

CITY OF ROANOKE RAPIDS, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2016

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
Table of Contents
June 30, 2016

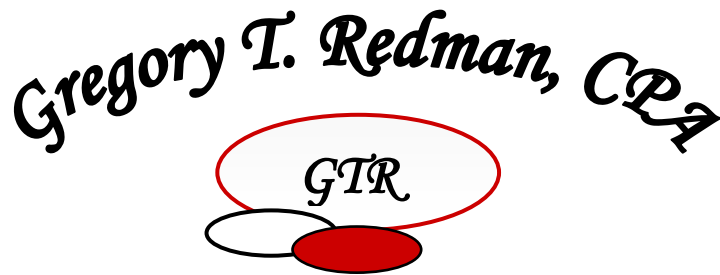
	<u>Page</u>
Financial Section	
Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – General Fund	17
Notes to the Financial Statements	18
Required Supplemental Financial Data	
Schedule of Funding Progress for the Law Enforcement Officers’ Special Separation Allowance	45
Schedule of Employer Contributions for the Law Enforcement Officers’ Special Separation Allowance	46

	<u>Page</u>
Schedule of Funding Progress for the Other Postemployment Benefits	47
Schedule of Employer Contributions for the Other Postemployment Benefits	48
Schedule of the Proportionate Share of the Net Pension Liability – Local Government Employees’ Retirement Systems	49
Schedule of Contributions – Local Government Employees’ Retirement System	50
Individual Fund Statements and Schedules	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	51
Combining Balance Sheet – Non-Major Governmental Funds	59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds	61
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Special Revenue Funds:	
Local Law Enforcement Grant Fund	63
Hodgestown Project	64
Capital Project Funds:	
Clean Water Management Trust Grant Fund	65
Fire Station #2 Project	66
USDA Rural Development Garage Door Project	67
Kate B. Reynolds Recreation Park Project	68
CDBG Fellows Capacity Building Project	69
Other Schedules:	
Schedule of Ad Valorem Taxes Receivable	70
Analysis of Current Tax Levy – City-wide Levy	71

Compliance Section

Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	72
Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control over Compliance in Accordance with the Uniform Guidance and the State Single Audit Implementation Act	74
Schedule of Findings and Questioned Costs	76
Corrective Action Plan	78
Summary Schedule of Prior Year Audit Findings	79
Schedule of Expenditures of Federal and State Awards	80

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, 2016, 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, 2016, 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 Liability 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 *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 November 30, 2016 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 initial 'G'.

Gregory T. Redman, CPA
Tarboro, North Carolina
November 30, 2016

Management's Discussion and Analysis

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2016**

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, 2016. 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.

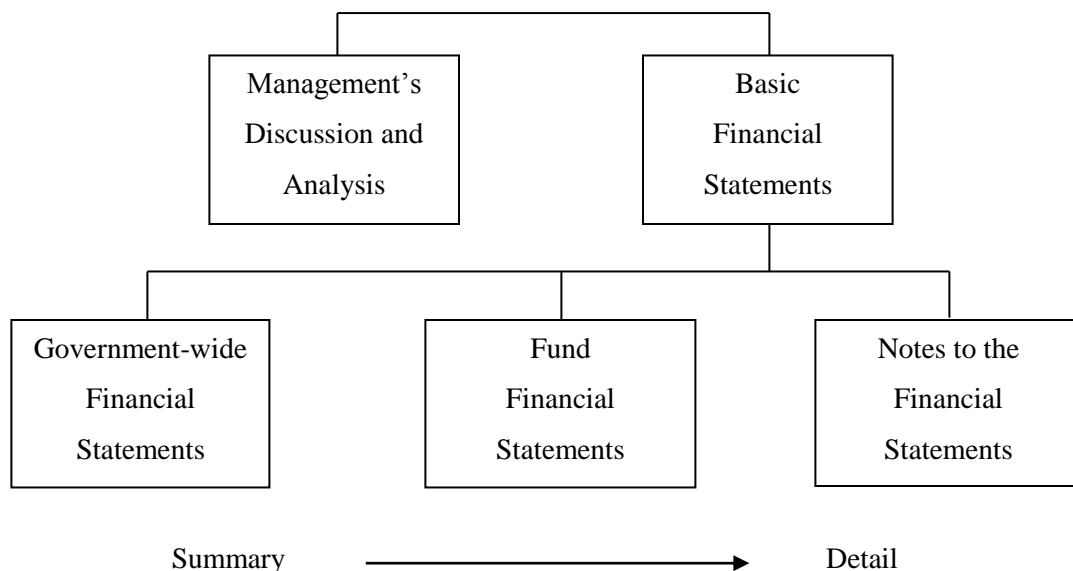
Financial Highlights

- The assets of the City of Roanoke Rapids exceeded its liabilities at the close of the fiscal year by \$7,761,096.
- The government's total net position increased by \$276,218.
- As of close of the current fiscal year, the City of Roanoke Rapids' governmental funds reported combined ending fund balances of \$7,588,828 with a net decrease of (\$689,976) in fund balance. Approximately 45 percent of this total amount, or \$3,431,808, 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 \$3,409,448 or 22 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, 2016**

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, 2016**

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	
	2016	2015
Assets:		
Current assets	\$ 6,671,501	\$ 7,295,757
Capital assets	20,634,948	21,063,251
Restricted assets	2,120,628	2,944,328
Deferred outflows of resources	3,920,185	4,512,243
Total Assets and Deferred Outflows	\$ 33,347,262	\$ 35,815,579
Liabilities:		
Long-term liabilities outstanding	\$ 23,274,931	\$ 24,701,715
Other liabilities	1,796,534	1,981,470
Total Liabilities	\$ 25,071,465	\$ 26,683,185
Deferred Inflows of Resources	\$ 514,701	\$ 1,647,516
Net Position:		
Net investment in capital assets	\$ 4,425,825	\$ 3,551,860
Restricted net position	1,214,095	1,725,260
Unrestricted net position	2,121,176	2,207,758
Total Net Position	\$ 7,761,096	\$ 7,484,878

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2016**

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 \$7,761,096 as of June 30, 2016. The City's net position increased by \$276,218 for the fiscal year ended June 30, 2016. The City of Roanoke Rapids uses the capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Roanoke Rapids' investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

City of Roanoke Rapids Changes in Net Position

	Governmental Activities	
	2016	2015
Revenues:		
Program revenues:		
Charges for services	\$ 1,727,979	\$ 1,976,148
Operating grants and contributions	771,716	685,977
Capital grants and contributions	20,795	125,000
General revenues:		
Property taxes	7,391,034	7,509,643
Other taxes	892,114	1,197,223
Grants and contributions not restricted to specific programs	3,919,271	3,773,477
Other	145,975	203,136
Loss on disposal of capital assets	-	-
Total Revenues	<u>\$ 14,868,884</u>	<u>\$ 15,470,604</u>
Expenses:		
General government	\$ 2,860,517	\$ 2,296,781
Public safety	4,974,272	5,064,047
Transportation	1,754,359	1,988,613
Economic and physical development	1,118,975	906,292
Environmental Protection	1,447,265	1,385,007
Cultural and recreation	1,727,227	1,712,139
Interest on long-term debt	710,051	60,884
Total Expenses	<u>\$ 14,592,666</u>	<u>\$ 13,413,763</u>
Increase (decrease) in net position	<u>\$ 276,218</u>	<u>\$ 2,056,841</u>
Net position, July 1	\$ 7,484,878	\$ 6,291,132
Restatement	-	(863,095)
Net position, beginning, restated	<u>\$ 7,484,878</u>	<u>\$ 5,428,037</u>
Net position, June 30	<u><u>\$ 7,761,096</u></u>	<u><u>\$ 7,484,878</u></u>

Financial Analysis of the City's Funds

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

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2016**

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 \$3,409,448, while total fund balance reached \$7,563,022. 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 22 percent of total General Fund expenditures, while total fund balance represents 49 percent of that same amount.

At June 30, 2016, the governmental funds of City of Roanoke Rapids reported a combined fund balance of \$7,588,828 with a net decrease in fund balance of (\$689,976).

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 2015/2016 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, 2016 total \$20,634,948 (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	
	2016	2015
Land and construction in progress	\$ 3,012,713	\$ 3,012,713
Buildings and systems	15,640,782	16,472,686
Machinery and equipment	1,981,453	1,577,852
Total	\$ 20,634,948	\$ 21,063,251

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

Long-term Debt. The Tax Increment Financing debt of \$16,500,000 is backed by a letter of credit from Bank of America. The following revenues are to be used to make the debt service payments and are listed in order of priority: 1) Lease revenues; 2) Incremental Property Taxes from the 123 acres; and 3) General Sales Tax Revenues that come to the City.

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2016**

General Obligation and Revenue Bonds

	Governmental Activities	
	2016	2015
Tax increment financing	\$ 16,500,000	\$ 17,375,000
Installment notes payable	1,805,891	2,420,906
Total	\$ 18,305,891	\$ 19,795,906

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 \$72,875,058.

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

Economic Overview

New Buildings

KapStone Paper and Packaging- 100 Gaston Rd.

Installation of new office & maintenance building, construction value \$239,074.00

Equipment Installation- Phase 1- stacker reclaimer - \$2,500,000.00

US Cellular Cell Tower- 609 Jackson Street

New Wireless communication tower- \$85,000.00

Metal building on slab for cell tower- \$68,735.00

Manning Elementary School- 940 Park Avenue

Construction of New School- \$16,981,950.00

Major Renovations, Building Additions

Edward Jones –409 Becker Drive- \$37,136.92 – Interior cosmetic upfit

Halifax Regional Medical Center- 250 Smith Church Rd- \$110,000.00-Interior Renovation

Walmart- 251 Premier Blvd- \$389,000.00- New membrane for existing roof

Taco Bell- 1801 Julian R Allbrook Hwy- \$250,000.00- Interior/ exterior remodel

Lendmark- 269 Premier Blvd- \$50,008.000 – Interior Remodel for new business

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2016**

Signature Health Care – 305 E 14th Street - \$427,000.00- Building Renovation

Label Shopper- 406 Premier Blvd- \$92,000.00- Interior upfit

Roanoke Rapids Graded Schools- 800 Hamilton St- \$35,331.30 – Aluminum Bleachers

A & D Laundromat- 138 Roanoke Ave- \$97,000.00- Interior upfit

Ruby Tuesday- 1812 Julian R. Allsbrook Hwy-\$26,917.00- New membrane roofing system

David Holt- 860 American Legion Rd- \$100,000.00- Construct 60 x 30 Workshop

Business Use Permits

The City's Planning & Development Department received **39** 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; **Vape Fitters**-1730 A Julian R Allsbrook Hwy; **Signature Dogs**-1300 B Roanoke Avenue; **Tires Unlimited**-620 Julian R Allbrook Hwy; **Mirs Bar & Grill**-1300 Julian R Allsbrook Hwy; **S & L Pet Shop**-1016 Roanoke Avenue.

Budget Highlights for the Fiscal Year Ending June 30, 2017

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 65.1 cents per 100 valuations. Overall tax base revenue represents 49.18% of the total general fund revenue budget for fiscal year 2016/2017. 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, 2016

Exhibit 1

	Governmental Activities
Assets	
Current Assets:	
Cash and cash equivalents	\$ 4,735,061
Taxes receivable (net)	404,807
Accounts receivable (net)	1,295,929
Accrued interest receivable	161,310
Inventories	74,394
Prepaid expense	-
Total Current Assets	\$ 6,671,501
Restricted Assets:	
Restricted cash	\$ 2,120,628
Capital Assets:	
Land, improvements, and construction in progress	\$ 3,012,713
Other capital assets, net of depreciation	17,622,235
Total Capital Assets	\$ 20,634,948
Total Assets	\$ 29,427,077
Deferred outflows of resources:	
Interest rate swap	\$ 3,393,653
Pension deferrals	526,532
Total Deferred Outflows of Resources	\$ 3,920,185
Liabilities	
Current Liabilities:	
Accounts payable and accrued expenses	\$ 481,480
Current portion of long-term liabilities	1,315,054
Total Current Liabilities	\$ 1,796,534
Long-term Liabilities:	
Net pension liability	\$ 506,868
Due in more than one year	19,374,410
Derivative instrument - Interest Rate Swap	3,393,653
Total Long-term Liabilities	\$ 23,274,931
Total Liabilities	\$ 25,071,465
Deferred Inflows of Resources	
Prepaid taxes	\$ 2,922
Pension deferrals	358,997
Other	152,782
Total Deferred Inflows of Resources	\$ 514,701
Net Position	
Net investment in capital assets	\$ 4,425,825
Restricted for:	
Stabilization by State Statute	1,214,095
Unrestricted	2,121,176
Total Net Position	\$ 7,761,096

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, 2016

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General Government	\$ 2,767,270	\$ 43,470	\$ 200,139	\$ -	\$ (2,523,661)
Public Safety	4,974,272	-	97,710	-	(4,876,562)
Transportation	1,754,359	-	463,891	-	(1,290,468)
Economic and Physical Development	1,118,975	113,032	-	20,795	(985,148)
Environmental Protection	1,447,265	1,334,211	9,976	-	(103,078)
Cultural and Recreational	1,727,227	237,266	-	-	(1,489,961)
Miscellaneous Grants	93,247	-	-	-	(93,247)
Interest on long-term debt	710,051	-	-	-	(710,051)
Total Governmental Activities	\$14,592,666	\$ 1,727,979	\$ 771,716	\$ 20,795	\$ (12,072,176)
General Revenues:					
Taxes:					
Property taxes, levied for general purpose					\$ 7,391,034
Other taxes and licenses					892,114
Grants and contributions not restricted to specific purpose					3,919,271
Investment earnings, unrestricted					8,939
Miscellaneous, unrestricted					137,036
Total General Revenues and Transfers					\$ 12,348,394
Change in Net Position					\$ 276,218
Net Position, beginning					7,484,878
Net Position, ending					\$ 7,761,096

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, 2016

Exhibit 3

	<u>Major Funds</u>		<u>Governmental</u>		<u>Total</u>
	<u>General</u>		<u>Non-Major</u>		<u>Governmental</u>
	<u>Fund</u>		<u>Funds</u>		<u>Funds</u>
Assets					
Current Assets:					
Cash and cash equivalents	\$ 4,735,061		\$ -		\$ 4,735,061
Taxes Receivable, net	404,807		-		404,807
Due from other governmental agencies	944,694		-		944,694
Due from other funds	(3,446)		3,446		-
Accounts Receivable, net	351,235		-		351,235
Inventories	74,394		-		74,394
Prepaid expenses	-		-		-
Total Current Assets	<u>\$ 6,506,745</u>		<u>\$ 3,446</u>		<u>\$ 6,510,191</u>
Noncurrent Assets:					
Restricted cash	2,096,768		23,860		2,120,628
Total Assets	<u>\$ 8,603,513</u>		<u>\$ 27,306</u>		<u>\$ 8,630,819</u>
Liabilities					
Accounts payable and accrued liabilities	\$ 479,980		\$ 1,500		\$ 481,480
Due to other funds	-		-		-
Total Liabilities	<u>\$ 479,980</u>		<u>\$ 1,500</u>		<u>\$ 481,480</u>
Deferred Inflows of Resources					
Property taxes receivable	\$ 404,807		\$ -		\$ 404,807
Prepaid taxes	2,922		-		2,922
Other receivables	152,782		-		152,782
Total Deferred Inflows of Resources	<u>\$ 560,511</u>		<u>\$ -</u>		<u>\$ 560,511</u>
Fund Balances					
Non-spendable:					
Inventories and prepaid expenses	\$ 74,394		\$ -		\$ 74,394
Restricted:					
Stabilization by State Statute	1,214,095		3,446		1,217,541
Streets	-		-		-
Debt service	2,096,768		-		2,096,768
Assigned:					
Law enforcement	108,580		-		108,580
Subsequent year's expenditures	659,737		-		659,737
Unassigned	3,409,448		22,360		3,431,808
Total Fund Balances	<u>\$ 7,563,022</u>		<u>\$ 25,806</u>		<u>\$ 7,588,828</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,603,513</u>		<u>\$ 27,306</u>		<u>\$ 8,630,819</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, 2016

(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	\$ 7,588,828
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	20,634,948
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	526,532
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.	161,310
Liabilities for earned but deferred revenues in fund statements.	404,807
Pension related deferrals	(358,997)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Long-term debt	<u>(21,196,332)</u>
Net Position of Governmental Activities	<u><u>\$ 7,761,096</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, 2016

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	\$ 7,386,328	\$ -	\$ 7,386,328
Other taxes and licenses	892,114	-	892,114
Unrestricted intergovernmental	3,919,271	-	3,919,271
Restricted intergovernmental	771,716	20,795	792,511
Permits and fees	113,032	-	113,032
Sales and services	1,614,947	-	1,614,947
Investment earnings	8,938	1	8,939
Miscellaneous	95,719	-	95,719
Insurance reimbursements	11,953	-	11,953
Total Revenues	<u>\$ 14,814,018</u>	<u>\$ 20,796</u>	<u>\$ 14,834,814</u>
Expenditures			
Current:			
General Government	\$ 2,487,578	\$ -	\$ 2,487,578
Public Safety	5,056,690	-	5,056,690
Transportation	1,870,544	-	1,870,544
Environmental Protection	1,426,283	-	1,426,283
Economic & Physical Development	524,221	174,214	698,435
Cultural and Recreational	1,721,312	-	1,721,312
Debt service	2,200,066	-	2,200,066
Miscellaneous grants	93,247	-	93,247
Total Expenditures	<u>\$ 15,379,941</u>	<u>\$ 174,214</u>	<u>\$ 15,554,155</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (565,923)	\$ (153,418)	\$ (719,341)
Other Financing Sources (Uses)			
Local contributions	-	29,365	29,365
Net Change in Fund Balance	\$ (565,923)	\$ (124,053)	\$ (689,976)
Fund Balance:			
Beginning of year	8,128,945	149,859	8,278,804
End of year	<u>\$ 7,563,022</u>	<u>\$ 25,806</u>	<u>\$ 7,588,828</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, 2016

Exhibit 4

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	\$	(689,976)
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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		633,870
Depreciation expense		(1,062,173)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		392,779
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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	\$	-
Principal payments on long-term debt	<u>1,490,015</u>	1,490,015

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in deferred revenue for tax revenues		4,706
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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	\$ (28,591)	
Pension expense	(267,927)	
Net pension obligation	(90,908)	
Other postemployment benefits	<u>(105,576)</u>	(493,002)

Total Changes in Net Position of Governmental Activities	\$	<u><u>276,219</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, 2016

Exhibit 5

	Original	Final	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 8,299,673	\$ 8,299,673	\$ 7,386,328	\$ (913,345)
Other taxes and licenses	19,469	19,469	892,114	872,645
Unrestricted intergovernmental	4,167,684	4,167,684	3,919,271	(248,413)
Restricted intergovernmental	699,095	699,095	771,716	72,621
Permits and fees	100,200	100,200	113,032	12,832
Sales and services	1,646,652	1,646,652	1,614,947	(31,705)
Investment earnings	1,133	1,133	8,938	7,805
Miscellaneous	155,331	322,321	95,719	(226,602)
Insurance reimbursements	5,000	5,000	11,953	6,953
Total Revenues	\$ 15,094,237	\$ 15,261,227	\$ 14,814,018	\$ (447,209)
Expenditures:				
General Government	\$ 2,578,095	\$ 2,496,848	\$ 2,487,578	\$ 9,270
Public Safety	4,882,970	5,059,407	5,056,690	2,717
Transportation	1,940,953	1,876,132	1,870,544	5,588
Environmental Protection	1,440,244	1,452,998	1,426,283	26,715
Economic and Physical Development	471,155	536,135	524,221	11,914
Cultural and Recreational	1,735,534	1,816,881	1,721,312	95,569
Debt service	2,259,417	2,241,417	2,200,066	41,351
Miscellaneous grants	285,869	281,409	93,247	188,162
Total Expenditures	\$ 15,594,237	\$ 15,761,227	\$ 15,379,941	\$ 381,286
Excess of Revenues Over (Under) Expenditures	\$ (500,000)	\$ (500,000)	\$ (565,923)	\$ (65,923)
Other Financing Sources (Uses):				
Fund balance appropriated	\$ 500,000	\$ 500,000	\$ -	\$ (500,000)
Transfer from other funds	-	-	-	-
Loan proceeds	-	-	-	-
Total Other Financing Sources (Uses)	\$ 500,000	\$ 500,000	\$ -	\$ (500,000)
Revenues and Other Financing Sources Over (Under)				
Expenditures and Other Uses	\$ -	\$ -	\$ (565,923)	\$ (565,923)
Fund Balance:				
Beginning of Year			8,128,945	
End of Year			\$ 7,563,022	

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, 2016

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.

The City reports the following major governmental funds:

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

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 five Capital Project funds within the governmental fund types: Fire Station #2 Project, NC Clean Water Management Trust Fund, USDA Rural Development Garage Door Project, Kate B. Reynolds Recreation Park Project, and CDBG Fellows Capacity Building 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 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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

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.

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.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

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) external investment pool is measured at amortized cost, 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	\$ 2,096,768
Special Revenue/Capital Project Fund	23,860
Total	<u><u>\$ 2,120,628</u></u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on July 1, the beginning of the fiscal year. The taxes are due on September 1; however, interest does not accrue until the following January 6. Those taxes are based on the assessed values as of January 1, 2015. 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.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

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:

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meet this criterion, contributions made to the pension plan in the 2016 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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

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.

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.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

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.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriating.

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.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

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, 2016.

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

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, 2016, the City's deposits had a carrying amount of \$1,456,915 and a bank balance of \$1,686,789. 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, 2016, the City of Roanoke Rapids had \$900 cash on hand.

2. Investments

At June 30, 2016, the City of Roanoke Rapids had \$5,397,874 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.

Investment by Type	Valuation Measurement Method	Book Value at 6/30/2016	Maturity	Rating
NC Capital Management Trust - Cash Portfolio	Amortized Cost	\$5,397,874	N/A	AAAm
Total		\$5,397,874		

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, 2016

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, 2016. 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, 2016 are net of the following allowances for doubtful accounts:

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

4. Capital Assets

Capital asset activity for the City for the year ended June 30, 2016, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 3,012,713	\$ -	\$ -	\$ 3,012,713
Construction in progress	-	-	-	-
Total Capital Assets Not Being Depreciated	\$ 3,012,713	\$ -	\$ -	\$ 3,012,713
Capital Assets Being Depreciated:				
Buildings & improvements	\$ 23,387,561	\$ 245,974	\$ -	\$23,633,535
Infrastructure	1,647,274	144,204	-	1,791,478
Machinery & equipment	7,732,391	243,692	-	7,976,083
Total Capital Assets Being Depreciated	\$ 32,767,226	\$ 633,870	\$ -	\$33,401,096
Less accumulated depreciation	\$ 14,716,688	<u>\$ 1,062,173</u>	<u>\$ -</u>	<u>\$15,778,861</u>
Total Capital Assets Being Depreciated, Net	\$ 18,050,538			\$17,622,235
Governmental Activity Capital Assets, Net	\$ 21,063,251			\$20,634,948

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

General government	\$ 17,573
Public safety	251,082
Transportation	136,999
Economic and physical development	420,540
Environmental protection	30,982
Cultural and recreation	204,997
Total depreciation expense	\$ 1,062,173

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 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.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

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, 2016, was 7.15% of compensation for law enforcement officers and 6.67% 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 \$392,779 for the year ended June 30, 2016.

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, 2016, the City reported a liability of \$506,868 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability 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 liability was based on a projection of the City's long-term share of future payroll covered by the 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 0.11294%, which was an increase of 0.02614% from its proportion measured as of June 30, 2014.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

For the year ended June 30, 2016, the City recognized pension expense of \$267,927. At June 30, 2016, 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	\$ -	\$ 119,143
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	144,304
Changes in proportion and differences between District contributions and proportionate share of contributions	133,753	95,550
City contributions subsequent to the measurement date	392,779	-
Total	\$ 526,532	\$ 358,997

\$392,779 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability 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:

Year ended June 30	
2017	\$ (165,082)
2018	(165,082)
2019	(164,580)
2020	269,500
2021	-
Thereafter	-
	\$ (225,244)

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

The actuarial assumptions used in the December 31, 2014 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	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 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 3.00%. All rates of return and inflation are annualized.

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 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 3.00%. All rates of return and inflation are annualized.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

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)	\$ 3,534,461	\$ 506,868	\$ (2,043,812)

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.

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, 2016 were \$75,292, which consisted of \$28,977 from the City and \$46,315 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.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

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.

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2015, the Separation Allowance's membership consisted of:

Retirees receiving benefits	8
Active plan members	<u>39</u>
Total	<u><u>47</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
- 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 2016.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

The annual required contribution for the fiscal year ended June 30, 2016, was determined as part of the December 31, 2015, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 3.57% investment rate of return and (b) projected salary increases ranging from 3.50% to 7.35% per year. The inflation component was 3.00%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2015 was 15 years.

Annual Pension Cost and Net Pension Obligation

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

Annual required contribution	\$ 116,298
Interest on net pension obligation	33,517
Adjustment to annual required contribution	(58,907)
Annual pension cost	90,908
Contributions made	-
Increase (decrease) in net pension obligation	\$ 90,908
Net pension obligation beginning of year	670,347
Net pension obligation end of year	\$ 761,255

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
6/30/16	90,908	0.00%	761,255

Funded Status and Funding Progress

As of December 31, 2015, 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 \$1,366,542. The covered payroll (annual payroll of active employees covered by the plan) was \$1,849,950, and the ratio of the UAAL to the covered payroll was 73.87 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 is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

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, 2016 were \$263,530, which consisted of \$156,394 from the City and \$107,136 from law enforcement officers.

e. Other Post-Employment Benefits

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

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

Membership of the HCB Plan consisted of the following at December 31, 2015, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	<u>35</u>
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members - Law Enforcement	41
Active plan members - General	98
Total	<u><u>174</u></u>

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

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 8.41% of annual covered payroll. For the current year, the City contributed \$246,274 or 4.38% of annual covered payroll.

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

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

Annual required contribution	\$ 349,996
Interest on net OPEB obligation	41,483
Adjustment to annual required contribution	(39,629)
Annual OPEB cost (expense)	\$ 351,850
Contributions made	246,274
Increase (decrease) in net OPEB obligation	\$ 105,576
Net OPEB obligation, beginning of year	1,037,063
Net OPEB obligation, end of year	\$ 1,142,639

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 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
2016	351,850	70.0%	1,142,639

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

Funded Status and Funding Progress. As of December 31, 2015, 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 \$6,857,983. The covered payroll (annual payroll of active employees covered by the plan) was \$5,612,781, and the ratio of the UAAL to the covered payroll was 122.2 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2015 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 7.75 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, 2015, 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.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

3. Deferred Outflows and Inflows of Resources

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

Change in proportion and differences between employer contributions and proportionate share of contributions	\$ 133,753
Employer contributions subsequent to the measurement date	<u>392,779</u>
Total	<u><u>\$ 526,532</u></u>

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

Property taxes receivable (General Fund)	\$ 404,807
Prepaid taxes not yet earned (General Fund)	2,922
Other miscellaneous receivables (General Fund)	152,782
Pension deferrals:	
Differences between expected and actual experience	119,143
Net difference between projected and actual earnings on pension plan investments	144,304
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>95,550</u>
Total	<u><u>\$ 919,508</u></u>

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.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

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

5. Claims and Judgments

The City had no claims or judgments pending at June 30, 2016.

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, 2016, the City of Roanoke Rapids had a legal debt margin of \$72,875,058. The City has no bonds authorized but unissued at June 30, 2016.

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, 2016

Long-term debt payable at June 30, 2016 is comprised of the following:

Installment Notes Payable:

First Citizens Bank - (refinanced USDA loan - Neighborhood Resource Center) due in 8 annual installments of \$24,274, including interest at 2.25%, beginning August 30, 2014 through August 30, 2021.	\$ 135,285
First Citizens Bank - (refinanced USDA loan - Firestation #2) due in 18 annual installments of \$94,521.30, including interest at 3.00%, beginning August 30, 2014 through August 30, 2031.	\$ 1,187,292
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)	\$ -
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)	\$ 33,141
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)	\$ 63,727
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	\$ 190,502
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)	\$ 195,944
Total	<u>\$ 1,805,891</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>\$ 16,500,000</u>
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City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

The annual requirements to amortize notes payable outstanding (excluding vacation pay and capitalized leases) as of June 30, 2016, including interest payments, are as follows:

Year	Principal Payments	Interest Payments	Total
2017	\$ 337,086	\$ 45,555	\$ 382,641
2018	308,991	39,911	348,902
2019	84,784	34,011	118,795
2020	87,138	31,657	118,795
2021	89,558	29,237	118,795
2022-2026	386,292	110,587	496,879
2027-2031	420,271	52,334	472,605
2032-2036	91,771	2,755	94,526
Total	\$ 1,805,891	\$ 346,047	\$ 2,151,938

The annual requirements to amortize economic development bonds outstanding as of June 30, 2016, including interest payments, are as follows:

Year	Principal Payments	Interest Payments	Total
2017	\$ 930,000	\$ 883,529	\$ 1,813,529
2018	995,000	830,495	1,825,495
2019	1,060,000	773,879	1,833,879
2020	1,130,000	713,545	1,843,545
2021	1,200,000	649,354	1,849,354
2022-2026	7,300,000	2,126,861	9,426,861
2027-2031	3,885,000	224,120	4,109,120
Total	\$ 16,500,000	\$ 6,201,783	\$ 22,701,783

Changes in the long-term liabilities:

	Beginning Balances July 1, 2015	Increases	Decreases	Ending Balances June 30, 2016	Current Portion of Balance
	Governmental activities:				
Installment notes payable	\$ 2,420,906	\$ -	\$ 615,015	\$ 1,805,891	\$ 337,086
Tax increment financing	17,375,000	-	875,000	16,500,000	930,000
Net pension obligation (LEO)	670,347	90,908	-	761,255	-
Net pension liability (LGERS)	-	506,868	-	506,868	-
Compensated absences	451,088	28,591	-	479,679	47,968
Interest Rate Swap	4,113,197	-	719,514	3,393,653	-
Other postemployment benefits	1,037,063	105,576	-	1,142,639	-
Total	\$26,067,601	\$ 731,943	\$2,209,529	\$24,589,985	\$1,315,054

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

Tax Increment Financing:

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

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

Net Investment in Capital Assets

	<u>Governmental</u>
Capital Assets	\$ 20,634,948
Less: Long-term debt	(18,305,891)
Plus: Unexpended debt proceeds	2,096,768
Net Investment in Capital Assets	\$ 4,425,825

7. Fund Balance

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

Total fund balance - General Fund	\$ 7,563,022
Less:	
Inventories and Prepaid Expenses	74,394
Stabilization by State Statute	1,214,095
Streets-Powell Bill	-
Debt Service	2,096,768
Assigned - Law Enforcement	108,580
Assigned - Subsequent year's expenditures	659,737
Remaining Fund Balance	3,409,448

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.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

B. Terms

The notional value of the swap is \$12,256,000 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 \$2,721,360. Fair value was estimated by the counterparty using market-to-market valuations.

D. Credit Risk

As of June 30, 2016 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, 2016, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same for the term of the bonds, were as follows. As rates vary, variable rate bond interest payments and net swap payments will vary.

Year End June 30	Principal	Interest	Interest Rate Swaps, Net	Total
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	1,200,000	62,575	501,011	\$ 1,763,586
2022-2026	7,300,000	151,712	451,142	\$ 7,902,854
2027	3,885,000	31,498	-	\$ 3,916,498
Total	<u>\$16,500,000</u>	<u>\$ 527,928</u>	<u>\$ 3,393,653</u>	<u>\$20,421,581</u>

The following sets forth a summary of the City’s derivative instrument as of June 30, 2016: The forward-starting floating-to-fixed interest rate swap is a cash flow hedge with a notional amount of \$12,256,000 and a negative fair value of \$2,721,360 as of June 30, 2016. The negative fair value at June 30, 2016 represents a decrease of \$221,400 from the prior year.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

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, 2016 consist of the following:

Due from the General Fund:

USDA Rural Development Garage Door Project	<u>\$ 3,446</u>
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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.

VII. Significant Effects of Subsequent Events

As of November 30, 2016, the date of the completion of the financial statements, there were no material subsequent events that were required to be reported.

Required Supplementary Financial Data

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

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance.
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Funding Progress for the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Notes to the Required Schedules for the Other Postemployment Benefits
- 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%
12/31/15	-	1,366,542	1,366,542	0.00%	1,849,950	73.87%

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
2014	\$ 64,252	0.00%
2015	\$ 76,524	0.00%
2016	\$ 90,908	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	12-31-15
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar closed
Remaining amortization period	15 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	3.57%
Projected salary increases*	3.50-7.35%
*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%
12/31/15	\$ -	\$ 6,857,983	\$6,857,983	0.00%	\$ 5,612,781	122.19%

**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%
2016	\$ 351,850	70.0%

Notes to the Required Schedules:

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

Valuation date	12-31-15
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	7.75% - 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>2016</u>	<u>2015</u>
City of Roanoke Rapids' proportion of the net pension liability (asset) (%)	0.11294%	0.08680%
City of Roanoke Rapids' proportion of the net pension liability (asset) (\$)	\$ 506,868	\$ (511,900)
City of Roanoke Rapids' covered-employee payroll	\$ 5,813,525	\$ 5,647,194
City of Roanoke Rapids' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	8.72%	-9.06%
Plan fiduciary net position as a percentage of the total pension liability	98.09%	102.64%

**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

	2016	2015
Contractually required contribution	\$ 392,779	\$ 399,046
Contributions in relation to the contractually required contributions	392,779	399,046
Contribution deficiency (excess)	\$ -	\$ -
City of Roanoke Rapids's covered-employee payroll	\$5,813,525	\$5,647,194
Contributions as a percentage of covered-employee payroll	6.76%	7.07%

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, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Ad Valorem Taxes:			
Current year	\$ -	\$ 7,257,843	\$ -
Prior years	-	88,052	-
Penalties and interest	-	40,433	-
Total	<u>\$ 8,299,673</u>	<u>\$ 7,386,328</u>	<u>\$ (913,345)</u>
Other Taxes and Licenses:			
Privilege licenses	\$ 1,000	\$ 1,015	\$ 15
Motor vehicle license	-	535	535
Lease vehicle	18,469	25,049	6,580
Holdharmless revenue	-	865,515	865,515
Total	<u>\$ 19,469</u>	<u>\$ 892,114</u>	<u>\$ 872,645</u>
Unrestricted Intergovernmental:			
Local option sales tax	\$ 2,792,854	\$ 2,177,796	\$ (615,058)
Payments in lieu of taxes	28,050	31,304	3,254
Beer and wine tax	78,280	67,709	(10,571)
ABC profits	38,500	28,101	(10,399)
Video franchise fee	27,500	39,179	11,679
Occupancy tax	2,500	4,275	1,775
Utility franchise tax	1,200,000	1,570,907	370,907
Total	<u>\$ 4,167,684</u>	<u>\$ 3,919,271</u>	<u>\$ (248,413)</u>
Restricted Intergovernmental:			
"State Street Aid" allocation	\$ 465,659	\$ 463,891	\$ (1,768)
Grant funds	195,809	200,139	4,330
Solid waste disposal tax	7,627	9,976	2,349
Drug enforcement revenue	30,000	97,710	67,710
Total	<u>\$ 699,095</u>	<u>\$ 771,716</u>	<u>\$ 72,621</u>
Inspection Fees and Permits	<u>\$ 100,200</u>	<u>\$ 113,032</u>	<u>\$ 12,832</u>
Investment Earnings	<u>\$ 1,133</u>	<u>\$ 8,938</u>	<u>\$ 7,805</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, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues: (continued)			
Sales and Services:			
Cemetery lots	\$ 110,250	\$ 112,716	\$ 2,466
Rents, concessions, & other fees	242,412	210,155	(32,257)
Solid waste user fees	1,293,990	1,221,495	(72,495)
Roanoke Rapids Theater income	-	27,111	27,111
Municipal ordinance violations	-	43,470	43,470
Total	<u>\$ 1,646,652</u>	<u>\$ 1,614,947</u>	<u>\$ (31,705)</u>
Miscellaneous:			
Miscellaneous	\$ 277,321	\$ 95,719	(181,602)
Sale of materials	45,000	-	(45,000)
Total	<u>\$ 322,321</u>	<u>\$ 95,719</u>	<u>\$ (226,602)</u>
Insurance Reimbursements	<u>\$ 5,000</u>	<u>\$ 11,953</u>	<u>\$ 6,953</u>
Total Revenues	<u>\$ 15,261,227</u>	<u>\$ 14,814,018</u>	<u>\$ (447,209)</u>
Expenditures:			
Governing Body:			
City Council:			
Salaries & employee benefits		\$ 46,908	
Operating expenses		11,345	
Total	<u>\$ 59,050</u>	<u>\$ 58,253</u>	<u>\$ 797</u>
Administration:			
Salaries & employee benefits		\$ 288,746	
Operating expenses		22,956	
Capital outlay		1,304	
Total	<u>\$ 313,417</u>	<u>\$ 313,006</u>	<u>\$ 411</u>
Finance			
Salaries & employee benefits		\$ 217,295	
Operating expenses		47,079	
Capital outlay		2,608	
Total	<u>\$ 267,722</u>	<u>\$ 266,982</u>	<u>\$ 740</u>
Information System:			
Salaries & employee benefits		\$ 41,491	
Operating expenses		5,995	
Total	<u>\$ 47,486</u>	<u>\$ 47,486</u>	<u>\$ -</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, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
General Government: (continued)			
Tax/Revenue Collections:			
Salaries & employee benefits		\$ 72,037	
Operating expenses		4,000	
Collection fees		156,407	
Total	<u>\$ 233,081</u>	<u>\$ 232,444</u>	<u>\$ 637</u>
Legal:			
Professional services		\$ 23,371	
Operating expenses		-	
Total	<u>\$ 24,200</u>	<u>\$ 23,371</u>	<u>\$ 829</u>
Government Buildings:			
Salaries & employee benefits		\$ 35,741	
Operating expenses		56,868	
Capital outlay		30,581	
Total	<u>\$ 125,702</u>	<u>\$ 123,190</u>	<u>\$ 2,512</u>
Central Garage:			
Salaries & employee benefits		\$ 216,499	
Vehicle maintenance		2,182	
Operating expenses		13,227	
Capital outlay		-	
Total	<u>\$ 232,486</u>	<u>\$ 231,908</u>	<u>\$ 578</u>
Miscellaneous:			
Salaries & employee benefits		\$ 230,809	
E-911 system cost		225,390	
Elections		3,741	
Operating expenses		715,495	
Uninsured loss expenditures		15,503	
Miscellaneous expenses		-	
Capital outlay		-	
Total	<u>\$ 1,193,704</u>	<u>\$ 1,190,938</u>	<u>\$ 2,766</u>
Total General Government	<u>\$ 2,496,848</u>	<u>\$ 2,487,578</u>	<u>\$ 9,270</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, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Public Safety:			
Police:			
Salaries & employee benefits		\$ 2,685,672	
Vehicle maintenance		35,462	
Operating expenses		369,924	
Capital outlay		69,207	
Total	<u>\$ 3,162,666</u>	<u>\$ 3,160,265</u>	<u>\$ 2,401</u>
Fire:			
Salaries & employee benefits		\$ 1,652,243	
Vehicle maintenance		41,652	
Operating expenses		134,626	
Capital outlay		67,904	
Total	<u>\$ 1,896,741</u>	<u>\$ 1,896,425</u>	<u>\$ 316</u>
Total Public Safety	<u>\$ 5,059,407</u>	<u>\$ 5,056,690</u>	<u>\$ 2,717</u>
Transportation:			
Streets Repair and Construction:			
Salaries & employee benefits		\$ 569,498	
Vehicle maintenance		74,546	
Operating expenses		248,690	
Street lights		395,086	
Contracted services		16,210	
Capital outlay		100,699	
Total	<u>\$ 1,406,979</u>	<u>\$ 1,404,729</u>	<u>\$ 2,250</u>
Public Works:			
Salaries & employee benefits		\$ 343,464	
Vehicle maintenance		1,745	
Operating expenses		120,606	
Capital outlay		-	
Total	<u>\$ 469,153</u>	<u>\$ 465,815</u>	<u>\$ 3,338</u>
Total Transportation	<u>\$ 1,876,132</u>	<u>\$ 1,870,544</u>	<u>\$ 5,588</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, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Environmental Protection:			
Sanitation - Solid Waste Division:			
Salaries & employee benefits		\$ 315,286	
Landfill tipping fees		282,345	
Vehicle maintenance		80,637	
Operating expenses		11,010	
Capital outlay		10,000	
Total	<u>\$ 701,850</u>	<u>\$ 699,278</u>	<u>\$ 2,572</u>
Sanitation - Refuse Division:			
Salaries & employee benefits		\$ 151,297	
Refuse tipping fees		76,656	
Vehicle maintenance		80,733	
Operating expenses		39,843	
Capital outlay		-	
Total	<u>\$ 359,913</u>	<u>\$ 348,529</u>	<u>\$ 11,384</u>
Cemetery:			
Salaries & employee benefits		\$ 89,482	
Vehicle maintenance		5,189	
Operating expenses		8,635	
Capital outlay		-	
Total	<u>\$ 110,380</u>	<u>\$ 103,306</u>	<u>\$ 7,074</u>
Property Maintenance:			
Salaries & employee benefits		\$ 218,739	
Vehicle maintenance		11,920	
Operating expenses		44,511	
Capital outlay		-	
Total	<u>\$ 280,855</u>	<u>\$ 275,170</u>	<u>\$ 5,685</u>
Total Environmental Protection	<u>\$ 1,452,998</u>	<u>\$ 1,426,283</u>	<u>\$ 26,715</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, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Economic and Physical Development:			
Planning and Development:			
Salaries & employee benefits		\$ 325,602	
Operating expenses		97,201	
Vehicle maintenance		4,371	
Capital outlay		24,701	
Economic development		-	
Total	<u>\$ 459,217</u>	<u>\$ 451,875</u>	<u>\$ 7,342</u>
Miscellaneous:			
Main Street contribution		\$ 56,346	
Rescue squad		15,000	
Other		1,000	
Total	<u>\$ 76,918</u>	<u>\$ 72,346</u>	<u>\$ 4,572</u>
Total Economic and Physical Development	<u>\$ 536,135</u>	<u>\$ 524,221</u>	<u>\$ 11,914</u>
Cultural and Recreational:			
Davis Recreation:			
Salaries & employee benefits		\$ 214,287	
Vehicle maintenance		1,902	
Operating expenses		62,793	
Capital outlay		1,295	
Total	<u>\$ 280,977</u>	<u>\$ 280,277</u>	<u>\$ 700</u>
Roanoke Canal Museum:			
Salaries & employee benefits		\$ 62,077	
Operating expenses		25,073	
Total	<u>\$ 88,128</u>	<u>\$ 87,150</u>	<u>\$ 978</u>
Roanoke Rapids Theater:			
Salaries & employee benefits		\$ 33,185	
Operating expenses		150,795	
Total	<u>\$ 184,058</u>	<u>\$ 183,980</u>	<u>\$ 78</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, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Cultural and Recreational: (continued)			
Aquatic Center:			
Salaries & employee benefits		\$ 101,192	
Operating expenses		104,024	
Capital outlay		16,243	
Total	<u>\$ 261,615</u>	<u>\$ 221,459</u>	<u>\$ 40,156</u>
Parks:			
Salaries & employee benefits		\$ 301,482	
Vehicle maintenance		16,477	
Operating expenses		73,873	
Capital outlay		-	
Total	<u>\$ 402,585</u>	<u>\$ 391,832</u>	<u>\$ 10,753</u>
Chaloner Recreation:			
Salaries & employee benefits		\$ 53,972	
Operating expenses		24,672	
Capital outlay		1,695	
Total	<u>\$ 86,090</u>	<u>\$ 80,339</u>	<u>\$ 5,751</u>
Senior Citizens Center:			
Salaries & employee benefits		\$ 77,661	
Operating expenses		32,882	
Vehicle maintenance		417	
Transportation grant		22,193	
Capital outlay		-	
Total	<u>\$ 138,245</u>	<u>\$ 133,153</u>	<u>\$ 5,092</u>
Community Center:			
Salaries & employee benefits		\$ 7,362	
Operating expenses		28,848	
Capital outlay		7,258	
Total	<u>\$ 54,797</u>	<u>\$ 43,468</u>	<u>\$ 11,329</u>
Library:			
Salaries & employee benefits		\$ 198,808	
Operating expenses		73,953	
Capital outlay		17,841	
Total	<u>\$ 301,306</u>	<u>\$ 290,602</u>	<u>\$ 10,704</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, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Cultural and Recreational: (continued)			
Andrews Meeting Hall:			
Operating expenses		\$ 9,052	
Capital outlay		-	
Total	<u>\$ 19,080</u>	<u>\$ 9,052</u>	<u>\$ 10,028</u>
Total Cultural and Recreational	<u>\$ 1,816,881</u>	<u>\$ 1,721,312</u>	<u>\$ 95,569</u>
Debt Service:			
Bond/debt principal amount		\$ 1,490,015	
Interest on debt		710,051	
Bond/service commissions		-	
Total Debt Service	<u>\$ 2,241,417</u>	<u>\$ 2,200,066</u>	<u>\$ 41,351</u>
Miscellaneous Grants:			
Ledgerwood		\$ 46,232	
Senior Center		20,115	
Miscellaneous		26,900	
Total Miscellaneous Grants	<u>\$ 281,409</u>	<u>\$ 93,247</u>	<u>\$ 188,162</u>
Total Expenditures	<u>\$ 15,761,227</u>	<u>\$ 15,379,941</u>	<u>\$ 381,286</u>
Revenues Over (Under) Expenditures	<u>\$ (500,000)</u>	<u>\$ (565,923)</u>	<u>\$ (65,923)</u>
Other Financing Sources (Uses):			
Fund balance appropriated	\$ 500,000	\$ -	\$ (500,000)
Transfer from other funds	-	-	-
Installment financing	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ (500,000)</u>
Revenues and Other Financing Sources Over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (565,923)</u>	<u>\$ (565,923)</u>
Fund Balance, Beginning of Year		8,128,945	
		<u>-</u>	
Fund Balance, End of Year		<u>\$ 7,563,022</u>	

City of Roanoke Rapids, North Carolina
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2016

Capital Project Funds

	Kate B. Reynolds Recreation Park Project	CDBG Fellows Capacity Building Program	Fire Station #2 Project	USDA Rural Development Garage Door Project	Clean Water Management Trust Fund	Total Nonmajor Capital Projects Funds
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ 22	\$ -	\$ 19,512	\$ 19,534
Due from other governments	-	-	-	-	-	-
Grant receivable	-	-	-	-	-	-
Due from other funds	-	-	-	3,446	-	3,446
Accounts receivable	-	-	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ 3,446</u>	<u>\$ 19,512</u>	<u>\$ 22,980</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable & accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ 1,500
Due to Other Funds	-	-	-	-	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 1,500</u>
Fund balances:						
Reserved by state statute	\$ -	\$ -	\$ -	\$ 3,446	\$ -	\$ 3,446
Unassigned	-	-	22	-	18,012	18,034
Total Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ 3,446</u>	<u>\$ 18,012</u>	<u>\$ 21,480</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ 3,446</u>	<u>\$ 19,512</u>	<u>\$ 22,980</u>

(continued)

City of Roanoke Rapids, North Carolina
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2016

(continued)

	Local Law Enforcement Grant Fund	Hodgestown Project	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,828	\$ 2,498	\$ 4,326	\$ 23,860
Due from other governments	-	-	-	-
Grant receivable	-	-	-	-
Due from other funds	-	-	-	3,446
Accounts receivable	-	-	-	-
Total Assets	<u>\$ 1,828</u>	<u>\$ 2,498</u>	<u>\$ 4,326</u>	<u>\$ 27,306</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	1,828	2,498	4,326	22,360
Total Fund Balances	<u>\$ 1,828</u>	<u>\$ 2,498</u>	<u>\$ 4,326</u>	<u>\$ 25,806</u>
Total Liabilities and Fund Balances	<u>\$ 1,828</u>	<u>\$ 2,498</u>	<u>\$ 4,326</u>	<u>\$ 27,306</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, 2016

	Capital Project Funds					
	Kate B. Reynolds Recreation Park Project	CDBG Fellows Capacity Building Program	Fire Station #2 Project	USDA Rural Development Garage Door Project	Clean Water Management Trust Fund	Total Nonmajor Capital Projects Funds
Revenues						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	-	20,795	-	-	-	20,795
Other taxes and licenses	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-
Total Revenues	\$ -	\$ 20,795	\$ -	\$ -	\$ -	\$ 20,795
Expenditures						
Current:						
Economic & physical development	\$ 153,419	\$ 20,795	\$ -	\$ -	\$ -	\$ 174,214
Capital outlay	-	-	-	-	-	-
Total Expenditures	\$ 153,419	\$ 20,795	\$ -	\$ -	\$ -	\$ 174,214
Excess (Deficiency) of Revenues Over Expenditures	\$ (153,419)	\$ -	\$ -	\$ -	\$ -	\$ (153,419)
Other Financing Sources (Uses):						
Transfers (to) from other funds	\$ 12,345	\$ -	\$ -	\$ -	\$ -	\$ 12,345
Local contributions	17,020	-	-	-	-	17,020
Total Other Financing Sources (uses)	\$ 29,365	\$ -	\$ -	\$ -	\$ -	\$ 29,365
Net Change in Fund Balances	\$ (124,054)	\$ -	\$ -	\$ -	\$ -	\$ (124,054)
Fund Balances:						
Beginning of year, July 1	124,054	-	22	3,446	18,012	145,534
End of year, June 30	\$ -	\$ -	\$ 22	\$ 3,446	\$ 18,012	\$ 21,480

(continued)

City of Roanoke Rapids, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-major Governmental Funds
For the Year Ended June 30, 2016

(continued)

	Local Law Enforcement Grant Fund	Hodgestown Project	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Revenues				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	-	-	-	20,795
Other taxes and licenses	-	-	-	-
Miscellaneous	-	-	-	-
Investment earnings	1	-	1	1
Sale of fixed assets	-	-	-	-
Total Revenues	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 20,796</u>
Expenditures				
Current:				
Economic & physical development	\$ -	\$ -	\$ -	\$ 174,214
Capital outlay	-	-	-	-
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174,214</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (153,418)</u>
Other Financing Sources (Uses):				
Transfers (to) from other funds	\$ -	\$ -	\$ -	\$ 12,345
Financing proceeds	-	-	-	17,020
Total Other Financing Sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,365</u>
Net Change in Fund Balances	\$ 1	\$ -	\$ 1	\$ (124,053)
Fund Balances:				
Beginning of year, July 1	1,827	2,498	4,325	149,859
Prior period adjustment	-	-	-	-
End of year, June 30	<u>\$ 1,828</u>	<u>\$ 2,498</u>	<u>\$ 4,326</u>	<u>\$ 25,806</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, 2016

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Investment earnings	\$ 150	\$ 345	\$ 1	\$ 346	\$ 196
Federal grant	48,100	63,553	-	63,553	15,453
Total Revenues	<u>\$ 48,250</u>	<u>\$ 63,898</u>	<u>\$ 1</u>	<u>\$ 63,899</u>	<u>\$ 15,649</u>
Expenditures:					
Capital outlay	<u>53,405</u>	<u>66,415</u>	<u>-</u>	<u>66,415</u>	<u>(13,010)</u>
Revenues Over (Under) Expenditures	\$ (5,155)	\$ (2,517)	\$ 1	\$ (2,516)	\$ 2,639
Other Financing Sources:					
Transfer in	<u>5,155</u>	<u>4,344</u>	<u>-</u>	<u>4,344</u>	<u>(811)</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 1,827</u>	<u>\$ 1</u>	<u>\$ 1,828</u>	<u>\$ 1,828</u>
Fund Balance:					
Beginning of year, July 1			<u>1,827</u>		
End of year, June 30			<u>\$ 1,828</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, 2016

	Project Authorization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ -	\$ 10,201	\$ -	\$ 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	\$ 184,860	\$ 130,228	\$ -	\$ 130,228	\$ (54,632)
Expenditures:					
Contracted services	\$ 41,371	\$ 40,375	\$ -	\$ 40,375	\$ 996
Miscellaneous	139,882	-	-	-	139,882
Engineering and design	32,700	-	-	-	32,700
Testing of materials	2,500	-	-	-	2,500
Street/Utility Construction	115,719	87,636	-	87,636	28,083
Contingency	54,525	1,183	-	1,183	53,342
Total Expenditures	\$ 386,697	\$ 129,194	\$ -	\$ 129,194	\$ 257,503
Revenues Over (Under) Expenditures	\$ (201,837)	\$ 1,034	\$ -	\$ 1,034	\$ 202,871
Other Financing Sources:					
Transfers in (out)	\$ 42,270	\$ 1,464	\$ -	\$ 1,464	\$ (40,806)
Fund balance appropriated	159,567	-	-	-	(159,567)
Total Other Financing Sources (Uses)	\$ 201,837	\$ 1,464	\$ -	\$ 1,464	\$ (200,373)
Revenues and Other Financing Sources Over (Under) Expenditures	\$ -	\$ 2,498	\$ -	\$ 2,498	\$ 2,498
Fund Balance:					
Beginning of year, July 1			2,498		
End of year, June 30			\$ 2,498		

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, 2016

	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			\$ 18,012		

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, 2016

	Project Authorization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursement from RR Sanitary District	12,500	12,500	-	12,500	-
Total Revenues	\$ 12,500	\$ 12,500	\$ -	\$ 12,500	\$ -
Expenditures:					
Site construction (On-site)	\$ 916	\$ 916	\$ -	\$ 916	\$ -
Building construction	1,399,861	1,370,202	-	1,370,202	29,659
Engineering testing	12,000	1,494	-	1,494	10,506
Architectural fees	112,062	92,820	-	92,820	19,242
Telephones	7,500	4,155	-	4,155	3,345
Furniture	15,000	14,028	-	14,028	972
Contingency	65,161	-	-	-	65,161
Total Expenditures	\$ 1,612,500	\$ 1,483,615	\$ -	\$ 1,483,615	\$ 128,885
Revenues Over (Under) Expenditures	\$ (1,600,000)	\$ (1,471,115)	\$ -	\$ (1,471,115)	\$ 128,885
Other Financing Sources (Uses):					
USDA Loan	1,600,000	1,485,123	-	1,485,123	(114,877)
Revenues and Other Financing Sources Over (Under) Expenditures	\$ -	\$ 14,008	\$ -	\$ 14,008	\$ 14,008
Fund Balance:					
Beginning of year, July 1			22		
End of year, June 30			\$ 22		

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, 2016

	<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:					
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			<u>3,446</u>		
End of year, June 30			<u>\$ 3,446</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, 2016

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
KB Reynolds Grant	\$ 125,000	\$ 125,000	\$ -	\$ 125,000	\$ -
Total Revenues	<u>\$ 125,000</u>	<u>\$ 125,000</u>	<u>\$ -</u>	<u>\$ 125,000</u>	<u>\$ -</u>
Expenditures:					
Construction	\$ 154,365	\$ 946	\$ 153,419	\$ 154,365	\$ -
Total Expenditures	<u>\$ 154,365</u>	<u>\$ 946</u>	<u>\$ 153,419</u>	<u>\$ 154,365</u>	<u>\$ -</u>
Revenues Over (Under) Expenditures	\$ (29,365)	\$ 124,054	\$ (153,419)	\$ (29,365)	\$ -
Other Financing Sources:					
Local contributions	<u>\$ 29,365</u>	<u>\$ -</u>	<u>\$ 29,365</u>	<u>\$ 29,365</u>	<u>\$ -</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 124,054</u>	<u>\$ (124,054)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year, July 1			<u>124,054</u>		
End of year, June 30			<u>\$ -</u>		

City of Roanoke Rapids, North Carolina
Capital Project Funds - CDBG Fellows Capacity Building Project
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2016

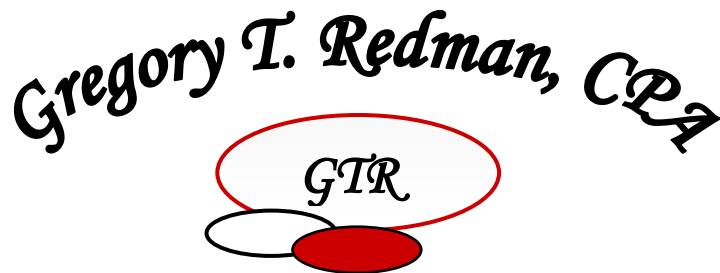
	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Actual</u>		<u>Total to</u> <u>Date</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
			<u>Current</u> <u>Year</u>			
Revenues:						
CDBG Funds	\$ 50,000	\$ -	\$ 20,795		\$ 20,795	\$ (29,205)
Total Revenues	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 20,795</u>		<u>\$ 20,795</u>	<u>\$ (29,205)</u>
Expenditures:						
Planning	\$ 45,000	\$ -	\$ 18,794		\$ 18,794	\$ 26,206
Administration	5,000	-	2,001		2,001	2,999
Total Expenditures	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 20,795</u>		<u>\$ 20,795</u>	<u>\$ 29,205</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>
Fund Balance:						
Beginning of year, July 1			<u>-</u>			
End of year, June 30			<u>\$ -</u>			

City of Roanoke Rapids, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2016

Fiscal Year	Uncollected Balance June 30, 2015	Additions	Collections And Credits	Discoveries (Abatements) Adjustments	Uncollected Balance June 30, 2016
2015-2016	\$ -	\$ 7,424,516	\$ 7,341,641	\$ -	\$ 82,875
2014-2015	105,979	-	50,385	(30)	55,564
2013-2014	47,463	-	6,920	(2)	40,541
2012-2013	42,774	-	6,231	(19)	36,524
2011-2012	38,827	-	3,718	(21)	35,088
2010-2011	33,882	-	1,473	(145)	32,264
2009-2010	23,638	-	6,921	(59)	16,658
2008-2009	71,075	-	2,655	(15)	68,405
2007-2008	32,564	-	3,983	(44)	28,537
2006-2007	21,231	-	2,135	-	19,096
2005-2006	18,819	-	643	-	18,176
2004-2005	17,112	-	12,534	-	4,578
Total	<u>\$ 453,364</u>	<u>\$ 7,424,516</u>	<u>\$ 7,439,239</u>	<u>\$ (335)</u>	<u>\$ 438,306</u>
					Less allowance for Uncollectible Ad Valorem Taxes Receivable
					33,500
					<u>Ad Valorem Taxes Receivable - Net</u>
					<u>\$ 404,806</u>
					Reconcilement with Revenues:
					Taxes - Ad valorem - General Fund
					\$ 7,386,328
					Discounts allowed
					80,819
					Taxes written off
					12,525
					Penalties and interest
					(40,433)
					<u>Total Collections and Credits (above)</u>
					<u>\$ 7,439,239</u>

City of Roanoke Rapids, North Carolina
Analysis of Current Tax Levy - City-wide Levy
For the Fiscal Year Ended June 30, 2016

	Total Property Valuation	Rate	Amount of Levy	Total Property Excluding Registered Vehicles
Real Estate/Personal Property	\$ 1,027,570,776	0.651	\$ 6,689,486	\$ 6,689,486
Motor Vehicles	114,040,092	0.651	742,401	-
Tax Levy	\$ 1,141,610,868		\$ 7,431,887	\$ 6,689,486
Adjustments - current		0.651	4,666	4,666
Abatements - current year Rate	(4,333,180)	0.651	(28,209)	(28,209)
Afterlists & Discovery Billings	2,484,178	0.651	16,172	16,172
Net Levy	<u>\$ 1,139,761,867</u>		\$ 7,424,516	\$ 6,682,115
Less uncollected taxes at June 30, 2016			82,875	82,875
Current Year's Taxes Collected			<u>\$ 7,341,641</u>	<u>\$ 6,599,240</u>
Current Levy Collection Percentage			<u>98.88%</u>	<u>98.76%</u>



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

Independent Auditor's Report

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, 2016, 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 November 30, 2016.

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 City's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A 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 City'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

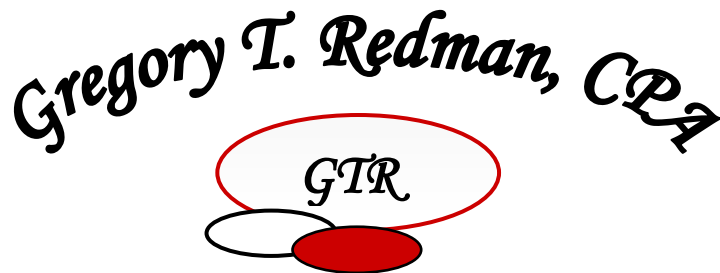
As part of obtaining reasonable assurance about whether the City of Roanoke Rapids, North Carolina's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could 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.

Gregory T. Redman, CPA
Tarboro, North Carolina
November 30, 2016



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Report on Compliance with Requirements Applicable
to each Major State Program and Internal control over
Compliance in Accordance with OMB Uniform Guidance
and the State Single Audit Implementation Act

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

I have audited the City Of Roanoke Rapids, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission, that could have a direct and material effect on each of the City of Roanoke Rapids, North Carolina's major State programs for the year ended June 30, 2016. 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 *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Uniform Guidance, 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, 2016.

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 Uniform Guidance 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Gregory T. Redman, CPA
Tarboro, North Carolina
November 30, 2016

**City of Roanoke Rapids, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016**

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, 2016**

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, 2016**

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, 2016**

None Reported

City of Roanoke Rapids, North Carolina
Schedule of Expenditures of Federal and State Awards
June 30, 2016

Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Federal Expenditures	State Expenditures
FEDERAL GRANTS:			
U.S. Department of Housing and Urban Development:			
Passed-through N.C. Department of Commerce:			
Community Development Block Grant	14.228	\$ 20,795	\$ -
U.S. Department of Health and Human Services			
Passed-through N.C. Department of Health and Human Services:			
Access:			
90 % State Funds	N/A	\$ -	\$ 7,869
Title III-B	93.044	8,045	473
Total		<u>\$ 8,045</u>	<u>\$ 8,342</u>
In-Home Services:			
90% State Funds	N/A	\$ -	\$ 34,825
90% State Funds/Caregiver Match	N/A	-	209
SSBG	93.667	4,778	137
Title III-B	93.044	22,631	1,331
Total		<u>\$ 27,409</u>	<u>\$ 36,502</u>
U.S. Office of Library Services			
Passed-through N.C. Department of Natural and Cultural Resources:			
LSTA E2 Edge Technology Grant	45.310	\$ 3,128	
STATE GRANTS:			
N.C. Department of Transportation			
Powell Bill	N/A	\$ -	\$ 463,891
N.C. Department of Cultural Resources:			
Aid to Public Libraries	N/A	\$ -	\$ 13,959
N.C. Department of Health and Human Services:			
Senior Center Outreach	N/A	\$ -	\$ 11,397
Total Assistance		<u>\$ 59,377</u>	<u>\$ 534,091</u>

Note 1:

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the City of Roanoke Rapids under the programs of the federal government and the State of North Carolina for the year ended June 30, 2016. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operation of the City of Roanoke Rapids, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Roanoke Rapids.

Note 2:

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.