

CITY OF ROANOKE RAPIDS, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2010

GREGORY T. REDMAN, CPA
GREENVILLE, NORTH CAROLINA

City of Roanoke Rapids, North Carolina
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Financial Section

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Independent Auditor's Report

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

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Roanoke Rapids, North Carolina, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Roanoke Rapids. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Roanoke Rapids, North Carolina, as of June 30, 2010, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 15, 2010 on my consideration of the City of Roanoke Rapids' internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial report or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

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

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Roanoke Rapids' basic financial statements. The combining, and individual non-major fund statements, budgetary schedules, and other schedules and the statistical tables, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements, budgetary schedules, other schedules, and the accompanying schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in my opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Gregory T. Anderson, CPA". The signature is written in a cursive style.

Greenville, North Carolina
October 15, 2010

Management's Discussion and Analysis

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2010**

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, 2010. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

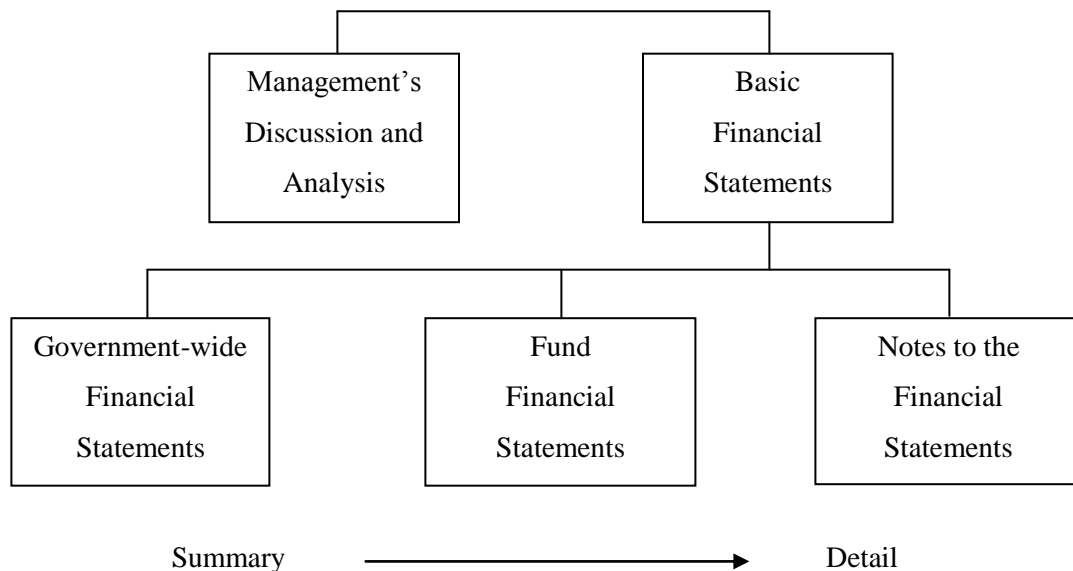
Financial Highlights

- The assets of the City of Roanoke Rapids exceeded its liabilities at the close of the fiscal year by \$5,015,512.
- The government's total net assets decreased by \$282,989.
- As of close of the current fiscal year, the City of Roanoke Rapids' governmental funds reported combined ending fund balances of \$7,648,778 with a net increase of \$1,618,036 in fund balance. Approximately 54.5 percent of this total amount, or \$4,170,489, 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 \$3,895,065 or 29.4 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, 2010**

Basic Financial Statements

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

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

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. The funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a short-term spending focus. As a result, the governmental fund financial statements give the

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2010**

reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is part of the funds financial statements.

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

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

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

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

City of Roanoke Rapids' Net Assets

	Governmental Activities	
	2010	2009
Assets:		
Current and other assets	\$ 18,430,842	\$ 18,325,046
Capital assets	10,015,862	11,540,008
Non-current assets	5,482,327	1,993,496
Total Assets	\$ 33,929,031	\$ 31,858,550
Liabilities:		
Long-term liabilities outstanding	\$ 26,925,510	\$ 24,449,370
Other liabilities	1,988,009	2,110,679
Total Liabilities	\$ 28,913,519	\$ 26,560,049
Net assets:		
Invested in capital assets, net of related debt	\$ 7,135,618	\$ 8,181,038
Restricted	385,190	435,725
Unrestricted	(2,505,296)	(3,318,262)
Total Net Assets	\$ 5,015,512	\$ 5,298,501

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2010**

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the City of Roanoke Rapids exceed liabilities by \$5,015,512 as of June 30, 2010. The City's net assets decreased by \$282,989 for the fiscal year ended June 30, 2010. However, a portion of net assets, 142%, reflects the City's investment in capital assets (e.g. land, buildings, machinery, equipment), less any related debt still outstanding that was issued to acquire those items. The City of Roanoke Rapids uses the capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Roanoke Rapids' investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

City of Roanoke Rapids Changes in Net Assets

	Governmental Activities	
	2010	2009
Revenues:		
Program revenues:		
Charges for services	\$ 1,627,930	\$ 1,734,129
Operating grants and contributions	744,299	902,096
Capital grants and contributions	43,150	975,137
General revenues:		
Property taxes	7,033,132	7,051,086
Other taxes	2,670,950	2,391,981
Grants and contributions not restricted to specific programs	1,394,650	1,560,290
Other	103,165	363,632
Special item: Loss on sale of Roanoke Rapids Theater	-	(1,272,542)
Loss on disposal of capital assets	(1,336,615)	-
Total Revenues	<u>\$ 12,280,661</u>	<u>\$ 13,705,809</u>
Expenses:		
General government	\$ 1,841,839	\$ 2,530,499
Public safety	4,889,683	4,499,302
Transportation	1,491,052	1,545,028
Economic and physical development	465,483	1,547,346
Environmental Protection	1,048,074	1,106,719
Cultural and recreation	1,596,534	1,689,315
Interest on long-term debt	1,371,523	1,257,126
Total Expenses	<u>\$ 12,704,188</u>	<u>\$ 14,175,335</u>
Increase (decrease) in net assets before transfers	(423,527)	(469,526)
Net assets, July 1	5,298,501	5,768,027
Prior period adjustment	140,538	-
Net assets, June 30	<u>\$ 5,015,512</u>	<u>\$ 5,298,501</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, 2010**

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 \$3,895,065, while total fund balance reached \$7,373,354. 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 29.4 percent of total General Fund expenditures, while total fund balance represents 55.6 percent of that same amount.

At June 30, 2010, the governmental funds of City of Roanoke Rapids reported a combined fund balance of \$7,648,778 with a net increase in fund balance of \$1,618,063.

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 2009/2010 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, 2010 total \$10,015,862 (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	
	2010	2009
Land	\$ 2,136,655	\$ 4,163,602
Buildings and systems	7,166,047	4,876,059
Machinery and equipment	713,160	2,500,347
Total	\$ 10,015,862	\$ 11,540,008

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

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2010**

Long-term Debt. As of June 30, 2010, the City of Roanoke Rapids had total bonded debt outstanding of \$170,000. Of this, \$170,000 is debt backed by the full faith and credit of the City. The Tax Increment Financing debt of \$20,750,000 is backed by a letter of credit from Bank of America. The following revenues are to be used to make the debt service payments and are listed in order of priority: 1) Lease revenues; 2) Incremental Property Taxes from the 123 acres; and 3) General Sales Tax Revenues that come to the City.

General Obligation and Revenue Bonds

	Governmental Activities	
	2010	2009
General obligation bonds	\$ 170,000	\$ 345,000
Tax increment financing	20,750,000	21,250,000
Installment notes payable	2,710,244	3,358,970
Total	\$ 23,630,244	\$ 24,953,970

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 \$68,096,136.

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

Economic Overview

Over the last year the City of Roanoke Rapids, as well as the surrounding areas in Halifax County, has seen renewed interest in commercial development. Building permits were issued for a total construction value of \$10,519,960.00 as of August 20, 2010. A few project highlights include:

Wal-mart which is currently in the process of making an additional \$50,000.00 investment in the renovation of the Seafood Department.

O'Reilly's has broken ground on a 7,000 square foot auto parts store and anticipates opening in the spring of 2011. This facility should employ approximately 15 people.

Rue 21 located in the Premier Boulevard Shopping Center recently made an investment of \$73,062.00 in order to renovate and expand their existing facility.

Roses is currently in the process of renovating 40,000 square feet of existing retail space and intend to hold a grand opening in September and employ approximately 45 people.

Both **First Citizens Bank** and **BB&T** have made great investments in 2010 and have constructed new facilities at the corner of Old Farm Road and 4th Avenue. While First Citizens Bank is relocating from their existing facility on Roanoke Avenue, BB&T will be utilizing this location in addition to their location on 10th Street.

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2010**

One of the most *notable economic development announcements was from Reser's Fine Foods*, which is undergoing a \$60 million expansion, will bring in 500 jobs in the next five years. A nationally-recognized manufacturer of prepared foods and salads is currently expanding the company's existing operations in Halifax County as part of a three-year phase, five-year expansion project. The company's decision to expand in North Carolina was made possible in part by a \$1,000,000 grant from the One North Carolina Fund. The jobs and investment to be provided by Reser's expansion will provide a significant return on investments. Anticipated completion date, spring of 2011.

The City of Roanoke Rapids partnered with merchants along the Roanoke Avenue Business Corridor and was designated as a *North Carolina Main Street Community*. The Roanoke Avenue Business Association has been formed and the City is a major partner in the preservation and enhancement of the "Avenue" business district.

The mission of the Roanoke Avenue Business Alliance, known as "RABA", is to alleviate the physical, economic, and social deterioration and increase economic activity and employment of the Roanoke Avenue Business District in Roanoke Rapids, North Carolina. The Alliance will seek to enhance the overall business and commercial environment and assist in the historic preservation of the Avenue, thus improving the quality of life for all people of the Roanoke Rapids Area. RABA is a non-profit.

Roanoke Rapids is a designed NC Main Street Community, joining 61 other cities across NC and 1800 across the US that work to (in NC) "stimulate economic development within the context of historic preservation" (NC Main Street Center). RABA receives direct assistance from the NC Main Street Center (NCMSC), under the NC Department of Commerce, Division of Community Assistance. Direct assistance includes program guidance, technical assistance, training, networking, advocacy and leadership in promoting and supporting downtown business districts. Since the inception of the NC Main Street Program in 1980, NC Main Street downtowns have experienced more than \$1.66 billion of new investment and a net gain of more than 14,600 jobs, the renovation of more than 3,600 buildings and over 8,100 new business startups (NC Main Street Center).

Main Street uses a comprehensive Four-Point Approach to achieving downtown revitalization: Organization, Promotion, Design and Economic Restructuring. Within Organization, RABA is charged with building partnerships to create effective leadership and management in the Roanoke Avenue Business District ("The Avenue") with diverse groups, including merchants, public officials, bankers and others (NC Main Street Center). For Promotion, RABA must take The Avenue an attractive place for shoppers, investors and visitors, improve sales, and make the community excited and more involved in The Avenue's well-being. As for the Design element, RABA will work to enhance buildings, storefronts, public spaces, window displays, landscaping and graphic materials like logos and banners. The Main Street program's ultimate goal is Economic Restructuring, and RABA will work to recruit businesses to The Avenue, diversify the economy on the Avenue, promote mixed-use development (commercial and residential) and work with partners to provide workshops and seminars. RABA will work with NCMS to conduct a market analysis for The Avenue as well.

The *Halifax Industrial Center* on Highway 903 is full and the *new corporate park* near the Halifax-Northampton Regional Airport is being constructed. Halifax County received \$400,000 for Corporate Park Site Improvements to bring needed jobs into the area. (700 acres of land is being developed for the second industrial park, the Halifax Corporate Park, located on NC Highway 561, just 5 minutes from Interstate 95).

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2010**

Halifax County Economic Development Commission is in the early stages of *negotiating the old airport property*, which has been closed since the new airport opened in May of 2009. It could be conveyed to a new company in the automotive industry. If it happens, the company could bring more than 60 high-tech, high-wage jobs to the area.

Tourism is an important economic engine for the City of Roanoke Rapids and Halifax County. In light of the economic climate, tourism revenues grew by over 2.54% in Halifax County last year, representing \$72.7 million. Roanoke Rapids destinations such as the Roanoke Canal Museum, Roanoke Canal Trail, Roanoke Rapids Lake Park, the Roanoke Rapids Theatre, and our strong base of restaurants and hotels contribute significantly to the attraction of tourists to the County and the increase in overall occupancy tax revenues. Lodging revenues totaled \$11,640,880.00.

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

Budget Highlights for the Fiscal Year Ending June 30, 2011

Governmental Activities: The City of Roanoke Rapids' Budget contains several revenue sources that are dependent on the general economy. Among these are sales tax, property tax, interest income and user and permit fees. The budget provides high level of funding for police and fire protection, and addressing public health, safety and appearance issues through solid waste and refuse collection, funding for a more aggressive enforcement of the City's minimum housing code, vehicle and nuisance ordinances. The property tax rate is 62.4 cents per \$100 valuation. Overall tax base revenue represents 44.06% of the total general fund revenue budgeted for fiscal year 2020/2011. Employee compensation, including benefits, accounts for the majority of the budgeted expenditures.

Requests for Information

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

Basic Financial Statements

City of Roanoke Rapids, North Carolina
Statement of Net Assets
June 30, 2010

Exhibit 1

**Governmental
Activities**

Assets

Current Assets:

Cash and cash equivalents	\$ 5,153,667
Taxes receivable (net)	715,228
Accounts receivable (net)	1,090,371
Accrued interest receivable	118,545
Notes receivable	11,230,175
Inventories	76,433
Prepaid expense	46,423
Total Current Assets	\$ 18,430,842

Noncurrent Assets:

Restricted cash	\$ 1,986,096
Deferred outflow	3,496,231
Total Non-current Assets	\$ 5,482,327

Capital Assets:

Land, improvements, and construction in progress	\$ 2,136,655
Other capital assets, net of depreciation	7,879,207
Total Capital Assets	\$ 10,015,862
Total Assets	\$ 33,929,031

Liabilities

Current Liabilities:

Accounts payable and accrued expenses	\$ 434,378
Unearned revenue	269,834
Current portion of long-term liabilities	1,283,797
Total Current Liabilities	\$ 1,988,009

Long-term Liabilities:

Due in more than one year	23,429,279
Derivative instrument - Interest Rate Swap	3,496,231
Total Long-term Liabilities	\$ 26,925,510
Total Liabilities	\$ 28,913,519

Net Assets

Investment in capital assets, net of related debt	\$ 7,135,618
Restricted - Powell Bill	385,190
Unrestricted	(2,505,296)
Total Net Assets	\$ 5,015,512

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, 2010

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 1,841,839	\$ -	\$ -	\$ -	\$ (1,841,839)
Public Safety	4,889,683	150,825	95,597	-	(4,643,261)
Transportation	1,491,052	700	460,449	-	(1,029,903)
Economic and Physical Development	465,483	-	-	43,150	(422,333)
Environmental Protection	1,048,074	1,263,443	11,488	-	226,857
Cultural and Recreational	1,596,534	212,962	176,765	-	(1,206,807)
Interest on long-term debt	1,371,523	-	-	-	(1,371,523)
Total Governmental Activities	\$12,704,188	\$1,627,930	\$ 744,299	\$ 43,150	\$ (10,288,809)
General Revenues:					
Taxes:					
Property taxes, levied for general purpose					\$ 7,033,132
Local option sales tax					1,896,757
Other taxes and licenses					774,193
Grants and contributions not restricted to specific programs					1,394,650
Investment earnings, unrestricted					12,158
Miscellaneous, unrestricted					91,007
Loss on disposal of capital assets					(1,336,615)
Total General Revenues and Transfers					\$ 9,865,282
Change in Net Assets					\$ (423,527)
Net Assets - beginning					5,298,501
Prior Period Adjustment					140,538
Net Assets - ending					5,015,512

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, 2010

Exhibit 3

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Governmental Non-Major Funds</u>	<u>Total Governmental Funds</u>
Assets			
Current Assets:			
Cash and cash equivalents	\$ 4,930,164	\$ 223,503	\$ 5,153,667
Taxes Receivable, net	715,228	-	715,228
Due from other governmental agencies	691,279	-	691,279
Due from other funds	3,788	(3,788)	-
Accounts Receivable, net	321,380	1,269	322,649
Inventories	76,433	-	76,433
Grant receivable	20,183	56,260	76,443
Prepaid expenses	46,423	-	46,423
Total Current Assets	<u>\$ 6,804,878</u>	<u>\$ 277,244</u>	<u>\$ 7,082,122</u>
Noncurrent Assets:			
Restricted cash	1,986,096	-	1,986,096
Total Assets	<u><u>\$ 8,790,974</u></u>	<u><u>\$ 277,244</u></u>	<u><u>\$ 9,068,218</u></u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 432,558	\$ 1,820	\$ 434,378
Due to other funds	-	-	-
Deferred revenues	967,922	-	967,922
Unearned revenue	17,140	-	17,140
Total Liabilities	<u>\$ 1,417,620</u>	<u>\$ 1,820</u>	<u>\$ 1,419,440</u>
Fund Balances:			
Reserved by state statute	\$ 783,936	\$ -	\$ 783,936
Reserved for debt service	1,986,096	-	1,986,096
Reserved for inventories and prepaid expenses	122,856	-	122,856
Reserved for Powell Bill	385,190	-	385,190
Unreserved:			
Designated for law enforcement allowance	200,211	-	200,211
Undesignated	3,895,065	275,424	4,170,489
Total Fund Balances	<u>\$ 7,373,354</u>	<u>\$ 275,424</u>	<u>\$ 7,648,778</u>
Total Liabilities and Fund Balances	<u><u>\$ 8,790,974</u></u>	<u><u>\$ 277,244</u></u>	<u><u>\$ 9,068,218</u></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 Assets
June 30, 2010

Exhibit 3

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

Fund balance as reported in the balance sheet governmental funds	\$ 7,648,778
Amounts reported for governmental activities in the Statement of Net Assets (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	10,015,862
Long-term asset (notes receivable) are not available to pay for current period expenditures and therefore are deferred in the funds.	11,230,175
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.	118,545
Liabilities for earned but deferred revenues in fund statements.	715,228
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.	(24,713,076)
Net Assets of Governmental Activities	\$ 5,015,512

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, 2010

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	\$ 7,193,873	\$ -	\$ 7,193,873
Other taxes and licenses	774,193	-	774,193
Unrestricted intergovernmental	3,291,407	-	3,291,407
Restricted intergovernmental	744,299	43,150	787,449
Permits and fees	83,049	-	83,049
Sales and services	1,544,881	-	1,544,881
Investment earnings	12,067	91	12,158
Miscellaneous	71,656	-	71,656
Insurance reimbursements	19,390	-	19,390
Total Revenues	<u>\$ 13,734,815</u>	<u>\$ 43,241</u>	<u>\$ 13,778,056</u>
Expenditures			
Current:			
General Government	\$ 1,698,690	\$ -	\$ 1,698,690
Public Safety	4,593,813	-	4,593,813
Transportation	1,377,066	-	1,377,066
Environmental Protection	1,045,010	-	1,045,010
Economic & Physical Development	421,036	47,150	468,186
Cultural and Recreational	1,377,048	-	1,377,048
Debt service	2,695,249	-	2,695,249
Capital Outlay	-	7,254	7,254
Miscellaneous grants	57,801	-	57,801
Total Expenditures	<u>\$ 13,265,713</u>	<u>\$ 54,404</u>	<u>\$ 13,320,117</u>
Excess (Deficiency) of			
Revenues Over Expenditures	<u>\$ 469,102</u>	<u>\$ (11,163)</u>	<u>\$ 457,939</u>

(continued)

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

City of Roanoke Rapids, North Carolina
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2010

(continued)

Exhibit 4

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Governmental Non-Major Funds</u>	<u>Total Governmental Funds</u>
Other Financing Sources (Uses)			
Transfers (to) from other funds	\$ -	\$ (39)	\$ (39)
Lease proceeds	1,019,625	-	1,019,625
Total Other Financing Sources (Uses)	<u>\$ 1,019,625</u>	<u>\$ (39)</u>	<u>\$ 1,019,586</u>
Net Change in Fund Balance	\$ 1,488,727	\$ (11,202)	\$ 1,477,525
Fund Balance:			
Beginning of year	5,744,089	286,626	6,030,715
Prior Period Adjustment	140,538	-	140,538
End of year	<u>\$ 7,373,354</u>	<u>\$ 275,424</u>	<u>\$ 7,648,778</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, 2010

Exhibit 4-2

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

Net changes in fund balance - total governmental funds	\$	1,477,525
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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 depreciation exceeded capital outlays in the current period.		(512,220)
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Loss on disposal of capital assets recognized in the Statement of Activities but not in the Governmental Funds.		(1,336,615)
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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.		304,101
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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		(160,741)

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	\$ 26,503	
Net pension obligation	(58,842)	
Other postemployment benefits	(163,238)	(195,577)

Total Changes in Net Assets of Governmental Activities	\$	<u><u>(423,527)</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, 2010

Exhibit 5

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

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Ad valorem taxes	\$ 6,861,876	\$ 6,861,876	\$ 7,193,873	\$ 331,997
Other taxes and licenses	145,000	408,892	774,193	365,301
Unrestricted intergovernmental	3,579,323	3,220,108	3,291,407	71,299
Restricted intergovernmental	712,316	898,581	744,299	(154,282)
Permits and fees	95,900	89,900	83,049	(6,851)
Sales and services	1,790,406	1,769,111	1,544,881	(224,230)
Investment earnings	59,400	61,200	12,067	(49,133)
Miscellaneous	50,000	138,300	71,656	(66,644)
Insurance reimbursements	2,500	2,500	19,390	16,890
Total Revenues	<u>\$ 13,296,721</u>	<u>\$ 13,450,468</u>	<u>\$ 13,734,815</u>	<u>\$ 284,347</u>
Expenditures:				
General Government	\$ 2,090,418	\$ 1,784,841	\$ 1,698,690	\$ 86,151
Public Safety	4,311,999	4,729,606	4,593,813	135,793
Transportation	1,450,114	1,494,943	1,377,066	117,877
Environmental Protection	1,135,294	1,152,193	1,045,010	107,183
Economic and Physical Development	375,329	470,841	421,036	49,805
Cultural and Recreational	1,469,016	1,522,000	1,377,048	144,952
Debt service	2,930,198	3,016,494	2,695,249	321,245
Miscellaneous grants	50,000	57,801	57,801	-
Total Expenditures	<u>\$ 13,812,368</u>	<u>\$ 14,228,719</u>	<u>\$ 13,265,713</u>	<u>\$ 963,006</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (515,647)</u>	<u>\$ (778,251)</u>	<u>\$ 469,102</u>	<u>\$ 1,247,353</u>

(continued)

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

City of Roanoke Rapids, North Carolina
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2010

(continued)

Exhibit 5

	Original	Final	Actual	Variance With Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Transfers in (out)	\$ 3,500	\$ -	\$ -	\$ -
Sale of capital assets	-	-	-	-
Lease proceeds	1,361,001	1,361,001	1,019,625	(341,376)
Fund balance appropriated	-	149,853	-	(149,853)
Decrease in fund balance	(848,854)	(732,603)	-	732,603
Total Other Financing Sources (Uses)	\$ 515,647	\$ 778,251	\$ 1,019,625	\$ 241,374
Revenues and Other Financing Sources Over (Under)				
Expenditures and Other Uses	\$ -	\$ -	\$ 1,488,727	\$ 1,488,727
Fund Balance:				
Beginning of Year			5,744,089	
Prior Year Adjustment			140,538	
End of Year			\$ 7,373,354	

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

City of Roanoke Rapids, North Carolina
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

Exhibit 6

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

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, 2010

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Basis of Presentation

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

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

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

The City reports the following major governmental funds:

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

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

The City reports the following non-major governmental funds:

Special Revenue Fund. The Special Revenue Fund is used to account for the specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The City has six Special Revenue Funds: Local Law Enforcement Grant Fund, Roanoke Canal Museum Fund, Hodgestown Project, Community Development Block Grant Fund, 2008 CDBG Program, and CDBG Housing Development Project.

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

The City reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

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

The City considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Halifax County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City of Roanoke Rapids. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the City's vehicle taxes for vehicles registered in Halifax County from March 2009 through February 2010 apply to the fiscal year ended June 30, 2010. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

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

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

D. Budgetary Data

The City's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the General and Enterprise Funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Special Revenue and the Capital Project Funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and the object level for the multi-year funds. The governing board must approve any revisions that alter total expenditures of

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

any fund. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until an annual ordinance can be adopted.

E. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

All deposits of the City are made in board-designated official depositories and are secured as required by State law (G.S. 159-31). The City may designate, as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the City may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit. State law [G.S. 159-30(c)] authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The Securities of the NCCMT – Cash Portfolio, a SEC registered (2a-7) money market mutual fund, are valued at fair value, which is NCCMT's share price. The NCCMT – Term Portfolio's Securities are valued at fair value.

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

2. Cash and Cash Equivalents

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

3. Restricted Assets

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

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on July 1, the beginning of the fiscal year. The taxes are due on September 1; however, interest does not accrue until the following January 6. Those taxes are based on the assessed values as of January 1, 2009. 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, 2010

5. Allowances for Doubtful Accounts

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

6. Inventory and Prepaid Items

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

7. Capital Assets

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

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

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

8. Long-Term Obligations

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

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.

9. Compensated Absences

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

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

10. Net Assets/Fund Balances

Net Assets

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

Fund Balances

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

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

The governmental fund types classify fund balances as follows:

Reserved:

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

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

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

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

Unreserved:

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

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

II. Stewardship, Compliance, and Accountability

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

1. Noncompliance with North Carolina General Statutes

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

2. Contractual Violations

There were no instances of violations of contractual obligations noted.

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

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

C. Excess of Expenditures Over Appropriations

There were no expenditures in excess of appropriations during the year ended June 30, 2010.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All of the City's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's agent in its name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agent in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2010, the City's deposits had a carrying amount of \$375,687 and a bank balance of \$392,054. Of the bank balance, \$250,000 was covered by federal depository insurance and \$142,054 in interest bearing deposits were covered by collateral held under the pooling method. At June 30, 2010, the City of Roanoke Rapids had \$825 cash on hand.

2. Investments

At June 30, 2010, the City of Roanoke Rapids had \$6,763,251 invested with the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM, by Standard and Poor's. The City has adopted a formal policy regarding credit risk.

a. Interest Rate Risk

The City has adopted a formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits at least half of the City's investment portfolio to maturities of less

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

than 12 months. Also, the City's internal management policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than two years.

b. Credit Risk

The City has adopted a formal policy regarding credit risk, and has internal management procedures that limits the City's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The City's investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2010. The City's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high-grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

3. Capital Assets

Capital asset activity for the City for the year ended June 30, 2010, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,163,602	\$ -	\$ 2,026,947	\$ 2,136,655
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>\$ 4,163,602</u>	<u>\$ -</u>	<u>\$ 2,026,947</u>	<u>\$ 2,136,655</u>
Capital assets being depreciated:				
Buildings & improvements	\$10,653,877	\$2,148,580	\$ 30,560	\$12,771,897
Machinery & equipment	8,740,412	126,611	2,852,202	6,014,821
Total capital assets being depreciated	<u>\$19,394,289</u>	<u>\$2,275,191</u>	<u>\$ 2,882,762</u>	<u>\$18,786,718</u>
Less accumulated depreciation for:				
Buildings & improvements	\$ 5,777,818	\$ 247,742	\$ 419,710	\$ 5,605,850
Machinery & equipment	6,240,065	407,038	1,345,442	5,301,661
Total accumulated depreciation	<u>\$12,017,883</u>	<u>\$ 654,780</u>	<u>\$ 1,765,152</u>	<u>\$10,907,511</u>
Total capital assets being depreciated, net	<u>\$ 7,376,406</u>			<u>\$ 7,879,207</u>
Governmental activity capital assets, net	<u><u>\$11,540,008</u></u>			<u><u>\$10,015,862</u></u>

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

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

General government	\$ 32,461
Public safety	311,276
Transportation	131,311
Environmental protection	10,411
Cultural and recreation	169,321
Total depreciation expense	\$ 654,780

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The City of Roanoke Rapids contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.92% and 4.86%, respectively, of annual covered payroll. The contribution requirements of members and of the City are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2010, 2009, and 2008 were \$249,945, \$277,734, and \$272,869, respectively. The contributions made by the City equaled the required contributions for each year.

b. Deferred Compensation Plan

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

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, 2010 were \$62,218, which consisted of \$16,798 from the City and \$45,420 from employees.

c. Law Enforcement Officers Special Separation Allowance

1. Plan Description

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

At December 31, 2009, the Separation Allowance's membership consisted of:

Retirees receiving benefits	6
Active plan members	<u>39</u>
 Total	 <u>45</u>

A separate report was not issued for the plan.

2. Summary of Significant Accounting Policies

Basis of Accounting

The City has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

Methods Used to Value Investments

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

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 2010.

The annual required contribution for the fiscal year ended June 30, 2010, was determined as part of the December 31, 2009, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5% investment rate of return and (b) projected salary increases ranging from 4.5% to 12.3% per year. The inflation component was 3.75%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2009 was 21 years.

Annual Pension Cost and Net Pension Prepaid

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

Annual required contribution	\$ 55,949
Interest on net pension obligation	22,066
Adjustment to annual required contribution	(19,173)
Annual pension cost	58,842
Contributions made	-
Increase (decrease) in net pension obligation	\$ 58,842
Net pension obligation beginning of year	304,363
Net pension obligation end of year	\$ 363,205

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation Prepaid
6/30/08	\$ 54,017	0.00%	\$ 242,608
6/30/09	61,755	0.00%	304,363
6/30/10	58,842	0.00%	363,205

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

4. Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$866,371. The covered payroll (annual payroll of active employees covered by the plan) was \$1,460,374, and the ratio of the UAAL to the covered payroll was 59.33 percent.

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

d. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The City's contributions for the year ended June 30, 2010 were \$199,175, which consisted of \$127,326 from the City and \$71,849 from law enforcement officers.

e. Other Post-Employment Benefits

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

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

	<u>General Employees</u>	<u>Law Enforcement Officer</u>
Retirees and dependents receiving benefits	20	7
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	<u>111</u>	<u>38</u>
Total	131	45

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

The current ARC rate is 7.68% of annual covered payroll. For the current year, the City contributed \$201,697 or 4.19% of annual covered payroll.

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

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

Annual required contribution	\$ 364,935
Interest on net OPEB obligation	-
Annual OPEB cost (expense)	<u>364,935</u>
Contributions made	<u>201,697</u>
Increase (decrease) in net OPEB obligation	<u>163,238</u>
Net OPEB obligation, beginning of year	<u>128,695</u>
Net OPEB obligation, end of year	<u><u>\$ 291,933</u></u>

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 were as follows:

<u>For Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2009	364,935	64.7%	128,695
2010	364,935	55.3%	163,238

Funded Status and Funding Progress. As of December 31, 2009, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$2,246,882. The covered payroll (annual payroll of active employees covered by the plan) was \$4,812,453, and the ratio of the UAAL to the covered payroll was 46.7 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

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

f. Other Employment Benefits

The City has elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

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

g. Deferred/Unearned Revenues

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

	Deferred Revenue	Unearned Revenue
General Fund:		
Property taxes receivable	\$ 715,228	\$ -
Prepaid taxes not yet earned	-	17,140
Other miscellaneous receivables	252,694	-
Total	\$ 967,922	\$ 17,140

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the self-funded risk financing pool administered by the North Carolina League of Municipalities. Through these pools, the City has workers' compensation coverage of \$500,000 and employee health coverage up to \$2,000,000. The City carries commercial coverage for general liability of \$4,000,000 and for property of \$2,000,000. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The City carries flood insurance in the amount of \$500,000 per occurrence.

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

h. Claims and Judgments

The City had no claims or judgments pending at June 30, 2010.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

i. 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, 2010, the City of Roanoke Rapids had a legal debt margin of \$68,096,136. The City has no bonds authorized but unissued at June 30, 2010.

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

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

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

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

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

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

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

Long-term debt payable at June 30, 2010 is comprised of the following:

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

General Obligation Bonds:

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

Installment Notes Payable:

First Citizens Bank - due in 20 semi-annual installments of \$49,762 including interest at 4.83% through January 15, 2008. Thereafter, the unpaid balance shall be payable in nine semi-annual installments of \$50,629 including interest at 69% of the prime rate. On January 15, 2012, all unpaid principal and accrued interest shall be due and payable in full. \$ 189,323

RBC Centura Bank - due in 59 consecutive quarterly installments of principal in the amount of \$30,479 plus interest at 4.75% through February 26, 2014 when the entire unpaid principal balance plus unpaid interest shall be due and payable in full. 457,188

USDA - due in 20 annual installments of \$20,230, including interest at 4.375%, beginning April 7, 2005 through April 7, 2025. 208,466

First Citizens Bank - due in 5 consecutive annual installments of \$27,427 including interest at 3.1% beginning November 9, 2006 through November 10, 2010 when all outstanding principal and accrued interest shall be due and payable in full. 26,584

First Citizens Bank - due in 5 consecutive annual installments of \$144,493 including interest at 3.63% beginning December 15, 2007 through December 15, 2011. 273,980

Branch Banking & Trust - due in 5 consecutive annual installments of \$30,872 including interest at 2.85% beginning February 19, 2010 through February 19, 2014. 115,168

USDA - due in 30 annual installments of \$90,178, including interest at 4.375%, beginning March 20, 2009 through March 20, 2039. 1,439,534

Total \$ 2,710,243

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

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%.

\$20,750,000

The annual requirements to amortize general obligation bonds outstanding (excluding vacation pay and capitalized leases) as of June 30, 2010, including interest payments, are as follows:

Year	General Obligation Bonds	Interest Payments	Total
2011	\$ 170,000	\$ 8,330	\$ 178,330
Next 5 years	-	-	-
Total	<u>\$ 170,000</u>	<u>\$ 8,330</u>	<u>\$ 178,330</u>

The annual requirements to amortize notes payable outstanding (excluding vacation pay and capitalized leases) as of June 30, 2010, including interest payments, are as follows:

Year	Principal Payments	Interest Payments	Total
2011	\$ 441,029	\$ 114,221	\$ 555,250
2012	426,925	95,301	522,226
2013	192,821	78,058	270,879
2014	164,999	69,805	234,804
2015	42,801	67,594	110,395
2016 - 2020	181,873	289,182	471,055
2021 - 2025	284,062	267,913	551,975
2026 - 2030	331,591	200,094	531,685
2031 - 2035	320,651	130,174	450,825
2036 - 2038	323,492	53,620	377,112
Total	<u>\$ 2,710,244</u>	<u>\$ 1,365,962</u>	<u>\$ 4,076,206</u>

The annual requirements to amortize economic development bonds outstanding as of June 30, 2010, including interest payments, are as follows:

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

Year	Principal Payments	Interest Payments	Total
2010	\$ 630,000	\$ 1,125,968	\$ 1,755,968
2012	680,000	1,089,878	1,769,878
2013	725,000	1,051,170	1,776,170
2014	770,000	1,009,983	1,779,983
2015	820,000	988,770	1,808,770
2016 - 2020	4,990,000	4,074,370	9,064,370
2021 - 2025	8,305,000	2,271,153	10,576,153
2026 - 2030	3,830,000	594,806	4,424,806
Total	<u>\$ 20,750,000</u>	<u>\$ 12,206,098</u>	<u>\$ 32,956,098</u>

Changes in the long-term liabilities:

	Beginning Balances July 1, 2009	Increases	Decreases	Ending Balances June 30, 2010	Current Portion of Balance
<u>Governmental activities:</u>					
General obligation					
bonds - 1994	\$ 345,000	\$ -	\$ 175,000	\$ 170,000	\$ 170,000
Installment notes					
payable	3,358,970	-	648,726	2,710,244	441,028
Tax increment					
financing	21,250,000	-	500,000	20,750,000	630,000
Net pension obligation	304,363	58,842	-	363,205	-
Compensated absences	454,197	-	26,503	427,694	42,769
Interest Rate Swap	-	3,496,231	-	3,496,231	-
Other postemployment					
benefits	128,695	364,935	201,697	291,933	-
Total	<u>\$25,841,225</u>	<u>\$3,920,008</u>	<u>\$1,551,926</u>	<u>\$28,209,307</u>	<u>\$1,283,797</u>

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

Tax Increment Financing:

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

City of Roanoke Rapids, North Carolina
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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.

IV. Interest Rate Swaps

A. Objective of the interest rate swap

In order to achieve an economic benefit when compared to the issuance of fixed rate bonds, effective March 2007, the City entered into an interest rate swap agreement with respect to \$21.5 million of Variable Rate Music and Entertainment District Special Revenue Bonds, Series 2007. To achieve significant savings, as compared to the savings derived from a product available in the bond market. Significant savings shall be calculated after adjusting for (a) incremental transaction costs and expenses including applicable fees, including takedown, remarketing fees and credit enhancement fees, and (b) call options that may be available on the bonds.

B. Terms

The notional value of the swap is \$17.2 million 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.

(Series 2007 Derivative Agreement means the Interest Rate Swap Agreement, dated September 12, 2006, between the City and Bank of America, N.A., pursuant to which the City is to pay fixed rate payments, and said bank is to pay variable rate payments, in amounts relating to a notional amount corresponding to the principal amount of a portion of the Series 2007 Bonds)

C. Fair Value

Because interest rates have declined since execution of the swap, the swap has a negative fair value of \$3,496,231. Fair value was estimated by the counterparty using market-to-market valuations.

D. Credit Risk

As of June 30, 2010 the City was not exposed to credit risk because the swap had a negative fair value. The swap counterparty, Bank of America, N.A., at June 30, was rated "Aaa" by Moody's Investors Service (Moody's), "AA" by Standard and Poor's (S&P) and "AA" by Fitch Ratings.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

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, 2010, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same for the term of the bonds, were as follows. As rates vary, variable rate bond interest payments and net swap payments will vary.

<u>Year End June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Swaps, Net</u>	<u>Total</u>
2011	\$ 630,000	\$ 1,125,968	\$ 492,538	\$ 1,618,506
2012	680,000	1,089,878	475,891	1,565,769
2013	725,000	1,051,170	458,143	1,509,313
2014	770,000	1,009,983	414,303	1,424,286
2015	820,000	988,700	375,621	1,364,321
2016 - 2020	4,990,000	4,074,369	1,283,741	5,358,110
2021 - 2025	8,305,000	2,271,153	957,704	3,228,857
2026 - 2030	3,830,000	594,806	-	594,806
Total	<u>\$ 20,750,000</u>	<u>\$ 12,206,027</u>	<u>\$ 4,457,941</u>	<u>\$ 16,663,968</u>

The following sets forth a summary of the City's derivative instrument as of June 30, 2010: The forward-starting floating-to-fixed interest rate swap is a cash flow hedge and is determined to be effective using the synthetic instrument method. The swap has a notional amount of \$16,600,000 and a negative fair value of \$3,496,231 as of June 30, 2010. The negative fair value at June 30, 2010 represents an \$884,296 increase from the prior year.

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

“Series 2007 Derivative Agreement” means the Interest Rate Swap Agreement, dated September 12, 2006, between the City and Bank of America, N.A., pursuant to which the City is to pay fixed rate payments, and said bank is to pay variable rate payments, in amounts relating to a notional amount corresponding to the principal amount of a portion of the Series 2007 Bonds.

V. Interfund Balance

Balances due to/from other funds at June 30, 2010 consist of the following:

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

Due to the General Fund:	
Roanoke Canal Museum	\$ 2,839
2008 CDBG Program	408
CDBG Housing Development Project	541
Total	\$ 3,788

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. Subsequent Event

In March 2009, the City entered into a Lease Purchase Agreement with Lafayette Gatling Sr. (L&M Hospitality) for approximately 8.8 acres of real estate located at 500 Carolina Crossroads Parkway, Roanoke Rapids and known as “The Roanoke Rapids Theatre”. City Council terminated the Lease Purchase Agreement on April 27, 2010 by declaring L&M in default. By court order, the City regained control on September 1, 2010.

The City is responsible for the operations of the entertainment venue. It is the City’s intent to move forward with revitalizing the theatre. The City of Roanoke Rapids has posted a Request for Qualifications to select a management firm qualified to perform professional entertainment and facility management services on a temporary basis related to all operations of the Roanoke Rapids Theatre in Roanoke Rapids, North Carolina.

VIII. Prior Period Adjustments

Net assets and fund balances were adjusted as follows:

	Government-wide Net Assets	Governmental Funds Fund Balance
Correction of prior year audit journal entry for the treatment of transfers to the Carolina Crossroads Fund which has since been closed into the General Fund.	\$ 140,538	\$ 140,538

Required Supplementary Financial Data

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

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance.
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Funding Progress for the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Notes to the Required Schedules for the Other Postemployment Benefits

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

Exhibit A-1

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/04	\$ 232,605	\$ 550,448	\$ 317,843	42.26%	\$ 1,305,161	24.35%
12/31/05	239,822	515,840	276,018	46.49%	1,431,269	19.28%
12/31/06	194,158	574,169	380,011	33.82%	1,579,391	24.06%
12/31/07	199,394	655,895	456,501	30.40%	1,619,043	28.20%
12/31/08	211,063	746,741	535,678	28.26%	1,338,527	40.02%
12/31/09	127,664	994,035	866,371	12.84%	1,460,374	59.33%

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
2008	\$ 54,017	0.00%
2009	61,755	0.00%
2010	58,842	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	12-31-09
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	21 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.5% - 12.3%
*Includes inflation at	3.75%
Cost-of living adjustments	N/A

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

Exhibit A-3

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

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

Exhibit A-4

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009	364,935	64.7%
2010	364,935	55.3%

Notes to the Required Schedules:

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

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

City of Roanoke Rapids, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Ad Valorem Taxes:			
Current year	\$ 6,563,061	\$ 6,796,799	\$ 233,738
Prior years	276,315	309,401	33,086
Penalties and interest	22,500	87,673	65,173
Total	<u>\$ 6,861,876</u>	<u>\$ 7,193,873</u>	<u>\$ 331,997</u>
Other Taxes and Licenses:			
Privilege licenses	\$ 71,500	\$ 78,594	\$ 7,094
Motor vehicle license	73,500	72,538	(962)
Lease vehicle	-	14,786	14,786
Holdharmless revenue	263,892	608,275	344,383
Total	<u>\$ 408,892</u>	<u>\$ 774,193</u>	<u>\$ 365,301</u>
Unrestricted Intergovernmental:			
Local option sales tax	\$ 2,063,115	\$ 1,896,757	\$ (166,358)
Payments in lieu of taxes	32,000	37,037	5,037
Beer and wine tax	31,993	23,607	(8,386)
ABC profits	20,500	36,263	15,763
Video franchise fee	120,000	27,762	(92,238)
Occupancy tax	2,500	2,985	485
Utility franchise tax	950,000	1,266,996	316,996
Total	<u>\$ 3,220,108</u>	<u>\$ 3,291,407</u>	<u>\$ 71,299</u>
Restricted Intergovernmental:			
"State Street Aid" allocation	\$ 464,370	\$ 460,449	\$ (3,921)
Grant funds	292,237	176,765	(115,472)
State games revenue	12,545	-	(12,545)
Solid waste disposal tax	9,429	11,488	2,059
Drug enforcement revenue	120,000	95,597	(24,403)
Total	<u>\$ 898,581</u>	<u>\$ 744,299</u>	<u>\$ (154,282)</u>
Inspection Fees and Permits	<u>\$ 89,900</u>	<u>\$ 83,049</u>	<u>\$ (6,851)</u>
Investment Earnings	<u>\$ 61,200</u>	<u>\$ 12,067</u>	<u>\$ (49,133)</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, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues: (continued)			
Sales and Services:			
Cemetery lots	\$ 114,000	\$ 121,432	\$ 7,432
Rents, concessions, & other fees	255,018	212,962	(42,056)
Solid waste user fees	1,318,093	1,142,011	(176,082)
Airport fuel sales	-	-	-
Airport hangar rental	-	700	700
Municipal ordinance violations	82,000	67,776	(14,224)
Total	<u>\$ 1,769,111</u>	<u>\$ 1,544,881</u>	<u>\$ (224,230)</u>
Miscellaneous	<u>\$ 138,300</u>	<u>\$ 71,656</u>	<u>\$ (66,644)</u>
Insurance Reimbursements	<u>\$ 2,500</u>	<u>\$ 19,390</u>	<u>\$ 16,890</u>
Total Revenues	<u>\$ 13,450,468</u>	<u>\$ 13,734,815</u>	<u>\$ 284,347</u>
Expenditures:			
General Government:			
City Council:			
Salaries & employee benefits		\$ 47,108	
Operating expenses		7,531	
Total	<u>\$ 54,844</u>	<u>\$ 54,639</u>	<u>\$ 205</u>
Administration:			
Salaries & employee benefits		\$ 258,765	
Operating expenses		48,375	
Total	<u>\$ 316,106</u>	<u>\$ 307,140</u>	<u>\$ 8,966</u>
Finance			
Salaries & employee benefits		\$ 161,485	
Operating expenses		35,636	
Total	<u>\$ 199,882</u>	<u>\$ 197,121</u>	<u>\$ 2,761</u>
Information System:			
Salaries & employee benefits		\$ 11,811	
Operating expenses		69,725	
Capital outlay		6,750	
Total	<u>\$ 134,278</u>	<u>\$ 88,286</u>	<u>\$ 45,992</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, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
General Government: (continued)			
Tax/Revenue Collections:			
Salaries & employee benefits		\$ 55,116	
Operating expenses		4,872	
Collection fees		178,588	
Total	<u>\$ 241,149</u>	<u>\$ 238,576</u>	<u>\$ 2,573</u>
Legal:			
Professional services		\$ 17,480	
Operating expenses		18	
Total	<u>\$ 18,665</u>	<u>\$ 17,498</u>	<u>\$ 1,167</u>
Government Buildings:			
Salaries & employee benefits		\$ 29,643	
Operating expenses		45,464	
Capital outlay		-	
Total	<u>\$ 81,364</u>	<u>\$ 75,107</u>	<u>\$ 6,257</u>
Central Garage:			
Salaries & employee benefits		\$ 182,849	
Vehicle maintenance		957	
Operating expenses		11,413	
Capital outlay		2,185	
Total	<u>\$ 198,414</u>	<u>\$ 197,404</u>	<u>\$ 1,010</u>
Miscellaneous:			
Salaries & employee benefits		\$ 146,773	
E-911 system cost		158,071	
Operating expenses		169,486	
Uninsured loss expenditures		40,049	
Miscellaneous expenses		8,540	
Capital outlay		-	
Total	<u>\$ 540,139</u>	<u>\$ 522,919</u>	<u>\$ 17,220</u>
Total General Government	<u>\$ 1,784,841</u>	<u>\$ 1,698,690</u>	<u>\$ 86,151</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, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Public Safety:			
Police:			
Salaries & employee benefits		\$ 2,299,909	
Vehicle maintenance		134,844	
Operating expenses		228,168	
Capital outlay		151,865	
Total	<u>\$ 2,829,317</u>	<u>\$ 2,814,786</u>	<u>\$ 14,531</u>
Police Grant Programs:			
Salaries & employee benefits		\$ 20,124	
Operating expenses		-	
Capital outlay		71,616	
Total	<u>\$ 191,570</u>	<u>\$ 91,740</u>	<u>\$ 99,830</u>
Fire:			
Salaries & employee benefits		\$ 1,489,114	
Vehicle maintenance		23,054	
Operating expenses		171,943	
Capital outlay		3,176	
Total	<u>\$ 1,708,719</u>	<u>\$ 1,687,287</u>	<u>\$ 21,432</u>
Total Public Safety	<u>\$ 4,729,606</u>	<u>\$ 4,593,813</u>	<u>\$ 135,793</u>
Transportation:			
Streets Repair and Construction:			
Salaries & employee benefits		\$ 99,755	
Vehicle maintenance		21,259	
Operating expenses		69,123	
Street lights		397,491	
Contracted services		3,355	
Capital outlay		2,505	
Total	<u>\$ 621,131</u>	<u>\$ 593,488</u>	<u>\$ 27,643</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, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Transportation: (continued)			
Powell Bill:			
Salaries & employee benefits		\$ 376,851	
Vehicle maintenance		31,403	
Operating expenses		97,342	
Capital outlay		5,894	
Total	<u>\$ 592,485</u>	<u>\$ 511,490</u>	<u>\$ 80,995</u>
Public Works:			
Salaries & employee benefits		\$ 226,550	
Vehicle maintenance		1,983	
Operating expenses		42,331	
Capital outlay		1,030	
Total	<u>\$ 281,033</u>	<u>\$ 271,894</u>	<u>\$ 9,139</u>
Airport:			
Contracted services		\$ -	
Operating expenses		194	
Capital outlay		-	
Total	<u>\$ 294</u>	<u>\$ 194</u>	<u>\$ 100</u>
Total Transportation	<u>\$ 1,494,943</u>	<u>\$ 1,377,066</u>	<u>\$ 117,877</u>
Environmental Protection:			
Sanitation - Solid Waste Division:			
Salaries & employee benefits		\$ 200,939	
Landfill tipping fees		263,924	
Vehicle maintenance		43,233	
Operating expenses		41,971	
Capital outlay		-	
Total	<u>\$ 566,728</u>	<u>\$ 550,067</u>	<u>\$ 16,661</u>
Sanitation - Refuse Division:			
Salaries & employee benefits		\$ 198,897	
Refuse tipping fees		64,514	
Vehicle maintenance		41,905	
Operating expenses		74,936	
Capital outlay		-	
Total	<u>\$ 392,295</u>	<u>\$ 380,252</u>	<u>\$ 12,043</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, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Environmental Protection: (continued)			
Cemetery:			
Salaries & employee benefits		\$ 1,532	
Operating expenses		9,413	
Capital outlay		6,491	
Total	<u>\$ 82,557</u>	<u>\$ 17,436</u>	<u>\$ 65,121</u>
Property Maintenance:			
Salaries & employee benefits		\$ 82,826	
Vehicle maintenance		7,001	
Operating expenses		7,281	
Capital outlay		147	
Total	<u>\$ 110,613</u>	<u>\$ 97,255</u>	<u>\$ 13,358</u>
Total Environmental Protection	<u>\$ 1,152,193</u>	<u>\$ 1,045,010</u>	<u>\$ 107,183</u>
Economic and Physical Development:			
Planning and Development:			
Salaries & employee benefits		\$ 290,606	
Operating expenses		49,203	
Vehicle maintenance		3,496	
Capital outlay		3,372	
Economic development		37,037	
Total	<u>\$ 392,508</u>	<u>\$ 383,714</u>	<u>\$ 8,794</u>
Roanoke Rapids Theatre			
Operating expenses	60,000	20,073	39,927
Total	<u>\$ 60,000</u>	<u>\$ 20,073</u>	<u>\$ 39,927</u>
Miscellaneous:			
Main Street contribution		\$ 8,200	
Christmas parade		4,687	
Other		4,362	
Total	<u>\$ 18,333</u>	<u>\$ 17,249</u>	<u>\$ 1,084</u>
Total Economic and Physical Development	<u>\$ 470,841</u>	<u>\$ 421,036</u>	<u>\$ 49,805</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, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Cultural and Recreational:			
Davis Recreation:			
Salaries & employee benefits		\$ 269,336	
Vehicle maintenance		2,977	
Operating expenses		53,098	
Capital outlay		345	
Total	<u>\$ 337,128</u>	<u>\$ 325,756</u>	<u>\$ 11,372</u>
Roanoke Canal Museum:			
Salaries & employee benefits		\$ 70,882	
Operating expenses		18,098	
Total	<u>\$ 91,093</u>	<u>\$ 88,980</u>	<u>\$ 2,113</u>
Aquatic Center:			
Salaries & employee benefits		\$ 98,513	
Operating expenses		92,615	
Capital outlay		67	
Total	<u>\$ 228,567</u>	<u>\$ 191,195</u>	<u>\$ 37,372</u>
Parks:			
Salaries & employee benefits		\$ 205,922	
Vehicle maintenance		10,007	
Operating expenses		74,367	
Capital outlay		1,074	
Total	<u>\$ 310,054</u>	<u>\$ 291,370</u>	<u>\$ 18,684</u>
Chaloner Recreation:			
Salaries & employee benefits		\$ 50,909	
Operating expenses		21,494	
Capital outlay		250	
Total	<u>\$ 77,536</u>	<u>\$ 72,653</u>	<u>\$ 4,883</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, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Cultural and Recreational: (continued)			
Senior Citizens Center:			
Salaries & employee benefits		\$ 85,155	
Operating expenses		21,229	
Other		6,301	
Transportation grant		16,432	
Outreach grant		71	
Total	<u>\$ 145,286</u>	<u>\$ 129,188</u>	<u>\$ 16,098</u>
Community Center:			
Salaries & employee benefits		\$ 8,073	
Operating expenses		25,324	
Capital outlay		1,555	
Total	<u>\$ 38,550</u>	<u>\$ 34,952</u>	<u>\$ 3,598</u>
Library:			
Salaries & employee benefits		\$ 166,179	
Operating expenses		63,257	
Capital outlay		7,465	
Total	<u>\$ 285,731</u>	<u>\$ 236,901</u>	<u>\$ 48,830</u>
Andrews Meeting Hall:			
Operating expenses		5,490	
Capital outlay		563	
Total	<u>\$ 8,055</u>	<u>\$ 6,053</u>	<u>\$ 2,002</u>
Total Cultural and Recreational	<u>\$ 1,522,000</u>	<u>\$ 1,377,048</u>	<u>\$ 144,952</u>
Debt Service:			
Bond/debt principal amount		\$ 1,323,726	
Interest on debt		1,368,828	
Bond/service commissions		2,695	
Total Debt Service	<u>\$ 3,016,494</u>	<u>\$ 2,695,249</u>	<u>\$ 321,245</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, 2010

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures: (continued)			
Miscellaneous Grants:			
Learn and Serve grant		\$ 19,725	
Senior Center		34,621	
Arts Council		250	
Miscellaneous		1,205	
Fridays in the park		2,000	
Total Miscellaneous Grants	\$ 57,801	\$ 57,801	\$ -
 Total Expenditures	\$ 14,228,719	\$ 13,265,713	\$ 963,006
 Revenues Over (Under) Expenditures	\$ (778,251)	\$ 469,102	\$ 1,247,353
 Other Financing Sources (Uses):			
Transfers in (out)	\$ -	\$ -	\$ -
Lease proceeds	1,361,001	1,019,625	\$ -
Fund balance appropriated	149,853	-	\$ (149,853)
Decrease in fund balance	(732,603)	-	\$ 732,603
Total Other Financing Sources (Uses)	\$ 778,251	\$ 1,019,625	\$ 241,374
 Revenues and Other Financing Sources Over Expenditures and Other Uses	\$ -	\$ 1,488,727	\$ 1,488,727
 Fund Balance, Beginning of Year		5,744,089	
 Prior Period Adjustment		140,538	
 Fund Balance, End of Year		\$ 7,373,354	

City of Roanoke Rapids, North Carolina
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2010

Exhibit B-1

Capital Projects Funds

	The One North Carolina Fund	Fire Station #2 Project	2008 Clean Water Management Trust Fund	Clean Water Management Trust Fund	Lowes Economic Development Grant	NC 125 Sanitary Sewer Extension	Carolina Crossroads Water & Sewer	Public Roadway	Total Nonmajor Capital Projects Funds
Assets									
Cash and cash equivalents	\$ -	\$ 22	\$ -	\$ 19,512	\$ -	\$ -	\$ 26,172	\$ 73,227	\$ 118,933
Due from other governments	-	-	-	-	-	-	-	-	-
Grant receivable	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ 19,512</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,172</u>	<u>\$ 73,227</u>	<u>\$ 118,933</u>
Liabilities and Fund Balances									
Liabilities:									
Accounts payable & accrued liabilities	\$ -	\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ 1,500
Due to Other Funds	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500</u>
Fund balances:									
Reserved by state statute	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	22	-	18,012	-	-	26,172	73,227	117,433
Total Fund Balances	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ 18,012</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,172</u>	<u>\$ 73,227</u>	<u>\$ 117,433</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ 19,512</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,172</u>	<u>\$ 73,227</u>	<u>\$ 118,933</u>

(continued)

City of Roanoke Rapids, North Carolina
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2010

Exhibit B-1

(continued)

Special Revenue Funds

	Local Law Enforcement Grant Fund	CDBG Fund Project #03-C-1208	Hodgestown Project	Roanoke Canal Museum	2008 CDBG Program	CDBG Housing Development Project	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Assets								
Cash and cash equivalents	\$ 12,822	\$ 48,558	\$ 43,190	\$ -	\$ -	\$ -	\$ 104,570	\$ 223,503
Due from other governments	-	-	-	-	-	-	-	-
Grant receivable	-	-	-	56,260	-	-	56,260	56,260
Due from other funds	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	728	541	1,269	1,269
Total Assets	<u>\$ 12,822</u>	<u>\$ 48,558</u>	<u>\$ 43,190</u>	<u>\$ 56,260</u>	<u>\$ 728</u>	<u>\$ 541</u>	<u>\$ 162,099</u>	<u>\$ 281,032</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts payable & accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 320	\$ -	\$ 320	1,820
Due to General Fund	-	-	-	2,839	408	541	3,788	3,788
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,839</u>	<u>\$ 728</u>	<u>\$ 541</u>	<u>\$ 4,108</u>	<u>\$ 5,608</u>
Fund balances:								
Reserved by state statute	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	12,822	48,558	43,190	53,421	-	-	157,991	275,424
Total Fund Balances	<u>\$ 12,822</u>	<u>\$ 48,558</u>	<u>\$ 43,190</u>	<u>\$ 53,421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,991</u>	<u>\$ 275,424</u>
Total Liabilities and Fund Balances	<u>\$ 12,822</u>	<u>\$ 48,558</u>	<u>\$ 43,190</u>	<u>\$ 56,260</u>	<u>\$ 728</u>	<u>\$ 541</u>	<u>\$ 162,099</u>	<u>\$ 281,032</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, 2010

Exhibit B-2

	2008	Clean	Lowes	NC 125	Carolina	Public	Total
	Clean Water	Water	Economic	Sanitary	Crossroads	Roadway	Nonmajor
	Management	Management	Development	Sewer	Water & Sewer		Capital
	Trust	Trust	Grant	Extension			Projects
	Fund	Fund					Funds
Revenues	Fire						
	Station #2						
	Project						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	-	31,881	-	-	10,000	-	41,881
Other taxes and licenses	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-	-
Total Revenues	<u>\$ -</u>	<u>\$ 31,881</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 41,881</u>
Expenditures							
Current:							
Economic & physical development	\$ -	\$ 31,881	\$ 4,000	\$ -	\$ 10,000	\$ -	\$ 45,881
Capital outlay	-	-	-	-	-	-	-
Total Expenditures	<u>\$ -</u>	<u>\$ 31,881</u>	<u>\$ 4,000</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 45,881</u>
Excess (Deficiency) of Revenues							
Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,000)</u>
Other Financing							
Sources (Uses):							
Transfers (to) from other funds	\$ -	\$ -	\$ -	\$ (5)	\$ (34)	\$ -	\$ (39)
Financing proceeds	-	-	-	-	-	-	-
Total Other Financing Sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5)</u>	<u>\$ (34)</u>	<u>\$ -</u>	<u>\$ (39)</u>
Net Change in Fund Balances	\$ -	\$ -	\$ (4,000)	\$ (5)	\$ (34)	\$ -	\$ (4,039)
Fund Balances:							
Beginning of year, July 1	22	22,012	-	5	34	26,172	73,227
End of year, June 30	<u>\$ 22</u>	<u>\$ 22,012</u>	<u>\$ (4,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,172</u>	<u>\$ 73,227</u>
							<u>\$ 117,433</u>

(continued)

City of Roanoke Rapids, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-major Governmental Funds
For the Year Ended June 30, 2010

Exhibit B-2

(continued)

	Special Revenue Funds						Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
	Local Law Enforcement Grant Fund	CDBG Fund Project #03-C-1208	Hodgestown Project	Roanoke Canal Museum	2008 CDBG Program	CDBG Housing Development Project		
Revenues								
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	-	-	-	-	728	541	1,269	43,150
Other taxes and licenses	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Investment earnings	11	-	80	-	-	-	91	91
Sale of fixed assets	-	-	-	-	-	-	-	-
Total Revenues	\$ 11	\$ -	\$ 80	\$ -	\$ 728	\$ 541	\$ 1,360	\$ 43,241
Expenditures								
Current:								
Economic & physical development	\$ -	\$ -	\$ -	\$ -	\$ 728	\$ 541	\$ 1,269	\$ 47,150
Capital outlay	-	-	-	7,254	-	-	7,254	7,254
Total Expenditures	\$ -	\$ -	\$ -	\$ 7,254	\$ 728	\$ 541	\$ 8,523	\$ 54,404
Excess (Deficiency) of Revenues Over Expenditures	\$ 11	\$ -	\$ 80	\$ (7,254)	\$ -	\$ -	\$ (7,163)	\$ (11,163)
Other Financing Sources (Uses):								
Transfers (to) from other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (39)
Financing proceeds	-	-	-	-	-	-	-	-
Total Other Financing Sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (39)
Net Change in Fund Balances	\$ 11	\$ -	\$ 80	\$ (7,254)	\$ -	\$ -	\$ (7,163)	\$ (11,202)
Fund Balances:								
Beginning of year, July 1	12,811	48,558	43,110	60,675	-	-	165,154	286,626
End of year, June 30	\$ 12,822	\$ 48,558	\$ 43,190	\$ 53,421	\$ -	\$ -	\$ 157,991	\$ 275,424

City of Roanoke Rapids, North Carolina
Special Revenue Funds - Local Law Enforcement Grant Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2010

Exhibit C-1

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Investment earnings	\$ 150	\$ 330	\$ 11	\$ 341	\$ 191
Federal grant	48,100	51,467	-	51,467	3,367
Total Revenues	<u>\$ 48,250</u>	<u>\$ 51,797</u>	<u>\$ 11</u>	<u>\$ 51,808</u>	<u>\$ 3,558</u>
Expenditures:					
Capital outlay	<u>53,405</u>	<u>43,330</u>	<u>-</u>	<u>43,330</u>	<u>10,075</u>
Revenues Over (Under) Expenditures	\$ (5,155)	\$ 8,467	\$ 11	\$ 8,478	\$ 13,633
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>\$ 12,811</u>	<u>\$ 11</u>	<u>\$ 12,822</u>	<u>\$ 12,822</u>
Fund Balance:					
Beginning of year, July 1			12,811		
End of year, June 30			<u>\$ 12,822</u>		

City of Roanoke Rapids, North Carolina
Special Revenue Funds - CDBG Fund - Project #03-C-1208
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2010

Exhibit C-2

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

**City of Roanoke Rapids, North Carolina
Special Revenue Funds - Hodgestown Project
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2010**

Exhibit C-3

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Investment earnings	\$ -	\$ 10,007	\$ 80	\$ 10,087	\$ 10,087
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	\$ 130,034	\$ 80	\$ 130,114	\$ (54,746)
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)	\$ 840	\$ 80	\$ 920	\$ 202,757
Other Financing Sources:					
Transfers in (out)	\$ 42,270	\$ 42,270	\$ -	\$ 42,270	\$ -
Fund balance appropriated	159,567	-	-	-	(159,567)
Total Other Financing Sources (Uses)	\$ 201,837	\$ 42,270	\$ -	\$ 42,270	\$ (159,567)
Revenues and Other Financing Sources Over (Under) Expenditures	\$ -	\$ 43,110	\$ 80	\$ 43,190	\$ 43,190
Fund Balance:					
Beginning of year, July 1			43,110		
End of year, June 30			<u>\$ 43,190</u>		

City of Roanoke Rapids, North Carolina
Special Revenue Funds - Roanoke Canal Museum
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2010

Exhibit C-4

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Donated Dominion					
Canal Exhibit	\$ 150,000	\$ 150,000	\$ -	\$ 150,000	\$ -
NC DOT Grants	1,347,920	1,343,033	-	1,343,033	(4,887)
NCRT Grant	50,000	92,497	-	92,497	42,497
Donations	92,040	93,565	-	93,565	1,525
Total Revenues	<u>\$ 1,639,960</u>	<u>\$1,679,095</u>	<u>\$ -</u>	<u>\$1,679,095</u>	<u>\$ 39,135</u>
Expenditures:					
Master Plan development	\$ 15,250	\$ 15,250	\$ -	\$ 15,250	\$ -
Project design and engineering	59,876	59,876	-	59,876	-
Construction	326,636	341,026	-	341,026	(14,390)
Contingency	20,053	-	-	-	20,053
Capital Outlay	1,239,099	1,223,239	7,254	1,230,493	8,606
Total Expenditures	<u>\$ 1,660,914</u>	<u>\$1,639,391</u>	<u>\$ 7,254</u>	<u>\$1,646,645</u>	<u>\$ 14,269</u>
Revenues Over (Under) Expenditures	\$ (20,954)	\$ 39,704	\$ (7,254)	\$ 32,450	\$ 53,404
Other Financing Sources: Transfers in (out)	<u>20,954</u>	<u>20,971</u>	<u>-</u>	<u>20,971</u>	<u>17</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 60,675</u>	<u>\$ (7,254)</u>	<u>\$ 53,421</u>	<u>\$ 53,421</u>
Fund Balance:					
Beginning of year, July 1			60,675		
End of year, June 30			<u>\$ 53,421</u>		

City of Roanoke Rapids, North Carolina
Special Revenue Funds - 2008 CDBG Program
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2010

Exhibit C-5

	Project Authorization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
Revenues:					
CDBG	\$ 850,000	\$ -	\$ 728	\$ 728	\$ (849,272)
General Fund	65,000	-	-	-	(65,000)
RR Sanitary District	18,500	-	-	-	(18,500)
Total Revenues	<u>\$ 933,500</u>	<u>\$ -</u>	<u>\$ 728</u>	<u>\$ 728</u>	<u>\$ (932,772)</u>
Expenditures:					
Acquisition	\$ 40,500	\$ -	\$ -	\$ -	\$ 40,500
Street improvements	75,336	-	-	-	75,336
Flood and drainage improvements	36,642	-	-	-	36,642
Public sewer	115,154	-	-	-	115,154
Public water	51,949	-	-	-	51,949
Relocation assistance	57,000	-	-	-	57,000
Rehabilitation	458,400	-	-	-	458,400
Clearance	56,500	-	-	-	56,500
Administration	42,019	-	728	728	41,291
Total Expenditures	<u>\$ 933,500</u>	<u>\$ -</u>	<u>\$ 728</u>	<u>\$ 728</u>	<u>\$ 932,772</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ -</u>		

City of Roanoke Rapids, North Carolina
Special Revenue Funds - CDBG Housing Development Project
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2010

Exhibit C-6

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
				<u>Current Year</u>		
Revenues:						
Federal grant	\$ 250,000	\$ -	\$ 541	\$ 541	\$ (249,459)	
Expenditures:						
Infrastructure	\$ 244,750	\$ -	\$ 400	\$ 400	\$ 244,350	
Administration	5,250	-	141	141	5,109	
Total Expenditures	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ 541</u>	<u>\$ 541</u>	<u>\$ 249,459</u>	
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Fund Balance:						
Beginning of year, July 1			-			
End of year, June 30			<u><u>\$ -</u></u>			

City of Roanoke Rapids, North Carolina
Capital Project Funds - Clean Water Management Trust Grant Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2010

Exhibit C-7

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Interest earned	\$ -	\$ 6,607	\$ -	\$ 6,607	\$ 6,607
NC Clean Water Management Trust fund	551,000	518,999	-	518,999	(32,001)
Total Revenues	<u>\$ 551,000</u>	<u>\$ 525,606</u>	<u>\$ -</u>	<u>\$ 525,606</u>	<u>\$ (25,394)</u>
Expenditures:					
Clearing, erosion control	\$ 47,915	\$ 47,915	\$ -	\$ 47,915	\$ -
Earthwork, Geotextile Place	102,842	102,841	-	102,841	1
Vegetation	66,286	66,286	-	66,286	-
Streambank stabilization materials	117,495	117,495	-	117,495	-
Bridge replacement	57,497	57,497	-	57,497	-
Relocate utilities	10,000	8,341	-	8,341	1,659
Mobilization/demobilization	25,213	20,257	-	20,257	4,956
Observation/drawings	30,100	30,100	-	30,100	-
Water quality monitoring	30,000	31,000	4,000	35,000	(5,000)
Permitting	10,000	10,000	-	10,000	-
Contingencies	34,290	-	-	-	34,290
Final report preparation	5,000	-	-	-	5,000
Public education	2,500	2,500	-	2,500	-
Project management/bidding	14,362	14,362	-	14,362	-
Total Expenditures	<u>\$ 553,500</u>	<u>\$ 508,594</u>	<u>\$ 4,000</u>	<u>\$ 512,594</u>	<u>\$ 40,906</u>
Revenues Over (Under) Expenditures	\$ (2,500)	\$ 17,012	\$ (4,000)	\$ 13,012	\$ (15,512)
Other Financing Sources:					
Transfer in	<u>2,500</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>2,500</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 22,012</u>	<u>\$ (4,000)</u>	<u>\$ 18,012</u>	<u>\$ 18,012</u>
Fund Balance:					
Beginning of year, July 1			22,012		
End of year, June 30			<u>\$ 18,012</u>		

City of Roanoke Rapids, North Carolina
Capital Project Funds - Lowes Economic Development Grant
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2010

Exhibit C-8

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

City of Roanoke Rapids, North Carolina
Capital Project Funds - NC 125 Sanitary Sewer Extension
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2010

Exhibit C-9

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

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, 2010

Exhibit C-10

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

City of Roanoke Rapids, North Carolina
Capital Project Funds - 2008 Clean Water Management Trust Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2010

Exhibit C-11

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Interest earned	\$ -	\$ -	\$ -	\$ -	\$ -
Matching Funds	1,755,850	-	-	-	(1,755,850)
NC Clean Water Management Trust fund	788,000	527,238	31,881	559,119	(228,881)
Total Revenues	<u>\$ 2,543,850</u>	<u>\$ 527,238</u>	<u>\$ 31,881</u>	<u>\$ 559,119</u>	<u>\$ (1,984,731)</u>
Expenditures:					
Land acquisition/easements	\$ 1,567,850	\$ -	\$ -	\$ -	\$ 1,567,850
Design, permitting, & survey	130,000	130,000	-	130,000	-
Public education signage	12,500	-	5,779	5,779	6,721
Construction administration	95,500	129,128	6,796	135,924	(40,424)
Construction contingency	50,000	-	-	-	50,000
Construction mobilization	48,500	41,907	-	41,907	6,593
Clearing, grubbing excavation	91,000	13,402	-	13,402	77,598
Floodplain fill, upland grading	110,500	19,925	-	19,925	90,575
Channel structures	74,000	104,181	-	104,181	(30,181)
Erosion control	35,000	47,983	-	47,983	(12,983)
Planting	93,000	28,299	-	28,299	64,701
Miscellaneous	48,000	12,413	19,306	31,719	16,281
Recipient's Admin Cost	188,000	-	-	-	188,000
Total Expenditures	<u>\$ 2,543,850</u>	<u>\$ 527,238</u>	<u>\$ 31,881</u>	<u>\$ 559,119</u>	<u>\$ 1,984,731</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ -</u>		

City of Roanoke Rapids, North Carolina
Capital Project Funds - Carolina Crossroads Water and Sewer
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2010

Exhibit C-12

	<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:					
Utility account	\$ 429,550	\$ 456,840	\$ -	\$ 456,840	\$ 27,290
EDA	278,100	-	-	-	(278,100)
Rural Center	500,000	451,275	-	451,275	(48,725)
NC Dept. of Commerce Grant - CDBG	1,000,000	945,155	10,000	955,155	(44,845)
Golden Leaf Foundation	399,000	370,665	-	370,665	(28,335)
Roanoke Rapids Sanitary District	185,400	-	-	-	(185,400)
Total Revenues	<u>\$ 2,792,050</u>	<u>\$2,223,935</u>	<u>\$ 10,000</u>	<u>\$2,233,935</u>	<u>\$ (558,115)</u>
Expenditures:					
Planning	\$ 5,000	\$ 5,000	\$ -	\$ 5,000	\$ -
Testing	2,500	-	-	-	2,500
Administration	51,500	62,150	10,000	72,150	(20,650)
Construction	2,684,550	2,097,920	-	2,097,920	586,630
Engineering and design	48,500	32,693	-	32,693	15,807
Total Expenditures	<u>\$ 2,792,050</u>	<u>\$2,197,763</u>	<u>\$ 10,000</u>	<u>\$2,207,763</u>	<u>\$ 584,287</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 26,172</u>	<u>\$ -</u>	<u>\$ 26,172</u>	<u>\$ 26,172</u>
Fund Balance:					
Beginning of year, July 1			26,172		
End of year, June 30			<u>\$ 26,172</u>		

City of Roanoke Rapids, North Carolina
Capital Project Funds - Carolina Crossroads Public Roadway
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2010

Exhibit C-13

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

City of Roanoke Rapids, North Carolina
Agency Fund
Statement of Changes in Assets and Liabilities
June 30, 2010

Exhibit D-1

	Balance	Additions	Deductions	Balance
	June 30, 2009			June 30, 2010
Assets:				
Cash and investments	\$ 1,295	\$ -	\$ 1,295	\$ -
Liabilities:				
Miscellaneous liabilities	\$ 1,295	\$ -	\$ 1,295	\$ -

**City of Roanoke Rapids, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2010**

Exhibit E-1

Fiscal Year	Uncollected Balance June 30, 2009	Additions	Collections And Credits	Discoveries (Abatements) Adjustments	Uncollected Balance June 30, 2010
2009-2010	\$ -	\$ 6,881,331	\$ 6,847,926	\$ 271,347	\$ 304,752
2008-2009	559,141	-	225,135	(141,077)	192,929
2007-2008	141,765	-	80,239	(101)	61,425
2006-2007	33,656	-	2,376	(102)	31,178
2005-2006	29,570	-	1,418	(153)	27,999
2004-2005	24,053	-	870	(165)	23,018
2003-2004	40,523	-	1,344	(180)	38,999
2002-2003	24,229	-	1,943	(284)	22,002
2001-2002	18,814	-	447	(26)	18,341
2000-2001	14,146	-	316	(219)	13,611
1999-2000	28,538	-	106	(13,958)	14,474
1998-1999	14,113	-	14,113	-	-
1997-1998	629	-	629	-	-
1996-1997	185	-	185	-	-
1995-1996	22	-	22	-	-
1994-1995	-	-	-	-	-
1993-1994	171	-	171	-	-
Total	<u>\$ 929,555</u>	<u>\$ 6,881,331</u>	<u>\$ 7,177,240</u>	<u>\$ 115,082</u>	<u>\$ 748,728</u>
					Less allowance for Uncollectible Ad Valorem Taxes Receivable
					33,500
					<u>\$ 715,228</u>
					Reconcilement with Revenues:
					Taxes - Ad valorem - General Fund (Exhibit 2)
					\$ 7,193,873
					Refunds/write-offs
					15,120
					Discounts allowed
					55,920
					Penalties and interest
					(87,673)
					<u>Total Collections and Credits (above)</u>
					<u>\$ 7,177,240</u>

City of Roanoke Rapids, North Carolina
Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2010

Exhibit E-2

	<u>City-wide</u>			Property Excluding Registered Vehicles	Registered Vehicles
	<u>Property Valuation</u>	<u>Rate</u>	<u>Total</u>		
Original Levy:					
Property taxed at current rate	\$ 1,010,047,274	0.624	\$ 6,302,695	\$ 6,302,695	\$ -
Registered motor vehicles taxed at prior year's rate	92,747,482	0.624	578,636	-	578,636
Total	<u>\$ 1,102,794,756</u>		<u>\$ 6,881,331</u>	<u>\$ 6,302,695</u>	<u>\$ 578,636</u>
Refunds and write-offs on cars by County			1,472	-	1,472
Adjustments - current Adjustments		0.624	3,784	3,784	-
- current year Rate	(39,969,166)	0.624	(249,407)	(237,146)	(12,261)
Afterlists & Discoveries	<u>83,754,162</u>		<u>515,498</u>	<u>515,498</u>	<u>-</u>
Total Property Valuation	<u><u>\$ 1,146,579,752</u></u>				
Net Levy			\$ 7,152,678	\$ 6,584,831	\$ 567,847
Less uncollected taxes at June 30, 2010			304,752	258,193	46,559
Current Year's Taxes Collected			<u>\$ 6,847,926</u>	<u>\$ 6,326,638</u>	<u>\$ 521,288</u>
Current Levy Collection Percentage			<u>95.74%</u>	<u>96.08%</u>	<u>91.80%</u>

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

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

I have audited the basic financial statements of the governmental activities, each major fund, and the aggregated remaining fund information of the City Of Roanoke Rapids, North Carolina, as of and for the year ended June 30, 2010, which collectively comprises the City of Roanoke Rapids' basic financial statements, and have issued my report thereon dated October 15, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

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



Greenville, North Carolina
October 15, 2010

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

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

Compliance

I have audited the City Of Roanoke Rapids, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission, that could have a direct and material effect on each of its major State programs for the year ended June 30, 2010. The City of Roanoke Rapids' major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Roanoke Rapids' management. My responsibility is to express an opinion on the City of Roanoke Rapids' compliance based on my audit.

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

In my opinion, the City of Roanoke Rapids complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

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

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

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



Greenville, North Carolina
October 15, 2010

City Of Roanoke Rapids, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____yes X no

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

- Noncompliance material to financial statements noted _____yes X no

**City Of Roanoke Rapids, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

Section I – Summary of Auditor’s Results

State Awards

Internal control over major State programs:

- Material weakness(es) identified? _____yes X no

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

Noncompliance material to financial statements noted _____yes X no

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

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

Identification of major State programs:

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

**City Of Roanoke Rapids, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

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, 2010**

Section II – Financial Statement Findings

N/A

Section III – State Award Findings and Questioned Costs

N/A

**City Of Roanoke Rapids, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2010**

None Reported

City of Roanoke Rapids, North Carolina
Schedule of Expenditures of Federal and State Awards
June 30, 2010

Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Federal Expenditures	State Expenditures
CASH PROGRAMS:			
FEDERAL GRANTS:			
U.S. Department of Health and Human Services:			
Passed-through Upper Coastal Plain Council of Government:			
In-Home Services:			
90% State Funds	N/A	\$ -	\$ 20,000
Title III-B	93.044	5,000	300
90% State Funds/Caregiver Match	N/A	-	470
SSBG	93.667	3,000	-
Total In-Home Services		<u>\$ 8,000</u>	<u>\$ 20,770</u>
Access:			
90% State Funds	N/A	\$ -	\$ -
Title III-B	93.044	16,764	-
Total Access		<u>\$ 16,764</u>	<u>\$ -</u>
Total U.S. Department of Health and Human Services		<u>\$ 24,764</u>	<u>\$ 20,770</u>
U.S. Department of Justice			
Passed-through N.C. Department of Crime:			
Control & Public Safety:			
Byrne JAG Recovery Act	16.803	\$ 2,887	\$ -
U.S. Department of Transportation			
Passed-through N.C. Department of Transportation:			
Roanoke Canal Museum and Trail Enhancement Project	20.205	\$ 122,596	\$ -
U.S. Department of Housing and Urban Development:			
Passed-through N.C. Department of Commerce			
CDBG State's Program Cluster	14.228 and 14.255	\$ 11,249	\$ -

City of Roanoke Rapids, North Carolina
Schedule of Expenditures of Federal and State Awards
June 30, 2010

Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Federal Expenditures	State Expenditures
STATE GRANTS:			
N.C. Department of Transportation			
Powell Bill	N/A	\$ -	\$ 511,490
N.C. Department of Health and Human Services:			
Division of Aging:			
Senior Center Outreach	N/A	\$ -	\$ 4,218
Fan/Heat Program	N/A	-	550
Total N.C. Department of Health and Human Services		\$ -	\$ 4,768
N.C. Department of Cultural Resources:			
Aid to Public Libraries	N/A	\$ -	\$ 15,053
N.C. Department of Environment and Natural Resources:			
Clean Water Management Trust Fund	N/A	\$ -	\$ 35,881
Total Assistance		\$ 161,496	\$ 587,962

Note 1:

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