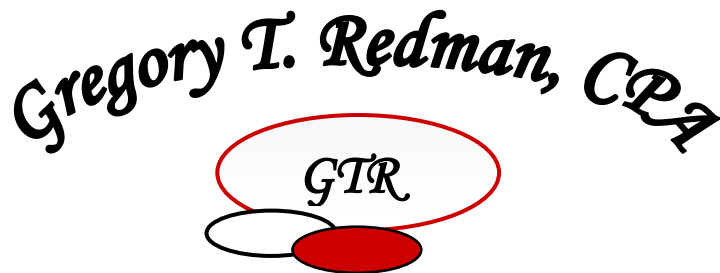
As part of obtaining reasonable assurance about whether the City of Roanoke Rapids, North Carolina's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could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

Purpose of this Report

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

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

Gregory T. Redman, CPA
Tarboro, North Carolina
August 26, 2015



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Report on Compliance with Requirements Applicable
to each Major State Program and Internal control over
Compliance in Accordance with OMB Circular A-133
and the State Single Audit Implementation Act

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

Report on Compliance for Each Major State Program

We have audited the City Of Roanoke Rapids, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission, that could have a direct and material effect on each of the City of Roanoke Rapids, North Carolina's major State programs for the year ended June 30, 2015. The City of Roanoke Rapids, North Carolina's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the City of Roanoke Rapids, North Carolina's major State programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organization*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City of Roanoke Rapids, North Carolina's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major State program. However, my audit does not provide a legal determination of the City of Roanoke Rapids, North Carolina's compliance.

Opinion on Each Major State Program

In my opinion, the City of Roanoke Rapids, North Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the City of Roanoke Rapids, North Carolina is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing my audit of compliance, I considered the City of Roanoke Rapids, North Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with OMB Circular A-133 but not for the purpose of expressing an opinion on the effectiveness the City's internal control over compliance. 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. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Gregory T. Redman, CPA
Tarboro, North Carolina
August 26, 2015

**City Of Roanoke Rapids, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____yes X no

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

- Noncompliance material to financial statements noted _____yes X no

State Awards

Internal control over major State programs:

- Material weakness(es) identified? _____yes X no

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

- Noncompliance material to financial statements noted _____yes X no

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

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

Identification of major State programs:

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

**City Of Roanoke Rapids, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015**

Section II – Financial Statement Findings

None Reported

Section III – State Award Findings and Questioned Costs

None Reported

**City Of Roanoke Rapids, North Carolina
Corrective Action Plan
For the Year Ended June 30, 2015**

Section II – Financial Statement Findings

None Reported

Section III – State Award Findings and Questioned Costs

None Reported

**City Of Roanoke Rapids, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2015**

None Reported

City of Roanoke Rapids, North Carolina
Schedule of Expenditures of Federal and State Awards
June 30, 2015

Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Federal Expenditures	State Expenditures
FEDERAL GRANTS:			
U.S. Department of Homeland Security:			
Disaster Grants - Public Assistance	97.036	\$ 123,581	\$ -
U.S. Department of Health and Human Services			
Passed-through N.C. Department of Health and Human Services:			
Access:			
90 % State Funds	N/A	\$ -	\$ 5,954
Title III-B	93.044	14,237	837
Total		<u>\$ 14,237</u>	<u>\$ 6,791</u>
In-Home Services:			
90% State Funds	N/A	\$ -	\$ 38,175
90% State Funds/Caregiver Match	N/A	-	291
SSBG	93.667	4,989	143
Title III-B	93.440	3,496	206
Total		<u>\$ 8,485</u>	<u>\$ 38,815</u>
STATE GRANTS:			
N.C. Department of Transportation			
Powell Bill	N/A	\$ -	\$ 470,059
SS - 4904 CY-Con-NC 125	N/A	-	2,000
Total		<u>\$ -</u>	<u>\$ 472,059</u>
N.C. Department of Cultural Resources:			
Aid to Public Libraries	N/A	\$ -	\$ 12,994
N.C. Department of Health and Human Services:			
Senior Center Outreach	N/A	\$ -	\$ 11,680
Fan/Heat Program	N/A	-	475
Total		<u>\$ -</u>	<u>\$ 12,155</u>
Total Assistance		<u>\$ 146,303</u>	<u>\$ 542,814</u>

Note 1:

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of the City of Roanoke Rapids and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirement of OMB Circular A-133, Audits of States, Local Government, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.