

CITY OF ROANOKE RAPIDS, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2013

GREGORY T. REDMAN, CPA
TARBORO, 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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Roanoke Rapids, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Roanoke Rapids, North Carolina as of June 30, 2013, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Roanoke Rapids, North Carolina. The combining and individual fund statements, other schedules, and Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for purposed of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 19, 2013 on my consideration of City of Roanoke Rapids, North Carolina's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Roanoke Rapids, North Carolina's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Gregory T. Redman, CPA". The signature is written in black ink and is positioned above the typed name.

Gregory T. Redman, CPA
Tarboro, North Carolina
October 19, 2013

Management's Discussion and Analysis

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2013**

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, 2013. 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.

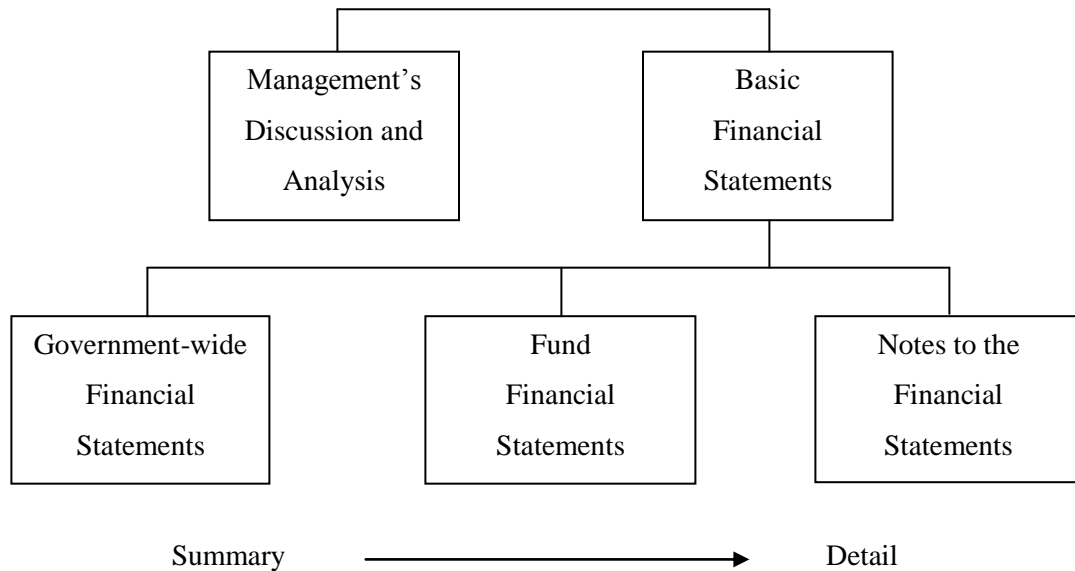
Financial Highlights

- The assets of the City of Roanoke Rapids exceeded its liabilities at the close of the fiscal year by \$6,377,019.
- The government's total net position increased by \$1,319,707.
- As of close of the current fiscal year, the City of Roanoke Rapids' governmental funds reported combined ending fund balances of \$8,798,078 with a net increase of \$1,051,769 in fund balance. Approximately 62 percent of this total amount, or \$5,438,114, 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 \$5,275,566 or 37 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, 2013**

Basic Financial Statements

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

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

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

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2013**

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 Position

	Governmental Activities	
	2013	2012
Assets:		
Current assets	\$ 8,192,376	\$ 7,217,646
Capital assets	20,044,648	20,097,094
Non-current assets	7,644,201	8,176,968
Total Assets	\$ 35,881,225	\$ 35,491,708
Liabilities:		
Long-term liabilities outstanding	\$ 27,722,543	\$ 28,733,964
Other liabilities	1,781,663	17,400,432
Total Liabilities	\$ 29,504,206	\$ 46,134,396
Net Position:		
Net investment in capital assets	\$ 669,780	\$ 91,209
Restricted net position	3,195,518	3,050,022
Unrestricted net position	2,511,721	1,916,081
Total Net Position	\$ 6,377,019	\$ 5,057,312

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2013**

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the City of Roanoke Rapids exceed liabilities by \$6,377,019 as of June 30, 2013. The City's net position decreased by \$1,319,707 for the fiscal year ended June 30, 2013. The City of Roanoke Rapids uses the capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Roanoke Rapids' investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

City of Roanoke Rapids Changes in Net Position

	Governmental Activities	
	2013	2012
Revenues:		
Program revenues:		
Charges for services	\$ 1,755,073	\$ 1,877,102
Operating grants and contributions	1,045,745	5,665,914
Capital grants and contributions	617,248	27,849
General revenues:		
Property taxes	7,227,131	7,085,105
Other taxes	1,261,650	887,164
Grants and contributions not restricted to specific programs	3,345,776	-
Other	163,389	390,364
Loss on disposal of capital assets	-	-
Total Revenues	<u>\$ 15,416,012</u>	<u>\$ 15,933,498</u>
Expenses:		
General government	\$ 2,357,423	\$ 3,583,167
Public safety	4,771,038	4,827,962
Transportation	1,687,448	1,600,224
Economic and physical development	1,591,003	1,382,706
Environmental Protection	1,217,778	1,271,072
Cultural and recreation	1,589,972	1,923,358
Interest on long-term debt	881,643	1,388,380
Total Expenses	<u>\$ 14,096,305</u>	<u>\$ 15,976,869</u>
Increase (decrease) in net position before transfers	1,319,707	(43,371)
Net position, July 1	5,057,312	5,154,104
Prior period adjustment	-	(53,421)
Net position, June 30	<u>\$ 6,377,019</u>	<u>\$ 5,057,312</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, 2013**

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 \$5,275,566, while total fund balance reached \$8,632,084. 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 37 percent of total General Fund expenditures, while total fund balance represents 60 percent of that same amount.

At June 30, 2013, the governmental funds of City of Roanoke Rapids reported a combined fund balance of \$8,798,078 with a net increase in fund balance of \$1,051,769.

General Fund Budgetary Highlights: During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that became necessary to maintain/increase services.

The growth rate of many of the City's General Fund revenues is directly tied to the state and local economics as well as population growth within the City. In order to maximize the use of available revenues, the Fiscal Year 2012/2013 Budget was prepared as a continuation budget; providing only for the continuation of City operations at their current level.

Capital Asset and Debt Administration

Capital Assets: The City of Roanoke Rapids' investments in capital assets for its governmental activities as of June 30, 2013 total \$20,044,648 (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	
	2013	2012
Land and construction in progress	\$ 3,035,687	\$ 3,029,510
Buildings and systems	15,921,307	15,965,124
Machinery and equipment	1,087,654	1,102,460
Total	\$ 20,044,648	\$ 20,097,094

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, 2013**

Long-term Debt. The Tax Increment Financing debt of \$18,965,000 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	
	2013	2012
Tax increment financing	\$ 18,965,000	\$ 19,690,000
Installment notes payable	2,389,146	2,294,890
Total	\$ 21,354,146	\$ 21,984,890

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 \$71,403,581.

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

Economic Overview

Theatre

The *Royal Palace Theater*, under the ownership of HSV Entertainment, is flourishing with Internet Sweepstakes games, music and comedy performances.

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

Small and Commercial Business Development

Small and commercial business development is on the upswing with a marked increase in inquiries in the past six months. We have several prime location opportunities available and the efforts of community leaders in Roanoke Rapids, Weldon, Halifax, Hobgood, Littleton, Enfield, and Scotland Neck to improve their downtown business districts are paying dividends. *In Roanoke Rapids, a North Carolina Main Street Community, 53% of new building permits issued last year were for businesses in the Roanoke Avenue Business District.* The Town of Weldon had 14 new businesses open in its downtown during this same period. Downtown revitalization efforts are also ongoing in the Towns of Enfield, Halifax, and Scotland Neck.

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2013**

A new \$3.5 million Honda & Nissan showroom and service facility is now complete on Premier Boulevard adjacent to Belk.

The City's Planning & Development Department received 52 Business Use Permit Applications during the 2012-2013 Fiscal Year. A permit is required for new or relocating businesses throughout the City's corporate limits and its Planning & Zoning jurisdiction. Many business uses range from professional offices, clerical operations, retail stores, and service oriented operations (restaurants, auto, hair/nail, etc). Applications included a new restaurant such as *Carolina BBQ & Chicken* located at 1479 Julian Allsbrook Hwy. Service industry oriented applications included *Perry, Morris & Flood attorneys* at 730 Roanoke Avenue, *Sonography Solutions Ultrasounds* at 938 Roanoke Avenue, *All About You Salon* at 111 West 10th Street, *DeeAnn's Hairstyling* at 1510-B Buffaloe Street and *Wise Ole Owls Tutoring & Education Services* at 13 E. 11th Street.

River Towne Manor Multi-family Residential Apartments

On March 19, 2013, Weaver Kirkland Housing, LLC filed a building permit application for the construction of a 40-unit multi-family residential apartment building with an investment of \$3,368,620. The apartment building will serve residents of 55 years and older. The development is currently under construction with an anticipated completion before the end of 2013. The property is located at 200 W. Becker Drive.

Dunham's Sports

Dunham Sports announced a new 56,000 square foot sporting goods facility, investing \$980,000 and is scheduled to open in October 2013. Dunham Sports will serve as the anchor for the Premier Station Shopping Center.

Premier Media and Sweepstakes

On January 30, 2013, Premier Media and Sweepstakes applied for a building permit for a new business located at 250 Premier Boulevard. The internet sweepstakes business is open and has been operating since the spring of 2013.

Roanoke Avenue Business Alliance

The *Roanoke Rapids Main Street Program is entering its third full year* participating in the North Carolina Main Street program. The Roanoke Avenue Business Alliance (RABA), managing organization for the program, reports continued progress as indicated by the following details.

Seven facades were improved this year bringing a cumulative total of 25 improvements to date. Due to budget and funding concerns, RABA was unable to offer the matching grant program during this period. We see the continued improvements influenced by previous projects that have spurred added investment to the ascetics of District properties. Funding has been secured for the Façade Improvement Program for this fiscal year (2013-2014). RABA anticipates continued progress with the appearance of the buildings in the Historic Avenue District.

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2013**

Continued net gains for jobs and businesses are noted for this reporting period, as well as improved numbers for Business Use Permits in the Historic Business District. 53% of business use permits issued in the City of Roanoke Rapids was issued in the Historic Avenue Business District. This represents an increase of 19% from the previous year and an overall increase of 28% since the program began. Four businesses closed this year, yet represents better business retention from previous years.

The Farmers Market has experienced weather challenges due to excessive rain that has affected farmer participation as well as the availability of produce for sale. The Kirkwood Location serves as a satellite market to the Highway 158 Market, which is supported by the Halifax County Extension Service. We continue communications through the extension agent and our community health catalyst coordinator as to how to further improve this project moving forward. Our plans are to implement more healthy living initiatives for our community through fresh produce, healthy menu options, and a walking map that includes highlights of our historic district.

Additional art panels were installed to cover boarded up windows in some of the upper floor building's windows. This project funded by the Halifax County Arts Council Grass Roots Funding program and was created with the concept of suggested uses for our empty buildings. These have been well received by our community and visitors alike.

Seventeen banners were installed in the first phase of the District's banner program. This project was fully funded by Dominion Power and installation provided by our City's Public Works Department.

The Fridays in the Park Series experienced increased attendance for this season. The collective efforts of the Halifax County Arts Council, Halifax County Convention and Visitors Bureau, the Roanoke Valley Chamber of Commerce, and the City of Roanoke Rapids contributed to the overall success for the series this year. We are hopeful to continue this trend in driving people to the District. The RABA Promotions Committee has continued to increase the promotional activities with events such as Stars on the Avenue, Roasts/Toasts, Holiday Activities, and a Celebrity Waiter scheduled.

Halifax County

Halifax County's *local economy continues to show positive signs* of improvement. Visitor spending for June 2013 is up 8% over last year. For 2012, tourism spending increased by 8.8%, representing nearly \$80 million in tourism-related revenues generated in Halifax County. Halifax County's location along Interstate 95, diverse destination attractions, and solid foundation of shopping, restaurants and hotel choices continue to attract tourists and a steady increase in overall tourism spending for the past few years.

Retail sales for 2012 increased 10.3% over the previous year, exceeding \$416 million. Halifax County's unemployment is following state and national trends of slow employment growth, but at 12.9% is down from the 2009-2011 recessionary levels. Another indicator of economic improvement is new construction. The value of construction permits in 2012 were up 25.2% over 2011, increasing from \$12.1 million \$15.2 million.

Reser's Fine Foods has completed Phase I of the company's East Coast expansion project at the Halifax Industrial Center, adding a new division, Don Pancho Authentic Mexican Foods. This project represents an investment commitment by Reser's of \$62 million and 500 new jobs over a five-year period.

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2013**

Klausner Lumber, an Austrian softwood lumber manufacturer, has selected Halifax County for a state-of-the-art lumber processing facility to be constructed on US Highway 301 near Enfield. This will be the company's first US manufacturing facility, creating 350 new jobs and a capital investment of \$110 million. Recognized as being among the most productive worldwide, Klausner's Enfield mill will produce high-quality lumber and structural timber for domestic and world markets.

In March, Virginia-based *Meherrin River Forest Products* purchased the former Coastal Lumber facility near Weldon for hardwood lumber production. This acquisition allows the company to meet growing customer demand for both its domestic and export hardwood products. The company has created 26 new jobs to date, with an ultimate goal of 40 jobs at this facility.

GEENEX, LLC, a Charlotte-based solar power developer, announced plans for several large scale solar projects that will bring jobs and educational opportunities to North Carolina. The company plans to develop over \$200 million in solar projects in North Carolina over the next few years, the first systems of which will total 20 MW at the former Halifax County Airport site. Geenex will dedicate 20 acres of this site to solar education and research with the construction of a "Solar Center of Excellence."

Equally important to Halifax County's future is the County's existing manufacturing base. Halifax County continues to work with existing business and industry to provide a supportive climate for growth and expansion. Currently, *two major employers, Airboss Rubber Compounding and Halifax Linen Service are planning expansions that will add additional jobs and investment. The County's largest employer, Halifax Regional Medical Center, located in Roanoke Rapids, recently completed a \$6.5 million modernization and expansion of its outpatient services.*

Halifax County's prospects for additional industrial development opportunities are extremely bright. The County is in *final negotiations with two additional manufacturing operations that represent a total investment of \$75 million and 75 new jobs*. With the global focus toward renewable energy, our area's forest product resources and "wood basket" location are becoming increasingly attractive to biomass, wood pellet and other forest products related industries.

Finally, Standard & Poor's affirmed Halifax County Halifax County's A+ bond rating, citing a stable residential tax base along with strong wealth per capita, a very strong financial position, and low overall debt.

Budget Highlights for the Fiscal Year Ending June 30, 2013

Governmental Activities: The City of Roanoke Rapids' Budget contains several revenue sources that are dependent on the general economy. Among these are sales, tax, property tax, interest income and user and permit fees. The budget provides high level of funding for police and fire protection, and addressing public health, safety and appearance issues through solid waste and refuse collection, funding for a more aggressive enforcement of the City's minimum housing code, vehicle and nuisance ordinances. The property tax rate is 62.4 cents per \$100 valuation. Overall tax base revenue represents 44.57% of the total general fund revenue budget for fiscal year 2012/2013. Employee compensation, including benefits, accounts for the majority of the budgeted expenditures.

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2013**

Requests for Information

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

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

Basic Financial Statements

City of Roanoke Rapids, North Carolina
Statement of Net Position
June 30, 2013

Exhibit 1

**Governmental
Activities**

Assets	
Current Assets:	
Cash and cash equivalents	\$ 5,991,780
Taxes receivable (net)	559,869
Accounts receivable (net)	1,469,361
Accrued interest receivable	115,220
Inventories	56,146
Prepaid expense	-
Total Current Assets	\$ 8,192,376
Noncurrent Assets:	
Restricted cash	\$ 1,979,278
Deferred outflow	5,664,923
Total Non-current Assets	\$ 7,644,201
Capital Assets:	
Land, improvements, and construction in progress	\$ 3,035,687
Other capital assets, net of depreciation	17,008,961
Total Capital Assets	\$ 20,044,648
Total Assets	\$ 35,881,225
Liabilities	
Current Liabilities:	
Accounts payable and accrued expenses	\$ 353,140
Current portion of long-term liabilities	1,083,176
Total Current Liabilities	\$ 1,436,316
Long-term Liabilities:	
Due in more than one year	22,057,620
Derivative instrument - Interest Rate Swap	5,664,923
Total Long-term Liabilities	\$ 27,722,543
Total Liabilities	\$ 29,158,859
Deferred Inflows of Resources	
Prepaid taxes	\$ 34,580
Other	310,767
Total Deferred Inflows of Resources	\$ 345,347
Net Position	
Net investment in capital assets	\$ 669,780
Restricted for:	
Debt service	1,979,278
Other functions	-
Stabilization by State Statute	1,216,240
Unrestricted	2,511,721
Total Net Position	\$ 6,377,019

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, 2013

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 2,357,423	\$ 337,642	\$ 526,290	\$ -	\$ (1,493,491)
Public Safety	4,771,038	-	44,237	-	(4,726,801)
Transportation	1,687,448	-	467,825	-	(1,219,623)
Economic and					
Physical Development	1,591,003	77,936	-	617,248	(895,819)
Environmental Protection	1,217,778	1,339,495	7,393	-	129,110
Cultural and Recreational	1,589,972	-	-	-	(1,589,972)
Interest on long-term debt	881,643	-	-	-	(881,643)
Total Governmental Activities	\$14,096,305	\$ 1,755,073	\$ 1,045,745	\$ 617,248	\$ (10,678,239)
General Revenues:					
Taxes:					
Property taxes, levied for general purpose					\$ 7,227,131
Other taxes and licenses					1,261,650
Grants and contributions not restricted to specific purpose					3,345,776
Investment earnings, unrestricted					3,233
Miscellaneous, unrestricted					160,156
Total General Revenues and Transfers					\$ 11,997,946
Change in Net Position					\$ 1,319,707
Net Position - beginning					5,057,312
Prior period adjustment					-
Net Position - ending					\$ 6,377,019

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, 2013

Exhibit 3

	<u>Major Funds</u>		<u>Governmental</u>		<u>Total</u>
	<u>General</u>		<u>Non-Major</u>		<u>Governmental</u>
Assets	Fund		Funds		Funds
Current Assets:					
Cash and cash equivalents	\$ 5,827,732		\$ 164,048		\$ 5,991,780
Taxes Receivable, net	559,869		-		559,869
Due from other governmental agencies	673,530		391,288		1,064,818
Due from other funds	389,342		3,446		392,788
Accounts Receivable, net	404,543		-		404,543
Inventories	56,146		-		56,146
Grant receivable	-		-		-
Prepaid expenses	-		-		-
Total Current Assets	\$ 7,911,162		\$ 558,782		\$ 8,469,944
Noncurrent Assets:					
Restricted cash	1,979,278		-		1,979,278
Total Assets	\$ 9,890,440		\$ 558,782		\$ 10,449,222
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 353,140		\$ -		\$ 353,140
Due to other funds	-		392,788		392,788
Total Liabilities	\$ 353,140		\$ 392,788		\$ 745,928
Deferred Inflows of Resources:					
Property taxes receivable	\$ 559,869		\$ -		\$ 559,869
Prepaid taxes	34,580		-		34,580
Other receivables	310,767		-		310,767
Total Deferred Inflows of Resources	\$ 905,216		\$ -		\$ 905,216
Fund Balances:					
Non-spendable:					
Inventories and prepaid expenses	\$ 56,146		\$ -		\$ 56,146
Restricted:					
Stabilization by State Statute	1,212,794		3,446		1,216,240
Streets	-		-		-
Debt service	1,979,278		-		1,979,278
Assigned:					
Law enforcement	108,300		-		108,300
Unassigned	5,275,566		162,548		5,438,114
Total Fund Balances	\$ 8,632,084		\$ 165,994		\$ 8,798,078
Total Liabilities and Fund Balances	\$ 9,890,440		\$ 558,782		\$ 10,449,222

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

City of Roanoke Rapids, North Carolina
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
June 30, 2013

Exhibit 3

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

Fund balance as reported in the balance sheet governmental funds	\$	8,798,078
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Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		20,044,648
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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.		115,220
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Liabilities for earned but deferred revenues in fund statements.		559,869
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds.		(23,140,796)
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Net Position of Governmental Activities	\$	<u>6,377,019</u>
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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, 2013

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	\$ 7,362,052	\$ -	\$ 7,362,052
Other taxes and licenses	1,261,650	-	1,261,650
Unrestricted intergovernmental	3,345,776	-	3,345,776
Restricted intergovernmental	1,045,745	617,248	1,662,993
Permits and fees	77,936	-	77,936
Sales and services	1,677,137	-	1,677,137
Investment earnings	3,156	77	3,233
Miscellaneous	128,581	-	128,581
Insurance reimbursements	31,575	-	31,575
Total Revenues	<u>\$ 14,933,608</u>	<u>\$ 617,325</u>	<u>\$ 15,550,933</u>
Expenditures			
Current:			
General Government	\$ 2,107,952	\$ -	\$ 2,107,952
Public Safety	5,080,302	-	5,080,302
Transportation	1,940,168	-	1,940,168
Environmental Protection	1,333,957	-	1,333,957
Economic & Physical Development	429,138	634,802	1,063,940
Cultural and Recreational	1,455,654	-	1,455,654
Debt service	1,992,387	-	1,992,387
Capital Outlay	-	-	-
Miscellaneous grants	25,804	-	25,804
Total Expenditures	<u>\$ 14,365,362</u>	<u>\$ 634,802</u>	<u>\$ 15,000,164</u>
Excess (Deficiency) of			
Revenues Over Expenditures	<u>\$ 568,246</u>	<u>\$ (17,477)</u>	<u>\$ 550,769</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, 2013

(continued)

Exhibit 4

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Governmental Non-Major Funds</u>	<u>Total Governmental Funds</u>
Other Financing Sources (Uses)			
Transfers (to) from other funds	\$ -	\$ -	\$ -
Loan proceeds	480,000	21,000	501,000
Total Other Financing Sources (Uses)	<u>\$ 480,000</u>	<u>\$ 21,000</u>	<u>\$ 501,000</u>
Net Change in Fund Balance	\$ 1,048,246	\$ 3,523	\$ 1,051,769
Fund Balance:			
Beginning of year	7,583,838	162,471	7,746,309
Prior Period Adjustment	-	-	-
End of year	<u>\$ 8,632,084</u>	<u>\$ 165,994</u>	<u>\$ 8,798,078</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, 2013

Exhibit 4-2

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

Net changes in fund balance - total governmental funds	\$	1,051,769
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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.		(1,446)
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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.		609,744
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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		(134,921)

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	\$ (17,411)		
Net pension obligation	(72,376)		
Other postemployment benefits	(115,652)	(205,439)	

Total Changes in Net Position of Governmental Activities	\$	<u><u>1,319,707</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, 2013

Exhibit 5

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Ad valorem taxes	\$ 6,989,588	\$ 7,006,902	\$ 7,362,052	\$ 355,150
Other taxes and licenses	228,370	903,056	1,261,650	358,594
Unrestricted intergovernmental	4,011,787	3,419,787	3,345,776	(74,011)
Restricted intergovernmental	653,042	951,390	1,045,745	94,355
Permits and fees	102,743	86,230	77,936	(8,294)
Sales and services	1,650,257	1,860,720	1,677,137	(183,583)
Investment earnings	5,500	5,500	3,156	(2,344)
Miscellaneous	133,231	151,881	128,581	(23,300)
Insurance reimbursements	21,500	21,500	31,575	10,075
Total Revenues	<u>\$ 13,796,018</u>	<u>\$ 14,406,966</u>	<u>\$ 14,933,608</u>	<u>\$ 526,642</u>
Expenditures:				
General Government	\$ 2,154,419	\$ 2,160,208	\$ 2,107,952	\$ 52,256
Public Safety	4,915,722	5,102,972	5,080,302	22,670
Transportation	1,875,518	2,173,880	1,940,168	233,712
Environmental Protection	1,466,205	1,415,617	1,333,957	81,660
Economic and Physical Development	328,476	719,769	429,138	290,631
Cultural and Recreational	1,287,875	1,537,734	1,455,654	82,080
Debt service	2,326,405	1,993,635	1,992,387	1,248
Miscellaneous grants	86,398	95,414	25,804	69,610
Total Expenditures	<u>\$ 14,441,018</u>	<u>\$ 15,199,229</u>	<u>\$ 14,365,362</u>	<u>\$ 833,867</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (645,000)</u>	<u>\$ (792,263)</u>	<u>\$ 568,246</u>	<u>\$ 1,360,509</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, 2013

(continued)

Exhibit 5

	Original	Final	Actual	Variance With Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Fund balance appropriated	165,000	312,263	-	(312,263)
Loan proceeds	480,000	480,000	480,000	-
Total Other Financing Sources (Uses)	\$ 645,000	\$ 792,263	\$ 480,000	\$ (312,263)
 Revenues and Other Financing Sources Over (Under)				
Expenditures and Other Uses	\$ -	\$ -	\$ 1,048,246	\$ 1,048,246
 Fund Balance:				
Beginning of Year			7,583,838	
Prior Year Adjustment			-	
End of Year			\$ 8,632,084	

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, 2013

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Basis of Presentation

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

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

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

The City reports the following major governmental funds:

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

The City reports the following non-major governmental funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

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 2012 through February 2013 apply to the fiscal year ended June 30, 2013. 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. Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

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.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

D. Budgetary Data

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

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

1. Deposits and Investments

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

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

2. Cash and Cash Equivalents

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

3. Restricted Assets

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

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

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on July 1, the beginning of the fiscal year. The taxes are due on September 1; however, interest does not accrue until the following January 6. Those taxes are based on the assessed values as of January 1, 2012. As allowed by State law, the City has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventory and Prepaid Items

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

7. Capital Assets

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

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

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

8. Deferred Outflows/Inflows of Resources

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

9. Long-Term Obligations

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

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

10. Compensated Absences

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

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

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

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

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

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

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

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

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

II. Stewardship, Compliance, and Accountability

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

1. Noncompliance with North Carolina General Statutes

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

2. Contractual Violations

There were no instances of violations of contractual obligations noted.

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

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

C. Excess of Expenditures Over Appropriations

There were no expenditures in excess of appropriations during the year ended June 30, 2013.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

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, 2013, the City's deposits had a carrying amount of \$1,148,936 and a bank balance of \$1,170,564. Of the bank balance, \$250,000 was covered by federal depository insurance and \$920,564 in interest bearing deposits were covered by collateral held under the pooling method. At June 30, 2013, the City of Roanoke Rapids had \$900 cash on hand.

2. Investments

At June 30, 2013, the City of Roanoke Rapids had \$6,821,222 invested with the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM, by Standard and Poor's. The City has adopted a formal policy regarding credit risk.

a. Interest Rate Risk

The City has adopted a formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits at least half of the City's investment portfolio to maturities of less than 12 months. Also, the City's internal management policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than two years.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

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, 2013. 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, 2013, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 3,018,855	\$ 6,177	\$ -	\$ 3,025,032
Construction in progress	10,655	-	-	10,655
Total Capital Assets Not Being Depreciated	<u>\$ 3,029,510</u>	<u>\$ 6,177</u>	<u>\$ -</u>	<u>\$ 3,035,687</u>
Capital Assets Being Depreciated:				
Buildings & improvements	\$ 22,946,520	\$ -	\$ 115,733	\$22,830,787
Machinery & equipment	6,837,667	756,553	631,790	6,962,430
Total Capital Assets Being Depreciated	<u>\$ 29,784,187</u>	<u>\$ 756,553</u>	<u>\$ 747,523</u>	<u>\$29,793,217</u>
Less accumulated depreciation	<u>\$ 12,716,603</u>	<u>\$ 1,115,568</u>	<u>\$ 1,047,915</u>	<u>\$12,784,256</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 17,067,584</u>			<u>\$17,008,961</u>
Governmental Activity Capital Assets, Net	<u>\$ 20,097,094</u>			<u>\$20,044,648</u>

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

General government	\$ 18,228
Public safety	171,890
Transportation	171,805
Economic and physical development	527,063
Environmental protection	9,827
Cultural and recreation	216,755
Total depreciation expense	<u>\$ 1,115,568</u>

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.74% and 6.77%, 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, 2013, 2012, and 2011 were \$347,131, \$345,058, and \$346,240, 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.

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, 2013 were \$57,245, which consisted of \$24,266 from the City and \$32,979 from employees.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

c. Law Enforcement Officers Special Separation Allowance

1. Plan Description

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

At June 30, 2013, 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.

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 2013.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

The annual required contribution for the fiscal year ended June 30, 2013, was determined as part of the December 31, 2012, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year. The inflation component was 3.00%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at June 30, 2013 was 18 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	\$ 77,968
Interest on net pension obligation	22,860
Adjustment to annual required contribution	(28,452)
Annual pension cost	72,376
Contributions made	-
Increase (decrease) in net pension obligation	\$ 72,376
Net pension obligation beginning of year	457,195
Net pension obligation end of year	\$ 529,571

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation Prepaid
6/30/11	81,799	84.06%	376,242
6/30/12	80,953	0.00%	457,195
6/30/13	72,376	0.00%	529,571

Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$777,416. The covered payroll (annual payroll of active employees covered by the plan) was \$1,506,890, and the ratio of the UAAL to the covered payroll was 51.59 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.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

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, 2013 were \$186,172, which consisted of \$117,374 from the City and \$68,798 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.

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

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

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

The current ARC rate is 6.89% of annual covered payroll. For the current year, the City contributed \$105,553 or 2.2% of annual covered payroll.

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

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

Annual required contribution	\$ 191,361
Interest on net OPEB obligation	29,844
Annual OPEB cost (expense)	221,205
Contributions made	105,553
Increase (decrease) in net OPEB obligation	115,652
Net OPEB obligation, beginning of year	746,089
Net OPEB obligation, end of year	\$ 861,741

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 were as follows:

For Year Ended June 30	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
2011	364,935	44.0%	496,652
2012	364,935	31.6%	746,089
2013	221,205	47.7%	861,741

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$4,462,736. The covered payroll (annual payroll of active employees covered by the plan) was \$4,792,849, and the ratio of the UAAL to the covered payroll was 46.7 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

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

2. Other Employment Benefits

The City has elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to his/her death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. The City considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

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

	Unavailable Revenue	Unearned Revenue
General Fund:		
Property taxes receivable	\$ 559,869	\$ -
Prepaid taxes not yet earned	-	34,580
Other miscellaneous receivables	310,767	-
Total	\$ 870,636	\$ 34,580

4. Risk Management

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

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

5. Claims and Judgments

The City had no claims or judgments pending at June 30, 2013.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

6. Long-Term Debt

The general obligation bonds issued to finance the construction of improvements to the storm sewer system and recreational facilities are accounted for in the General Long-term Debt Account Group. These bonds are collateralized by the faith, credit, and taxing power of the City. Principal and interest requirements are appropriated when due.

At June 30, 2013, the City of Roanoke Rapids had a legal debt margin of \$69,189,824. The City has no bonds authorized but unissued at June 30, 2013.

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

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

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

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

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

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

Long-term debt payable at June 30, 2013 is comprised of the following:

Installment Notes Payable:

USDA - due in 20 annual installments of \$20,230, including interest at 4.375%, beginning April 7, 2005 through April 7, 2025.	\$ 173,658
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.	30,017

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

USDA - due in 30 annual installments of \$90,178, including interest at 4.375%, beginning March 20, 2009 through March 20, 2039.	1,354,357
Branch Banking & Trust - due in 5 annual installments of \$77,516, including interest at 2.36%, beginning February 15, 2012 through February 15, 2016.	221,989
Branch Banking & Trust - due in 5 consecutive annual installments of \$33,738, including interest at 1.79%, beginning November 16, 2012 through November 16, 2016.	129,125
Sun Trust Bank - due in 5 consecutive annual installments of \$100,025, including interest of 1.385%, beginning April 8, 2014 through April 8, 2007.	<u>480,000</u>
Total	<u><u>\$ 2,389,146</u></u>

Economic Development Revenue Bonds:

\$21,500,000 Economic Development Revenue Bonds - April 12, 2008; due in semi-annual installments. 15 year interest rate swap (80% of Notional value). Swap rate is locked at 5.51%.	<u><u>\$ 18,965,000</u></u>
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The annual requirements to amortize notes payable outstanding (excluding vacation pay and capitalized leases) as of June 30, 2013, including interest payments, are as follows:

Year	Principal Payments	Interest Payments	Total
2014	\$ 270,643	\$ 72,945	\$ 343,588
2015	246,093	75,582	321,675
2016	251,711	69,964	321,675
2017	179,970	64,189	244,159
2018	150,338	60,082	210,420
2019-2023	294,356	257,619	551,975
2024-2028	278,179	192,818	470,997
2029-2033	320,651	130,175	450,826
2034-2038	397,205	53,620	450,825
Total	<u><u>\$ 2,389,146</u></u>	<u><u>\$ 976,994</u></u>	<u><u>\$ 3,366,140</u></u>

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

The annual requirements to amortize economic development bonds outstanding as of June 30, 2013, including interest payments, are as follows:

Year	Principal Payments	Interest Payments	Total
2014	\$ 770,000	\$ 1,009,983	\$ 1,779,983
2015	820,000	966,179	1,786,179
2016	875,000	919,481	1,794,481
2017	930,000	869,753	1,799,753
2018	995,000	816,720	1,811,720
2019-2023	7,490,000	3,157,092	10,647,092
2024-2027	7,085,000	1,199,803	8,284,803
Total	<u>\$ 18,965,000</u>	<u>\$ 8,939,011</u>	<u>\$ 27,904,011</u>

Changes in the long-term liabilities:

	Beginning Balances July 1, 2012	Increases	Decreases	Ending Balances June 30, 2013	Current Portion of Balance
Governmental activities:					
Installment notes payable	2,294,890	480,000	385,744	2,389,146	270,643
Tax increment financing	19,690,000	-	725,000	18,965,000	770,000
Net pension obligation	457,195	72,376	-	529,571	-
Compensated absences	407,927	17,411	-	425,338	42,533
Interest Rate Swap	6,197,963	-	533,040	5,664,923	-
Other postemployment benefits	746,089	221,205	105,553	861,741	-
Total	<u>\$29,794,064</u>	<u>\$790,992</u>	<u>\$1,749,337</u>	<u>\$28,835,719</u>	<u>\$1,083,176</u>

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

Tax Increment Financing:

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

- (1) Net revenues generated by the facility.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

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

7. Fund Balance

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

Total fund balance - General Fund	\$ 8,632,084
Less:	
Inventories and Prepaid Expenses	56,146
Stabilization by State Statute	1,212,794
Streets-Powell Bill	-
Debt Service	1,979,278
Assigned - Law Enforcement	108,300
Remaining Fund Balance	5,275,566

IV. Interest Rate Swaps

A. Objective of the interest rate swap

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

B. Terms

The notional value of the swap is \$15,552,000 and the agreement matures July 1, 2022. The swap was entered into at the same time the bonds were issued (March 2007). The notional value of the swap declines with the principal amount of the associated debt. Under the terms of the swap agreement the City continues to effectively pay a rate equivalent to the US-LIBOR-BBA and the fixed rate of 5.51%. Only the net difference is actually exchanged.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

C. Fair Value

Because interest rates have declined since execution of the swap, the swap has a negative fair value of \$3,225,050. Fair value was estimated by the counterparty using market-to-market valuations.

D. Credit Risk

As of June 30, 2013 the City was not exposed to credit risk because the swap had a negative fair value. The swap counterparty, Bank of America, N.A., was rated "A3" by Moody's Investors Service (Moody's), "A" by Standard and Poor's (S&P) and "A" by Fitch Ratings.

E. Termination Risk

The derivative contract uses the International Swap Dealers Association Master Agreement which includes standard termination events, such as failure to pay and bankruptcy. Termination could result in the City being required to make an unanticipated termination payment.

F. Swap Payments and Associated Debt

Using ratios as of June 30, 2013, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same for the term of the bonds, were as follows. As rates vary, variable rate bond interest payments and net swap payments will vary.

Year End June 30	Principal	Interest	Interest Rate Swaps, Net	Total
2014	\$ 770,000	\$ 71,216	\$ 793,844	\$ 1,635,060
2015	820,000	68,034	757,882	\$ 1,645,916
2016	875,000	64,816	719,514	\$ 1,659,330
2017	930,000	61,031	678,722	\$ 1,669,753
2018	995,000	57,172	635,101	\$ 1,687,273
2019-2023	7,490,000	218,698	2,079,860	\$ 9,788,558
2024-2027	7,085,000	75,538	-	\$ 7,160,538
Total	<u>\$18,965,000</u>	<u>\$ 616,505</u>	<u>\$ 5,664,923</u>	<u>\$25,246,428</u>

The following sets forth a summary of the City's derivative instrument as of June 30, 2013: The forward-starting floating-to-fixed interest rate swap is a cash flow hedge with a notional amount of \$14,972,000 and a negative fair value of \$3,225,050 as of June 30, 2013. The negative fair value at June 30, 2013 represents a decrease of \$1,263,595 from the prior year.

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

V. Interfund Balance

Balances due to/from other funds at June 30, 2013 consist of the following:

Due to the General Fund:

CDBG Henry Street Revitalization	\$ 142,025
Halifax County Main Street Project	88,205
CDBG - SBEA	161,058
Clean Water Management Trust Fund	1,500
Total	\$ 392,788

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. Change in Accounting Principles/Restatement

The City implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources.

VIII. Significant Effects of Subsequent Events

Installment financing was secured on August 30, 2013 to enable the City to refinance the purchase of real property, known as Fire Station number 2. The loan amount was \$1.3 million with a term of 18 years. Annual payments of \$94,521.30 start August 2014 (pursuant to Section 160A-20 of the General Statutes of North Carolina).

Installment financing was secured on August 30, 2013 to enable the City to refinance the purchase of real property, known as the Neighborhood Resource Center. The loan amount was \$176,676.25 with a term of 8 years. Annual payments of \$24,274.21 start August 2014 (pursuant to Section 160A-20 of the General Statutes of North Carolina).

Required Supplementary Financial Data

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

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

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

Exhibit A-1

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/06	\$ 194,158	\$ 574,169	\$ 380,011	33.82%	\$ 1,579,391	24.06%
12/31/07	199,394	655,895	456,501	30.40%	1,619,043	28.20%
12/31/08	211,063	746,741	535,678	28.26%	1,338,527	40.02%
12/31/09	127,664	994,035	866,371	12.84%	1,460,374	59.33%
12/31/10	169,885	990,724	820,839	17.15%	1,617,441	50.75%
12/31/11	204,050	994,556	790,506	20.52%	1,453,694	54.38%
12/31/12	204,154	981,570	777,416	20.80%	1,506,890	51.59%

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
2011	\$ 81,799	84.06%
2012	80,953	0.00%
2013	72,376	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	12-31-12
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	18 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25% - 7.85%
*Includes inflation at	3.00%
Cost-of living adjustments	N/A

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

Exhibit A-3

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/08	\$ -	\$ 3,729,245	\$3,729,245	0.00%	\$ 4,757,532	78.39%
12/31/09	\$ -	\$ 2,246,882	\$2,246,882	0.00%	\$ 4,812,453	46.69%
12/31/12	\$ -	\$ 4,462,736	\$4,462,736	0.00%	\$ 4,792,849	93.10%

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

Exhibit A-4

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2011	364,935	44.0%
2012	364,935	31.6%
2013	221,205	47.7%

Notes to the Required Schedules:

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

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

City of Roanoke Rapids, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Ad Valorem Taxes:			
Current year	\$ -	\$ 6,977,275	\$ -
Prior years	-	293,190	-
Penalties and interest	-	91,587	-
Total	<u>\$ 7,006,902</u>	<u>\$ 7,362,052</u>	<u>\$ 355,150</u>
Other Taxes and Licenses:			
Privilege licenses	\$ 225,556	\$ 402,761	\$ 177,205
Motor vehicle license	70,500	70,729	229
Lease vehicle	15,000	20,734	5,734
Holdharmless revenue	592,000	767,426	175,426
Total	<u>\$ 903,056</u>	<u>\$ 1,261,650</u>	<u>\$ 358,594</u>
Unrestricted Intergovernmental:			
Local option sales tax	\$ 1,999,980	\$ 1,938,632	\$ (61,348)
Payments in lieu of taxes	37,500	38,125	625
Beer and wine tax	75,190	63,263	(11,927)
ABC profits	33,500	46,458	12,958
Video franchise fee	27,665	25,988	(1,677)
Occupancy tax	2,500	3,679	1,179
Utility franchise tax	1,243,452	1,229,631	(13,821)
Total	<u>\$ 3,419,787</u>	<u>\$ 3,345,776</u>	<u>\$ (74,011)</u>
Restricted Intergovernmental:			
"State Street Aid" allocation	\$ 461,332	\$ 467,825	\$ 6,493
Grant funds	425,854	526,290	100,436
Solid waste disposal tax	9,204	7,393	(1,811)
Drug enforcement revenue	55,000	44,237	(10,763)
Total	<u>\$ 951,390</u>	<u>\$ 1,045,745</u>	<u>\$ 94,355</u>
Inspection Fees and Permits	<u>\$ 86,230</u>	<u>\$ 77,936</u>	<u>\$ (8,294)</u>
Investment Earnings	<u>\$ 5,500</u>	<u>\$ 3,156</u>	<u>\$ (2,344)</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues: (continued)			
Sales and Services:			
Cemetery lots	\$ 77,050	\$ 136,626	\$ 59,576
Rents, concessions, & other fees	379,097	254,017	(125,080)
Solid waste user fees	1,259,573	1,202,869	(56,704)
Roanoke Rapids Theater income	80,000		(80,000)
Airport fuel sales			-
Airport hangar rental			-
Municipal ordinance violations	65,000	83,625	18,625
Total	<u>\$ 1,860,720</u>	<u>\$ 1,677,137</u>	<u>\$ (183,583)</u>
Miscellaneous:			
Miscellaneous	\$ 141,881	\$ 118,888	(22,993)
Sale of materials	10,000	9,693	(307)
Total	<u>\$ 151,881</u>	<u>\$ 128,581</u>	<u>\$ (23,300)</u>
Insurance Reimbursements	<u>\$ 21,500</u>	<u>\$ 31,575</u>	<u>\$ 10,075</u>
Total Revenues	<u>\$ 14,406,966</u>	<u>\$ 14,933,608</u>	<u>\$ 526,642</u>
Expenditures:			
General Government:			
City Council:			
Salaries & employee benefits	\$ -	\$ 46,901	\$ -
Operating expenses	-	11,194	-
Total	<u>\$ 61,262</u>	<u>\$ 58,095</u>	<u>\$ 3,167</u>
Administration:			
Salaries & employee benefits	\$ -	\$ 282,448	\$ -
Operating expenses	-	41,356	-
Total	<u>\$ 345,304</u>	<u>\$ 323,804</u>	<u>\$ 21,500</u>
Finance			
Salaries & employee benefits	\$ -	\$ 182,530	\$ -
Operating expenses	-	33,038	-
Total	<u>\$ 221,393</u>	<u>\$ 215,568</u>	<u>\$ 5,825</u>
Information System:			
Salaries & employee benefits	\$ -	\$ -	\$ -
Operating expenses	-	25,910	-
Capital outlay	-		-
Total	<u>\$ 33,361</u>	<u>\$ 25,910</u>	<u>\$ 7,451</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
General Government: (continued)			
Tax/Revenue Collections:			
Salaries & employee benefits	\$ -	\$ 56,507	\$ -
Operating expenses	-	5,724	-
Collection fees	-	175,586	-
Total	<u>\$ 238,816</u>	<u>\$ 237,817</u>	<u>\$ 999</u>
Legal:			
Professional services	\$ -	\$ 41,940	\$ -
Operating expenses	-	-	-
Total	<u>\$ 41,940</u>	<u>\$ 41,940</u>	<u>\$ -</u>
Government Buildings:			
Salaries & employee benefits	\$ -	\$ 31,962	\$ -
Operating expenses	-	43,221	-
Capital outlay	-	-	-
Total	<u>\$ 80,684</u>	<u>\$ 75,183</u>	<u>\$ 5,501</u>
Central Garage:			
Salaries & employee benefits	\$ -	\$ 186,059	\$ -
Vehicle maintenance	-	2,344	-
Operating expenses	-	17,816	-
Capital outlay	-	-	-
Total	<u>\$ 210,698</u>	<u>\$ 206,219</u>	<u>\$ 4,479</u>
Miscellaneous:			
Salaries & employee benefits	\$ -	\$ 173,283	\$ -
E-911 system cost	-	86,559	-
Elections	-	-	-
Operating expenses	-	183,239	-
Uninsured loss expenditures	-	33,414	-
Miscellaneous expenses	-	446,921	-
Capital outlay	-	-	-
Total	<u>\$ 926,750</u>	<u>\$ 923,416</u>	<u>\$ 3,334</u>
Total General Government	<u>\$ 2,160,208</u>	<u>\$ 2,107,952</u>	<u>\$ 52,256</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Public Safety:			
Police:			
Salaries & employee benefits	\$ -	\$ 2,413,625	\$ -
Vehicle maintenance	-	167,749	-
Operating expenses	-	192,693	-
Capital outlay	-	-	-
Total	<u>\$ 2,785,803</u>	<u>\$ 2,774,067</u>	<u>\$ 11,736</u>
Police Grant Programs:			
Salaries & employee benefits	\$ -	\$ -	\$ -
Operating expenses	-	53,773	-
Capital outlay	-	-	-
Total	<u>\$ 55,000</u>	<u>\$ 53,773</u>	<u>\$ 1,227</u>
Fire:			
Salaries & employee benefits	\$ -	\$ 1,571,595	\$ -
Vehicle maintenance	-	29,635	-
Operating expenses	-	170,078	-
Capital outlay	-	481,154	-
Total	<u>\$ 2,262,169</u>	<u>\$ 2,252,462</u>	<u>\$ 9,707</u>
Total Public Safety	<u>\$ 5,102,972</u>	<u>\$ 5,080,302</u>	<u>\$ 22,670</u>
Transportation:			
Streets Repair and Construction:			
Salaries & employee benefits	\$ -	\$ 426,826	\$ -
Vehicle maintenance	-	60,978	-
Operating expenses	-	222,349	-
Street lights	-	429,786	-
Contracted services	-	14,577	-
Capital outlay	-	384,223	-
Total	<u>\$ 1,769,431</u>	<u>\$ 1,538,739</u>	<u>\$ 230,692</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, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenditures: (continued)			
Transportation: (continued)			
Public Works:			
Salaries & employee benefits	\$ -	\$ 286,623	\$ -
Vehicle maintenance	-	2,851	-
Operating expenses	-	71,653	-
Capital outlay	-	40,302	-
Total	<u>\$ 404,449</u>	<u>\$ 401,429</u>	<u>\$ 3,020</u>
Total Transportation	<u>\$ 2,173,880</u>	<u>\$ 1,940,168</u>	<u>\$ 233,712</u>
Environmental Protection:			
Sanitation - Solid Waste Division:			
Salaries & employee benefits	\$ -	\$ 210,923	\$ -
Landfill tipping fees	-	276,405	-
Vehicle maintenance	-	53,348	-
Operating expenses	-	26,274	-
Capital outlay	-	-	-
Total	<u>\$ 620,750</u>	<u>\$ 566,950</u>	<u>\$ 53,800</u>
Sanitation - Refuse Division:			
Salaries & employee benefits	\$ -	\$ 174,701	\$ -
Refuse tipping fees	-	62,965	-
Vehicle maintenance	-	69,545	-
Operating expenses	-	40,928	-
Capital outlay	-	126,006	-
Total	<u>\$ 491,053</u>	<u>\$ 474,145</u>	<u>\$ 16,908</u>
Cemetery:			
Salaries & employee benefits	\$ -	\$ 71,990	\$ -
Operating expenses	-	21,689	-
Capital outlay	-	-	-
Total	<u>\$ 100,502</u>	<u>\$ 93,679</u>	<u>\$ 6,823</u>
Property Maintenance:			
Salaries & employee benefits	\$ -	\$ 141,661	\$ -
Vehicle maintenance	-	20,393	-
Operating expenses	-	37,129	-
Capital outlay	-	-	-
Total	<u>\$ 203,312</u>	<u>\$ 199,183</u>	<u>\$ 4,129</u>
Total Environmental Protection	<u>\$ 1,415,617</u>	<u>\$ 1,333,957</u>	<u>\$ 81,660</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Economic and Physical Development:			
Planning and Development:			
Salaries & employee benefits	\$ -	\$ 248,602	\$ -
Operating expenses	-	42,307	-
Vehicle maintenance	-	5,760	-
Capital outlay	-	-	-
Economic development	-	47,838	-
Total	<u>\$ 370,078</u>	<u>\$ 344,507</u>	<u>\$ 25,571</u>
Roanoke Rapids Theatre			
Operating expenses	320,000	54,940	265,060
Total	<u>\$ 320,000</u>	<u>\$ 54,940</u>	<u>\$ 265,060</u>
Miscellaneous:			
Main Street contribution	\$ -	\$ 16,400	\$ -
Rescue squad	-	10,000	-
Other	-	3,291	-
Total	<u>\$ 29,691</u>	<u>\$ 29,691</u>	<u>\$ -</u>
Total Economic and Physical Development	<u>\$ 719,769</u>	<u>\$ 429,138</u>	<u>\$ 290,631</u>
Cultural and Recreational:			
Davis Recreation:			
Salaries & employee benefits	\$ -	\$ 197,630	\$ -
Vehicle maintenance	-	3,052	-
Operating expenses	-	46,332	-
Capital outlay	-	68,437	-
Total	<u>\$ 325,197</u>	<u>\$ 315,451</u>	<u>\$ 9,746</u>
Roanoke Canal Museum:			
Salaries & employee benefits	\$ -	\$ 15,077	\$ -
Operating expenses	-	15,856	-
Total	<u>\$ 34,274</u>	<u>\$ 30,933</u>	<u>\$ 3,341</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Cultural and Recreational: (continued)			
Aquatic Center:			
Salaries & employee benefits	\$ -	\$ 96,966	\$ -
Operating expenses	-	140,306	-
Capital outlay	-	-	-
Total	<u>\$ 278,692</u>	<u>\$ 237,272</u>	<u>\$ 41,420</u>
Parks:			
Salaries & employee benefits	\$ -	\$ 263,243	\$ -
Vehicle maintenance	-	19,655	-
Operating expenses	-	94,380	-
Capital outlay	-	-	-
Total	<u>\$ 382,777</u>	<u>\$ 377,278</u>	<u>\$ 5,499</u>
Chaloner Recreation:			
Salaries & employee benefits	\$ -	\$ 54,901	\$ -
Operating expenses	-	19,015	-
Capital outlay	-	-	-
Total	<u>\$ 75,930</u>	<u>\$ 73,916</u>	<u>\$ 2,014</u>
Senior Citizens Center:			
Salaries & employee benefits	\$ -	\$ 64,444	\$ -
Operating expenses	-	19,574	-
Other	-	16,380	-
Transportation grant	-	15,649	-
Title V	-	-	-
Total	<u>\$ 120,900</u>	<u>\$ 116,047</u>	<u>\$ 4,853</u>
Community Center:			
Salaries & employee benefits	\$ -	\$ 10,146	\$ -
Operating expenses	-	29,615	-
Capital outlay	-	14,000	-
Total	<u>\$ 57,371</u>	<u>\$ 53,761</u>	<u>\$ 3,610</u>
Library:			
Salaries & employee benefits	\$ -	\$ 171,111	\$ -
Operating expenses	-	75,121	-
Capital outlay	-	-	-
Total	<u>\$ 255,748</u>	<u>\$ 246,232</u>	<u>\$ 9,516</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Cultural and Recreational: (continued)			
Andrews Meeting Hall:			
Operating expenses	\$ -	\$ 4,764	\$ -
Capital outlay	-	-	-
Total	<u>\$ 6,845</u>	<u>\$ 4,764</u>	<u>\$ 2,081</u>
 Total Cultural and Recreational	 <u>\$ 1,537,734</u>	 <u>\$ 1,455,654</u>	 <u>\$ 82,080</u>
Debt Service:			
Bond/debt principal amount	\$ -	\$ 1,110,744	\$ -
Interest on debt	-	880,128	-
Bond/service commissions	-	1,515	-
Total Debt Service	<u>\$ 1,993,635</u>	<u>\$ 1,992,387</u>	<u>\$ 1,248</u>
Miscellaneous Grants:			
Learn and Serve grant	\$ -	\$ -	\$ -
Senior Center	-	7,146	-
Miscellaneous	-	15,193	-
USDA Rural Development	-	3,465	-
Total Miscellaneous Grants	<u>\$ 95,414</u>	<u>\$ 25,804</u>	<u>\$ 69,610</u>
 Total Expenditures	 <u>\$ 15,199,229</u>	 <u>\$ 14,365,362</u>	 <u>\$ 833,867</u>
Revenues Over (Under) Expenditures	<u>\$ (792,263)</u>	<u>\$ 568,246</u>	<u>\$ 1,360,509</u>
Other Financing Sources (Uses):			
Fund balance appropriated	\$ 312,263	-	\$ (312,263)
Installment financing	480,000	480,000	-
Total Other Financing Sources (Uses)	<u>\$ 792,263</u>	<u>\$ 480,000</u>	<u>\$ (312,263)</u>
Revenues and Other Financing Sources Over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 1,048,246</u>	<u>\$ 1,048,246</u>
Fund Balance, Beginning of Year		7,583,838	
Prior Period Adjustment		-	
Fund Balance, End of Year		<u>\$ 8,632,084</u>	

City of Roanoke Rapids, North Carolina
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2013

Exhibit B-1

	Capital Project Funds						Total Nonmajor Capital Projects Funds
	NCDOT Curb & Gutter	Fire Station #2 Project	USDA Rural Development Garage Door Project	Clean Water Management Trust Fund	Carolina Crossroads Water & Sewer	Public Roadway	
Assets							
Cash and cash equivalents	\$ -	\$ 22	\$ -	\$ 19,512	\$ 26,172	\$ 73,227	\$ 118,933
Due from other governments	-	-	-	-	-	-	-
Grant receivable	-	-	-	-	-	-	-
Due from other funds	-	-	3,446	-	-	-	3,446
Accounts receivable	-	-	-	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ 3,446</u>	<u>\$ 19,512</u>	<u>\$ 26,172</u>	<u>\$ 73,227</u>	<u>\$ 122,379</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable & accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	1,500	-	-	1,500
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500</u>
Fund balances:							
Reserved by state statute	\$ -	\$ -	\$ 3,446	\$ -	\$ -	\$ -	\$ 3,446
Unreserved	-	22	-	18,012	26,172	73,227	117,433
Total Fund Balances	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ 3,446</u>	<u>\$ 18,012</u>	<u>\$ 26,172</u>	<u>\$ 73,227</u>	<u>\$ 120,879</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ 3,446</u>	<u>\$ 19,512</u>	<u>\$ 26,172</u>	<u>\$ 73,227</u>	<u>\$ 122,379</u>

(continued)

City of Roanoke Rapids, North Carolina
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2013

Exhibit B-1

(continued)

	Special Revenue Funds							
	Halifax County Main Street Project	Local Law Enforcement Grant Fund	CDBG Henry St Revitalization Project	Hodgestown Project	CDBG SBEA Grant	2008 CDBG Program	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Assets								
Cash and cash equivalents	\$ -	\$ 1,825	\$ -	\$ 43,290	\$ -	\$ -	\$ 45,115	\$ 164,048
Due from other governments	-	-	-	-	-	-	-	-
Grant receivable	88,205	-	142,025	-	161,058	-	391,288	391,288
Due from other funds	-	-	-	-	-	-	-	3,446
Accounts receivable	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 88,205</u>	<u>\$ 1,825</u>	<u>\$ 142,025</u>	<u>\$ 43,290</u>	<u>\$ 161,058</u>	<u>\$ -</u>	<u>\$ 436,403</u>	<u>\$ 558,782</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts payable & accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Due to General Fund	88,205	-	142,025	-	161,058	-	391,288	392,788
Total Liabilities	<u>\$ 88,205</u>	<u>\$ -</u>	<u>\$ 142,025</u>	<u>\$ -</u>	<u>\$ 161,058</u>	<u>\$ -</u>	<u>\$ 391,288</u>	<u>\$ 392,788</u>
Fund balances:								
Reserved by state statute	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,446
Unreserved	-	1,825	-	43,290	-	-	45,115	162,548
Total Fund Balances	<u>\$ -</u>	<u>\$ 1,825</u>	<u>\$ -</u>	<u>\$ 43,290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,115</u>	<u>\$ 165,994</u>
Total Liabilities and Fund Balances	<u>\$ 88,205</u>	<u>\$ 1,825</u>	<u>\$ 142,025</u>	<u>\$ 43,290</u>	<u>\$ 161,058</u>	<u>\$ -</u>	<u>\$ 436,403</u>	<u>\$ 558,782</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, 2013

Exhibit B-2

	Capital Project Funds						Total Nonmajor Capital Projects Funds
	NCDOT Curb & Gutter	Fire Station #2 Project	USDA Rural Development Garage Door Project	Clean Water Management Trust Fund	Carolina Crossroads Water & Sewer	Public Roadway	
Revenues							
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	-	-	11,000	-	-	-	11,000
Other taxes and licenses	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-	-
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,000</u>
Expenditures							
Current:							
Economic & physical development	\$ -	\$ -	\$ 28,554	\$ -	\$ -	\$ -	\$ 28,554
Capital outlay	-	-	-	-	-	-	-
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,554</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,554</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,554)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,554)</u>
Other Financing Sources (Uses):							
Transfers (to) from other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Financing proceeds	-	-	21,000	-	-	-	21,000
Total Other Financing Sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,000</u>
Net Change in Fund Balances	\$ -	\$ -	\$ 3,446	\$ -	\$ -	\$ -	\$ 3,446
Fund Balances:							
Beginning of year, July 1	\$ -	\$ 22	\$ -	\$ 18,012	\$ 26,172	\$ 73,227	\$ 117,433
End of year, June 30	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ 3,446</u>	<u>\$ 18,012</u>	<u>\$ 26,172</u>	<u>\$ 73,227</u>	<u>\$ 120,879</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, 2013

Exhibit B-2

(continued)

	Special Revenue Funds							
	Halifax County Main Street Project	Local Law Enforcement Grant Fund	CDBG Henry St Revitalization Project	Hodgestown Project	CDBG SBEA Grant	2008 CDBG Program	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Revenues								
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	46,103	-	351,033	-	161,058	48,054	606,248	617,248
Other taxes and licenses	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Investment earnings	-	3	-	74	-	-	77	77
Sale of fixed assets	-	-	-	-	-	-	-	-
Total Revenues	<u>\$46,103</u>	<u>\$ 3</u>	<u>\$ 351,033</u>	<u>\$ 74</u>	<u>\$161,058</u>	<u>\$ 48,054</u>	<u>\$ 606,325</u>	<u>\$ 617,325</u>
Expenditures								
Current:								
Economic & physical development	\$46,103	\$ -	\$ 351,033	\$ -	\$161,058	\$ 48,054	\$ 606,248	\$ 634,802
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>\$46,103</u>	<u>\$ -</u>	<u>\$ 351,033</u>	<u>\$ -</u>	<u>\$161,058</u>	<u>\$ 48,054</u>	<u>\$ 606,248</u>	<u>\$ 634,802</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 74</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77</u>	<u>\$ (17,477)</u>
Other Financing Sources (Uses):								
Transfers (to) from other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Financing proceeds	-	-	-	-	-	-	-	21,000
Total Other Financing Sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,000</u>
Net Change in Fund Balances	\$ -	\$ 3	\$ -	\$ 74	\$ -	\$ -	\$ 77	\$ 3,523
Fund Balances:								
Beginning of year, July 1	-	1,822	-	43,216	-	-	45,038	162,471
Prior period adjustment	-	-	-	-	-	-	-	-
End of year, June 30	<u>\$ -</u>	<u>\$ 1,825</u>	<u>\$ -</u>	<u>\$ 43,290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,115</u>	<u>\$ 165,994</u>

City of Roanoke Rapids, North Carolina
Special Revenue Funds - Local Law Enforcement Grant Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2013

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	\$ 351	\$ 3	\$ 354	\$ 204
Federal grant	48,100	63,553	-	63,553	15,453
Total Revenues	<u>\$ 48,250</u>	<u>\$ 63,904</u>	<u>\$ 3</u>	<u>\$ 63,907</u>	<u>\$ 15,657</u>
Expenditures:					
Capital outlay	53,405	66,415	-	66,415	(13,010)
Revenues Over (Under) Expenditures	\$ (5,155)	\$ (2,511)	\$ 3	\$ (2,508)	\$ 2,647
Other Financing Sources: Transfer in	<u>5,155</u>	<u>4,344</u>	<u>-</u>	<u>4,344</u>	<u>(811)</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 1,833</u>	<u>\$ 3</u>	<u>\$ 1,836</u>	<u>\$ 1,836</u>
Fund Balance:					
Beginning of year, July 1			1,822		
End of year, June 30			<u>\$ 1,825</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, 2013

Exhibit C-2

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Investment earnings	\$ -	\$ 10,085	\$ 74	\$ 10,159	\$ 10,159
Sale of fixed assets	165,000	95,008	-	95,008	(69,992)
Roanoke Rapids Sanitary					
District contribution	19,860	16,519	-	16,519	(3,341)
Spring Street reimbursement	-	8,500	-	8,500	8,500
Total Revenues	<u>\$ 184,860</u>	<u>\$ 130,112</u>	<u>\$ 74</u>	<u>\$ 130,186</u>	<u>\$ (54,674)</u>
Expenditures:					
Contracted services	\$ 41,371	\$ 40,375	\$ -	\$ 40,375	\$ 996
Miscellaneous	139,882	-	-	-	139,882
Engineering and design	32,700	-	-	-	32,700
Testing of materials	2,500	-	-	-	2,500
Street/Utility Construction	115,719	87,636	-	87,636	28,083
Contingency	54,525	1,183	-	1,183	53,342
Total Expenditures	<u>\$ 386,697</u>	<u>\$ 129,194</u>	<u>\$ -</u>	<u>\$ 129,194</u>	<u>\$ 257,503</u>
Revenues Over (Under) Expenditures	<u>\$ (201,837)</u>	<u>\$ 918</u>	<u>\$ 74</u>	<u>\$ 992</u>	<u>\$ 202,829</u>
Other Financing Sources:					
Transfers in (out)	\$ 42,270	\$ 42,270	\$ -	\$ 42,270	\$ -
Fund balance appropriated	159,567	-	-	-	(159,567)
Total Other Financing Sources (Uses)	<u>\$ 201,837</u>	<u>\$ 42,270</u>	<u>\$ -</u>	<u>\$ 42,270</u>	<u>\$ (159,567)</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 43,188</u>	<u>\$ 74</u>	<u>\$ 43,262</u>	<u>\$ 43,262</u>
Fund Balance:					
Beginning of year, July 1			43,216		
End of year, June 30			<u>\$ 43,290</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, 2013

Exhibit C-3

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
ARRA - CDBG	\$ 850,000	\$ 786,088	\$ 48,054	834,142	\$ (15,858)
General Fund	65,000	65,000	-	65,000	-
RR Sanitary District	18,500	18,500	-	18,500	-
Total Revenues	<u>\$ 933,500</u>	<u>\$ 869,588</u>	<u>\$ 48,054</u>	<u>\$ 917,642</u>	<u>\$ (15,858)</u>
Expenditures:					
Acquisition	\$ 189,660	\$ 169,357	\$ 20,303	\$ 189,660	\$ -
Street improvements	102,584	122,714	(32,735)	89,979	12,605
Flood and drainage improvements	11,036	1,990	6,982	8,972	2,064
Public sewer	120,781	93,886	26,895	120,781	-
Public water	92,971	72,687	20,284	92,971	-
Relocation assistance	167,000	173,456	(6,456)	167,000	-
Rehabilitation	80,000	60,218	19,782	80,000	-
Clearance	46,000	19,070	26,930	46,000	-
Local funds	65,000	79,887	(14,887)	65,000	-
RR Sanitary District	18,500	18,500	-	18,500	-
Administration	39,968	57,823	(19,044)	38,779	1,189
Total Expenditures	<u>\$ 933,500</u>	<u>\$ 869,588</u>	<u>\$ 48,054</u>	<u>\$ 917,642</u>	<u>\$ 15,858</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ -</u>		

City of Roanoke Rapids, North Carolina
Special Revenue Funds - Halifax County Main Street Project
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2013

Exhibit C-4

	Project Authorization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
Revenues:					
Golden Leaf Funds	\$ 200,000	\$ 153,897	\$ 46,103	\$ 200,000	\$ -
Expenditures:					
Administration	\$ 20,380	\$ 16,055	\$ 4,326	\$ 20,381	\$ (1)
Marketing	20,530	16,778	1,240	18,018	2,512
Town Resource Expenses	159,090	121,064	40,537	161,601	(2,511)
Total Expenditures	<u>\$ 200,000</u>	<u>\$ 153,897</u>	<u>\$ 46,103</u>	<u>\$ 200,000</u>	<u>\$ -</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			<u><u>\$ -</u></u>		

City of Roanoke Rapids, North Carolina
Special Revenue Funds - CDBG Henry Street Revitalization Project
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2013

Exhibit C-5

	<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:					
CDBG	\$ 600,000	\$ 232,879	\$ 351,033	\$ 583,912	\$ (16,088)
Total Revenues	<u>\$ 600,000</u>	<u>\$ 232,879</u>	<u>\$ 351,033</u>	<u>\$ 583,912</u>	<u>\$ (16,088)</u>
Expenditures:					
Acquisition	\$ 178,836	\$ 178,836	\$ -	\$ 178,836	\$ -
Clearance	\$ 296,283		\$ 261,953	\$ 261,953	\$ 34,330
Rehabilitation	67,000	14,574	66,665	81,239	(14,239)
Local funds	-	10,637	-	10,637	(10,637)
Administration	57,881	28,832	22,415	51,247	6,634
Total Expenditures	<u>\$ 600,000</u>	<u>\$ 232,879</u>	<u>\$ 351,033</u>	<u>\$ 583,912</u>	<u>\$ 16,088</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ -</u>		

City of Roanoke Rapids, North Carolina
Special Revenue Funds - CDBG SBEA Grant
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2013

Exhibit C-6

	<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:					
CDBG	\$ 250,000	\$ -	\$ 161,058	\$ 161,058	\$ (88,942)
Total Revenues	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ 161,058</u>	<u>\$ 161,058</u>	<u>\$ (88,942)</u>
Expenditures:					
Planning	\$ 5,000	\$ -	\$ 4,975	\$ 4,975	\$ 25
Rehabilitation	225,000	-	138,105	138,105	86,895
Administration	20,000	-	17,978	17,978	2,022
Total Expenditures	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ 161,058</u>	<u>\$ 161,058</u>	<u>\$ 88,942</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year, July 1				-	
End of year, June 30			<u>\$ -</u>		

City of Roanoke Rapids, North Carolina
Capital Project Funds - Clean Water Management Trust Grant Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2013

Exhibit C-7

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

City of Roanoke Rapids, North Carolina
Capital Project Funds - Fire Station #2 Project
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2013

Exhibit C-8

	<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:						
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>	<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>	<u>-</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>	<u>-</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>	<u>-</u>
Fund Balance:						
Beginning of year, July 1			22			
End of year, June 30			<u>\$ 22</u>			

City of Roanoke Rapids, North Carolina
Capital Project Funds - Carolina Crossroads Water and Sewer
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2013

Exhibit C-9

	Project Authorization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
Revenues:					
Utility account	\$ 429,550	\$ 456,840	\$ -	\$ 456,840	\$ 27,290
EDA	278,100	-	-	-	(278,100)
Rural Center	500,000	451,275	-	451,275	(48,725)
NC Dept. of Commerce Grant - CDBG	1,000,000	961,155	-	961,155	(38,845)
Golden Leaf Foundation	399,000	370,665	-	370,665	(28,335)
Roanoke Rapids Sanitary District	185,400	-	-	-	(185,400)
Total Revenues	\$ 2,792,050	\$2,239,935	\$ -	\$2,239,935	\$ (552,115)
Expenditures:					
Planning	\$ 5,000	\$ 5,000	\$ -	\$ 5,000	\$ -
Testing	2,500	-	-	-	2,500
Administration	51,500	78,150	-	78,150	(26,650)
Construction	2,684,550	2,097,920	-	2,097,920	586,630
Engineering and design	48,500	32,693	-	32,693	15,807
Total Expenditures	\$ 2,792,050	\$2,213,763	\$ -	\$2,213,763	\$ 578,287
Revenues Over (Under) Expenditures	\$ -	\$ 26,172	\$ -	\$ 26,172	\$ 26,172
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, 2013

Exhibit C-10

	Project Authorization	Prior Years	Actual		Variance Favorable (Unfavorable)
			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	\$ 3,100,000	\$ 3,022,027	\$ -	\$ 3,022,027	\$ (77,973)
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	\$ 3,100,000	\$ 2,948,800	\$ -	\$ 2,948,800	\$ 151,200
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 73,227</u>	\$ -	<u>\$ 73,227</u>	<u>\$ 73,227</u>
Fund Balance:					
Beginning of year, July 1			73,227		
End of year, June 30			<u>\$ 73,227</u>		

City of Roanoke Rapids, North Carolina
Capital Project Funds - NCDOT Curb & Gutter
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2013

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:					
NC DOT	\$ 50,000	\$ 24,849	\$ -	\$ 24,849	\$ (25,151)
Total Revenues	<u>\$ 50,000</u>	<u>\$ 24,849</u>	<u>\$ -</u>	<u>\$ 24,849</u>	<u>\$ (25,151)</u>
Expenditures:					
Capital outlay	\$ 50,000	\$ 24,849	\$ -	\$ 24,849	\$ 25,151
Total Expenditures	<u>\$ 50,000</u>	<u>\$ 24,849</u>	<u>\$ -</u>	<u>\$ 24,849</u>	<u>\$ 25,151</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 - USDA Rural Development Garage Door Project
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2013

Exhibit C-12

	Project Authorization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
Revenues:					
USDA Grant	\$ 11,000	\$ -	\$ 11,000	\$ 11,000	\$ -
USDA Loan	21,000	-	21,000	21,000	-
Total Revenues	<u>\$ 32,000</u>	<u>\$ -</u>	<u>\$ 32,000</u>	<u>\$ 32,000</u>	<u>\$ -</u>
Expenditures:					
Design and engineering	\$ 3,500	\$ -	\$ 2,500	\$ 2,500	\$ 1,000
Construction	28,500	-	26,054	26,054	2,446
Total Expenditures	<u>\$ 32,000</u>	<u>\$ -</u>	<u>\$ 28,554</u>	<u>\$ 28,554</u>	<u>\$ 3,446</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,446</u>	<u>\$ 3,446</u>	<u>\$ 3,446</u>
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ 3,446</u>		

City of Roanoke Rapids, North Carolina
Property Taxes
For the Fiscal Year Ended June 30, 2013

Exhibit D-2

	Total Property Valuation	Rate	Amount of Levy	Total Levy	
				Property Excluding Registered Vehicles	Registered Vehicles
Real Estate/Personal Property	\$ 1,002,889,264	0.624	\$ 6,258,029	\$ 6,258,029	\$ -
Motor Vehicles	103,444,930	0.624	645,496	-	645,496
Tax Levy	<u>\$ 1,106,334,194</u>		<u>\$ 6,903,525</u>	<u>\$ 6,258,029</u>	<u>\$ 645,496</u>
Refunds on cars by Co.		0.624	2,416	-	2,416
Adjustments - current		0.624	(1,116)	296	(1,412)
Adjustments - current year Rate	(6,475,678)	0.624	(40,408)	(11,274)	(29,134)
Afterlists & Discovery Billings	<u>59,613,066</u>	0.624	<u>371,986</u>	<u>371,986</u>	<u>-</u>
Net Levy	<u><u>\$ 1,159,471,582</u></u>		<u>\$ 7,236,403</u>	<u>\$ 6,619,037</u>	<u>\$ 617,366</u>
Under/Over/W.O.'s/Rounding/Discounts			(73,616)	(73,575)	(41)
Less uncollected taxes at June 30, 2013			187,148	127,675	59,473
Current Year's Taxes Collected			<u>\$ 6,975,638</u>	<u>\$ 6,417,786</u>	<u>\$ 557,852</u>
Current Levy Collection Percentage			<u>96.40%</u>	<u>96.96%</u>	<u>90.36%</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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Roanoke Rapids, North Carolina as of and for the year ended June 30, 2013, and have issued my report thereon dated October 19, 2013 and the related notes to the financial statements, which collectively comprise the City of Roanoke Rapids, North Carolina's basic financial statements, and have issued my report thereon dated October 19, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Gregory T. Redman, CPA
Tarboro, North Carolina
October 19, 2013

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

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

Report on Compliance for Each Major Federal Program

I have audited the City of Roanoke Rapids, North Carolina's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission, that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2013. The City of Roanoke Rapids, North Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In my opinion, the City of Roanoke Rapids, North Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control 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 federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



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October 19, 2013

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

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

Report on Compliance for Each Major State Program

We have audited the City Of Roanoke Rapids, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission, that could have a direct and material effect on each Of the City of Roanoke Rapids, North Carolina's major State programs for the year ended June 30, 2013. The City of Roanoke Rapids, North Carolina's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In my opinion, the City of Roanoke Rapids, North Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

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

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



Gregory T. Redman, CPA
Tarboro, North Carolina
October 19, 2013

**City Of Roanoke Rapids, North Carolina
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2013**

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

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

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

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

Auditee qualified as low-risk auditee _____yes X no

**City Of Roanoke Rapids, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

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, 2013**

Section II – Financial Statement Findings

None Reported

**City Of Roanoke Rapids, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

Section III – Federal Award Findings and Questioned Costs

None Reported

Section IV – State Award Findings and Questioned Costs

None Reported

City Of Roanoke Rapids, North Carolina
Corrective Action Plan
For the Year Ended June 30, 2013

Section II – Financial Statement Findings

None Reported

**City Of Roanoke Rapids, North Carolina
Corrective Action Plan
For the Year Ended June 30, 2013**

Section III – Federal Award Findings and Questioned Costs

None Reported

Section IV – State Award Findings and Questioned Costs

None Reported

**City Of Roanoke Rapids, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2013**

Finding 2012-1 Corrected

Finding 2012-2 Corrected

Finding 2012-3 Corrected

City of Roanoke Rapids, North Carolina
Schedule of Expenditures of Federal and State Awards
June 30, 2013

Grantor/Pass-Through Grantor	Federal		
Program Title	CFDA	Federal	State
	Number	Expenditures	Expenditures
Cash Programs:			
Federal Grants:			
U.S. Department of Justice			
Passed-through N.C. Department of Public Safety:			
Cops Hiring Recovery Program Grant	16.803	\$ 7,509	\$ -
U.S. Department of Housing and Urban Development:			
Passed-through N.C. Department of Commerce:			
CDBG State Administered CDBG Cluster:			
Community Development Block Grant/States Program	14.228	\$ 512,091	\$ -
ARRA - Community Development Block Grant/States Program	14.255	48,054	-
Total		\$ 560,145	\$ -
Institute of Museum and Library Services			
Passed-through N.C. Department of Cultural Resources:			
LSTA Strengthening Public & Academic Library			
Collections Grant	45.310	\$ 5,392	\$ -
U.S. Department of Health and Human Services			
Passed-through N.C. Department of Health and Human Services:			
Access:			
90% State Funds	N/A	\$ -	\$ 10,153
Title III-B	93.044	12,071	710
Total		\$ 12,071	\$ 10,863
In-Home Services:			
90% State Funds	N/A	\$ -	\$ 20,301
Title III-B	93.044	11,102	653
90% State Funds/Caregiver Match	N/A	-	967
SSBG	93.667	3,488	100
Total		\$ 14,590	\$ 22,021
U.S. Department of Agriculture			
Passed-through N.C. Department of Agriculture and Consumer Services:			
Community Facilities Loans & Grants	10.766	\$ 28,554	\$ -

City of Roanoke Rapids, North Carolina
Schedule of Expenditures of Federal and State Awards
June 30, 2013

Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Federal Expenditures	State Expenditures
STATE GRANTS:			
N.C. Department of Transportation			
Powell Bill	N/A	\$ -	\$ 468,529
N.C. Department of Cultural Resources:			
Aid to Public Libraries	N/A	\$ -	\$ 13,340
N.C. Department of Health and Human Services			
Senior Center Development	N/A	\$ -	\$ 12,285
Fan/Heat Program	N/A	-	550
Total		\$ -	\$ 12,835
Total Assistance		\$ 628,261	\$ 527,588

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.