

**CITY OF ROANOKE RAPIDS, NORTH CAROLINA**

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

**FOR THE YEAR ENDED JUNE 30, 2017**

**GREGORY T. REDMAN, CPA**  
TARBORO, NORTH CAROLINA

# Financial Statements

City of Roanoke Rapids, North Carolina

## Board of Commissioners

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

## Administrative and Financial Staff

Joseph Scherer, City Manager  
Leigh Etheridge, Finance Director

**City of Roanoke Rapids, North Carolina**  
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**June 30, 2017**

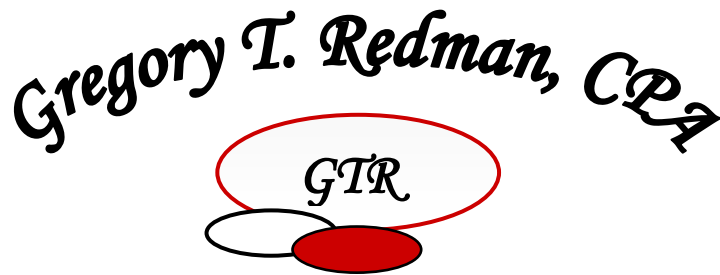
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## **Financial Section**



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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, 2017, 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, 2017, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### Required Supplementary Information

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

#### Supplementary and Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Roanoke Rapids, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules, and Schedule of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act, are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated November 21, 2017 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.



Gregory T. Redman, CPA  
Tarboro, North Carolina  
November 21, 2017

## **Management's Discussion and Analysis**

**City of Roanoke Rapids, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017**

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, 2017. 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.

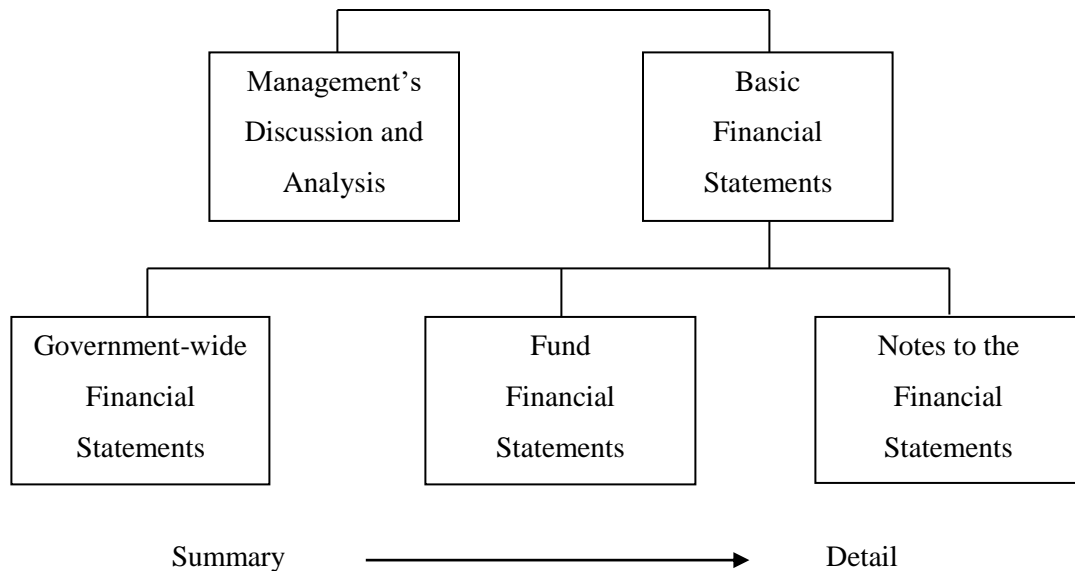
**Financial Highlights**

- The assets of the City of Roanoke Rapids exceeded its liabilities at the close of the fiscal year by \$4,928,888.
- As of close of the current fiscal year, the City of Roanoke Rapids' governmental funds reported combined ending fund balances of \$5,106,884 with a net decrease of (\$2,495,234) in fund balance. Approximately 75 percent of this total amount, or \$3,836,501, is available for spending at the government's discretion.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$3,731,531 or 24 percent of total general fund expenditures budgeted for the 2018 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, 2017**

**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 is the difference between the City's total assets and total liabilities. Measuring net position is one way to gage the City's financial condition.

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

**Fund Financial Statements**

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

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

**City of Roanoke Rapids, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017**

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

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

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

**City of Roanoke Rapids' Net Position**

	Governmental Activities	
	2017	2016
Assets:		
Current assets	\$ 5,992,681	\$ 6,671,501
Capital assets	20,523,660	20,634,948
Restricted assets	302,067	2,120,628
Deferred outflows of resources	2,127,843	3,920,185
Total Assets and Deferred Outflows	\$ 28,946,251	\$ 33,347,262
Liabilities:		
Long-term liabilities outstanding	\$ 1,499,277	\$ 23,274,931
Other liabilities	21,976,237	1,796,534
Total Liabilities	\$ 23,475,514	\$ 25,071,465
Deferred Inflows of Resources	\$ 541,849	\$ 514,701
Net Position:		
Net investment in capital assets	\$ 2,958,025	\$ 4,425,825
Restricted net position	1,075,569	1,214,095
Unrestricted net position	895,294	2,121,176
Total Net Position	\$ 4,928,888	\$ 7,761,096

**City of Roanoke Rapids, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017**

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 \$4,928,888 as of June 30, 2017. 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	
	2017	2016
Revenues:		
Program revenues:		
Charges for services	\$ 1,732,968	\$ 1,727,979
Operating grants and contributions	771,059	771,716
Capital grants and contributions	120,676	20,795
General revenues:		
Property taxes	7,458,385	7,391,034
Other taxes	940,354	892,114
Grants and contributions not restricted to specific programs	3,911,075	3,919,271
Other	80,735	145,975
Loss on disposal of capital assets	-	-
Total Revenues	<u>\$ 15,015,252</u>	<u>\$ 14,868,884</u>
Expenses:		
General government	\$ 2,415,079	\$ 2,860,517
Public safety	5,065,952	4,974,272
Transportation	1,994,705	1,754,359
Economic and physical development	603,790	1,118,975
Environmental Protection	1,558,468	1,447,265
Cultural and recreation	2,381,110	1,727,227
Miscellaneous grants	99,423	-
Interest on long-term debt	3,123,646	710,051
Total Expenses	<u>\$ 17,242,173</u>	<u>\$ 14,592,666</u>
Increase (decrease) in net position	<u>\$ (2,226,921)</u>	<u>\$ 276,218</u>
Net position, July 1	\$ 7,761,096	\$ 7,484,878
Restatement	(605,287)	-
Net position, beginning, restated	<u>\$ 7,155,809</u>	<u>\$ 7,484,878</u>
Net position, June 30	<u>\$ 4,928,888</u>	<u>\$ 7,761,096</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, 2017**

**Governmental Funds:** The focus of the City of Roanoke Rapids' governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Roanoke Rapids' financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Roanoke Rapids. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$3,731,531, while total fund balance reached \$5,106,884. 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 20 percent of total General Fund expenditures, while total fund balance represents 28 percent of that same amount.

At June 30, 2017, the governmental funds of City of Roanoke Rapids reported a combined fund balance of \$5,106,884 with a net decrease in fund balance of (\$2,481,944).

**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 2016/2017 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, 2017 total \$20,523,660 (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	
	2017	2016
Land and construction in progress	\$ 3,012,713	\$ 3,012,713
Buildings and systems	15,267,194	15,640,782
Machinery and equipment	2,243,753	1,981,453
Total	\$ 20,523,660	\$ 20,634,948

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

**Long-term Debt.** The Tax Increment Financing debt of \$16,500,000 is backed by a letter of credit from Bank of America. The following revenues are to be used to make the debt service payments and are listed in order of priority: 1) Lease revenues; 2) Incremental Property Taxes from the 123 acres; and 3) General Sales Tax Revenues that come to the City. On May 10, 2017 the City entered into an agreement to refinance this debt into two separate Special Revenue Bonds.

**City of Roanoke Rapids, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017**

**General Obligation and Revenue Bonds**

	Governmental Activities	
	2017	2016
Special revenue bonds	\$ 15,494,908	\$ -
Tax increment financing	-	16,500,000
Installment notes payable	2,070,727	1,805,891
Total	\$ 17,565,635	\$ 18,305,891

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 \$74,283,407.

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

**Economic Overview**

Data is from applications submitted to the Planning & Development Department.

**New Buildings/New Construction- Total Construction Value \$4,846,757.00**

**US Cellular Cell Tower-** 689 Old Farm Rd- Wireless communication tower, \$85,000.00

**State Employees Credit Union-** 400 E 10<sup>th</sup> Street -Construction of Bank, \$3,700,000.00

**Doughtie's Storage-** 1283 E 10<sup>th</sup> Street-Construction of Self-Storage buildings, \$197,757.00

**Dollar General-** 893 Hwy 48-Construction of Retail Store, \$439,000.00

**Ecoplexus-** 730 American Legion Rd-Solar Farm Energy System, \$125,000.00

**Carolina Chips-** 100 Gaston Rd-Woodyard Phase 2-Equipment Foundation/Log Line, \$100,000.00

**Carolina Chips-** 100 Gaston Rd-Woodyard Phase 3- Equipment Foundations/Conveyors, \$200,000.00

**Major Renovations, Building Additions- Total Construction Value \$2,598,012.68**

**NC Orthopedics-** 171 Hwy 125-Interior Renovations to X-ray Room, \$78,700.00

**Halifax Regional-** 97 Hwy 125-Addition to medical facility, \$189,000.00

**Halifax County Operations-** 536 Jackson Street-Interior Renovation for government purposes, \$75,000.00

**Sheetz-** 1500 Julian R Allsbrook Hwy-Interior Renovation to convenience store, \$47,000.00

**Harbor Freight-**1122 Julian R Allsbrook Hwy-Interior Renovation of tenant space, \$487,500.00

**Food Lion-** 1201 Julian R Allsbrook Hwy-Reroof grocery store, \$199,065.00

**Ollies Bargain Store-** 1346 Julian R Allsbrook Hwy-Interior Up fit with Façade Modification, \$326,000.00

**Tractor Supply -**1350 Julian R Allsbrook Hwy-Reroof commercial building, \$169,262.00

**Eagle Home Medical-** 115 Long Circle-Remodel of office building, \$173,000.00

**Vance Athletic Supply-**265 Premier Blvd-Interior Renovation to commercial space, \$63,000.00



**City of Roanoke Rapids, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017**

**Charter Spectrum-** 253 Premier Blvd.-Building Up fit to commercial space, \$200,000.00

**Burger King-** 901 Roanoke Avenue-Interior & Exterior Remodel & ADA Compliance for restaurant, \$375,000.00

**Alfred Leach-** 142 Roanoke Avenue-Up fit to tenant space for new business, \$31,415.00

**Carolina Otolaryngology-**215 Smith Church Rd-Interior alteration of outpatient clinic, \$164,922.00

**Culpepper of Roanoke Rapids-**2262 W. 10<sup>th</sup> Street-Interior Renovation to office building, \$19,148.68

**Business Use Permits**

The City's Planning & Development Department received **34** Business Use Permit Applications during the fiscal year. A permit is required for new or relocation of businesses occupancy throughout the City's Planning & Zoning jurisdiction. Many business's range from restaurants, sweepstakes, professional offices, clerical operations, service, manufacturing, fitness and retail stores. Applications included;

**Sales & Rental of Goods, Merchandise & Equipment: Miscellaneous: 2.111**

**Kids Closet-**1740 Julian R Allsbrook Hwy- *Kids Clothing & Accessories*

**Brash & Sassy-**1019 Roanoke Avenue- *Thrift Store*

**U Ok Etc.-** 1028 Roanoke Avenue- *Bookstore/Coffee Shop*

**Top 10 Fashion-** 1211 Bolling Rd- *Clothing Store*

**Uptown Discount-** 1190 Julian R Allsbrook Hwy- *Thrift Store*

**Design Corner-** 1032 Roanoke Avenue- *Thrift Store*

**Elegant Dollar World & More-** 1016 Roanoke Avenue- *Retail Dollar Store*

**Fashion Forever-** 1620 E 10<sup>th</sup> Street Ste 114- *Clothing Store*

**Cricket Wireless-**289 Premier Blvd- *Cellular Phone Services*

**Chemlink LLC DBA Buglink-** 1441 Georgia Avenue- *Pest Control Office*

**Print Express Plus-** 310 Roanoke Avenue-*Printing Shop*

**Roanoke Nutrition -**1042 E 10<sup>th</sup> Street – *Herbal Life Nutrition Office*

**S & L Pet Shop & Grooming-** 1018 Roanoke Avenue- *Pet Grooming & Supplies*

**Spartan X Fit-** 1007 Roanoke Avenue- *CrossFit Gym*

**Goldmine Sweepstakes-** 1620 E 10<sup>th</sup> Street Ste 145- *Electronic Gaming Operations*

**Office, Research & Services Not Primarily Related to Goods or Merchandise: 3.110**

**Boseman's Tattoo Shop-** 14 E 11<sup>th</sup> Street -*Tattoo Shop*

**DM2 Engineering-** 12 E 11<sup>th</sup> Street- *Engineering Office*

**The Concrete Rose-** 936 Roanoke Avenue- *Dance Studio*

**Manufacturing: 4.200**

**Culpeper of Roanoke Rapids-**2262 W. 10<sup>th</sup> Street- *Treated Wood Operations*

**Churches: 5.200 & Nursery Schools/Daycare Centers: 22.000**

**City of Roanoke Rapids, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017**

**Faith & Forgiveness Holiness Church & Daycare- 1309 Franklin Street- *Drop-In Child Care & Church***

**Recreational: 6.110**

**CJ's Bingo- 14 E 14<sup>th</sup> Street – *Bingo Hall***

**Restaurants: 8.110**

**Whispers Bar & Grill- 1034 Hwy 48- *Grill***

**Angus Prime Rib Steak House-270 Premier Blvd- *Steak House***

**Budget Highlights for the Fiscal Year Ending June 30, 2018**

The City of Roanoke Rapids' Budget contains several revenue sources that are dependent on the general economy. Among these are sales tax, property tax, interest income and user and permit fees. The budget provides high level of funding for police and fire protection, and addressing public health, safety and appearance issues through solid waste and refuse collection, funding for a more aggressive enforcement of the City's minimum housing code, vehicle and nuisance ordinances. The property tax rate is 65.1 cents per 100 valuations. Overall tax base revenue represents 52.24% of the total general fund revenue budget for fiscal year 2017/2018. Employee compensation, including benefits accounts for the majority of the budgeted expenditures.

**Requests for Information**

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

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

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## **Basic Financial Statements**

**City of Roanoke Rapids, North Carolina**  
**Statement of Net Position**  
**June 30, 2017**

**Exhibit 1**

**Governmental  
Activities**

<b>Assets</b>	
Current Assets:	
Cash and cash equivalents	\$ 4,092,604
Taxes receivable (net)	360,510
Accounts receivable (net)	1,297,174
Accrued interest receivable	160,079
Inventories	82,314
Prepaid expense	-
Total Current Assets	\$ 5,992,681
Restricted Assets:	
Restricted cash	\$ 302,067
Capital Assets:	
Land, improvements, and construction in progress	\$ 3,012,713
Other capital assets, net of depreciation	17,510,947
Total Capital Assets	\$ 20,523,660
Total Assets	\$ 26,818,408
Deferred outflows of resources:	
Pension deferrals	\$ 2,127,843
<b>Liabilities</b>	
Current Liabilities:	
Accounts payable and accrued expenses	\$ 366,802
Current portion of long-term liabilities	1,132,475
Total Current Liabilities	\$ 1,499,277
Long-term Liabilities:	
Net pension liability	\$ 2,272,172
Due in more than one year	1,328,293
Derivative instrument - Interest Rate Swap	18,375,772
Total Long-term Liabilities	\$ 21,976,237
Total Liabilities	\$ 23,475,514
Deferred Inflows of Resources	
Prepaid taxes	\$ -
Pension deferrals	241,376
Other	300,473
Total Deferred Inflows of Resources	\$ 541,849
<b>Net Position</b>	
Net investment in capital assets	\$ 2,958,025
Restricted for:	
Stabilization by State Statute	1,075,569
Unrestricted	895,294
Total Net Position	\$ 4,928,888

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, 2017**

**Exhibit 2**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Primary Governmental Activities</b>
<b>Primary Government:</b>					
Governmental Activities:					
General Government	\$ 2,415,079	\$ 29,164	\$ 229,123	\$ -	\$ (2,156,792)
Public Safety	5,065,952	-	78,660	-	(4,987,292)
Transportation	1,994,705	-	453,076	-	(1,541,629)
Economic and Physical Development	603,790	110,553	-	120,676	(372,561)
Environmental Protection	1,558,468	1,263,908	10,200	-	(284,360)
Cultural and Recreational	2,381,110	329,343	-	-	(2,051,767)
Miscellaneous Grants	99,423	-	-	-	(99,423)
Interest on long-term debt	3,123,646	-	-	-	(3,123,646)
<b>Total Governmental Activities</b>	<b>\$17,242,173</b>	<b>\$ 1,732,968</b>	<b>\$ 771,059</b>	<b>\$ 120,676</b>	<b>\$ (14,617,470)</b>
General Revenues:					
Taxes:					
Property taxes, levied for general purpose					\$ 7,458,385
Other taxes and licenses					940,354
Grants and contributions not restricted to specific purpose					3,911,075
Investment earnings, unrestricted					15,050
Miscellaneous, unrestricted					65,685
Total General Revenues and Transfers					<b>\$ 12,390,549</b>
Change in Net Position					<b>\$ (2,226,921)</b>
Net Position, beginning					7,761,096
Restatement					(605,287)
Net Position, ending					<b>\$ 4,928,888</b>

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, 2017**

**Exhibit 3**

	<u>Major Funds</u>		<u>Governmental</u>
	<u>General</u>		<u>Non-Major</u>
	<u>Fund</u>		<u>Funds</u>
			<u>Total</u>
			<u>Governmental</u>
			<u>Funds</u>
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ 4,092,604	\$ -	\$ 4,092,604
Taxes Receivable, net	360,510	-	360,510
Due from other governmental agencies	915,704	-	915,704
Due from other funds	(3,446)	3,446	-
Accounts Receivable, net	381,470	-	381,470
Inventories	82,314	-	82,314
Prepaid expenses	-	-	-
Total Current Assets	<u>\$ 5,829,156</u>	<u>\$ 3,446</u>	<u>\$ 5,832,602</u>
Noncurrent Assets:			
Restricted cash	195,597	106,470	302,067
Total Assets	<u>\$ 6,024,753</u>	<u>\$ 109,916</u>	<u>\$ 6,134,669</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 365,302	\$ 1,500	\$ 366,802
Due to other funds	-	-	-
Total Liabilities	<u>\$ 365,302</u>	<u>\$ 1,500</u>	<u>\$ 366,802</u>
<b>Deferred Inflows of Resources</b>			
Property taxes receivable	\$ 360,510	\$ -	\$ 360,510
Prepaid taxes	-	-	-
Other receivables	300,473	-	300,473
Total Deferred Inflows of Resources	<u>\$ 660,983</u>	<u>\$ -</u>	<u>\$ 660,983</u>
<b>Fund Balances</b>			
Non-spendable:			
Inventories and prepaid expenses	\$ 82,314	\$ -	\$ 82,314
Restricted:			
Stabilization by State Statute	1,075,569	3,446	1,079,015
Streets	-	-	-
Debt service	-	-	-
Assigned:			
Law enforcement	109,054	-	109,054
Subsequent year's expenditures	-	-	-
Unassigned	3,731,531	104,970	3,836,501
Total Fund Balances	<u>\$ 4,998,468</u>	<u>\$ 108,416</u>	<u>\$ 5,106,884</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,024,753</u>	<u>\$ 109,916</u>	<u>\$ 6,134,669</u>

(continued)

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

**City of Roanoke Rapids, North Carolina**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**To the Statement of Net Position**  
**June 30, 2017**

(continued)

**Exhibit 3**

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

Fund balance as reported in the balance sheet governmental funds	\$ 5,106,884
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.	20,523,660
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	2,127,843
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.	160,079
Liabilities for earned but deferred revenues in fund statements.	360,510
Pension related deferrals	(241,376)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Long-term debt	<u>(23,108,712)</u>
Net Position of Governmental Activities	<u><u>\$ 4,928,888</u></u>

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

**City of Roanoke Rapids, North Carolina**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Year Ended June 30, 2017**

**Exhibit 4**

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Governmental Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Ad valorem taxes	\$ 7,510,244	\$ -	\$ 7,510,244
Other taxes and licenses	940,354	-	940,354
Unrestricted intergovernmental	3,911,075	-	3,911,075
Restricted intergovernmental	771,059	120,676	891,735
Permits and fees	110,553	-	110,553
Sales and services	1,622,415	-	1,622,415
Investment earnings	15,050	1	15,051
Miscellaneous	65,685	-	65,685
Insurance reimbursements	-	-	-
Total Revenues	<u>\$ 14,946,435</u>	<u>\$ 120,677</u>	<u>\$ 15,067,112</u>
<b>Expenditures</b>			
Current:			
General Government	\$ 2,403,423	\$ -	\$ 2,403,423
Public Safety	5,235,204	-	5,235,204
Transportation	1,933,581	-	1,933,581
Environmental Protection	1,643,587	-	1,643,587
Economic & Physical Development	547,044	51,357	598,401
Cultural and Recreational	1,784,824	-	1,784,824
Debt service	4,465,830	-	4,465,830
Miscellaneous grants	99,423	-	99,423
Total Expenditures	<u>\$ 18,112,916</u>	<u>\$ 51,357</u>	<u>\$ 18,164,273</u>
Excess (Deficiency) of			
Revenues Over Expenditures	\$ (3,166,481)	\$ 69,320	\$ (3,097,161)
<b>Other Financing Sources (Uses)</b>			
Loan proceeds	\$ 601,927	\$ -	\$ 601,927
Local contribution	-	13,290	13,290
Total Other Financing Sources (Uses)	<u>\$ 601,927</u>	<u>\$ 13,290</u>	<u>\$ 615,217</u>
Net Change in Fund Balance	\$ (2,564,554)	\$ 82,610	\$ (2,481,944)
<b>Fund Balance:</b>			
Beginning of year	7,563,022	25,806	7,588,828
End of year	<u>\$ 4,998,468</u>	<u>\$ 108,416</u>	<u>\$ 5,106,884</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, 2017**

**Exhibit 4**

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

Net changes in fund balance - total governmental funds		\$ (2,564,554)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized		945,243
Depreciation expense		(953,230)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		465,986
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Benefit payments paid and administrative expense for the LEOSSA are not included in the Statement of Activities		109,092
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences in the treatment of long-term debt and related items.

New long-term debt issued	\$ (601,927)	
Principal payments on long-term debt	<u>1,342,183</u>	740,256

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		(51,859)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	\$ (145,958)	
Pension expense	(597,561)	
Other postemployment benefits	<u>(174,336)</u>	(917,855)

Total Changes in Net Position of Governmental Activities		<u><u>\$ (2,226,921)</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, 2017**

Exhibit 5

	Original	Final	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	\$ 7,963,165	\$ 7,963,165	\$ 7,510,244	\$ (452,921)
Other taxes and licenses	790,000	790,000	940,354	150,354
Unrestricted intergovernmental	3,741,411	3,741,411	3,911,075	169,664
Restricted intergovernmental	639,386	639,386	771,059	131,673
Permits and fees	168,663	168,663	110,553	(58,110)
Sales and services	1,840,155	1,840,155	1,622,415	(217,740)
Investment earnings	6,794	6,794	15,050	8,256
Miscellaneous	93,601	93,601	65,685	(27,916)
Insurance reimbursements	-	-	-	-
Total Revenues	\$ 15,243,175	\$ 15,243,175	\$ 14,946,435	\$ (296,740)
<b>Expenditures:</b>				
General Government	\$ 3,261,101	\$ 2,631,756	\$ 2,403,423	\$ 228,333
Public Safety	5,024,970	5,313,226	5,235,204	78,022
Transportation	2,075,844	2,048,643	1,933,581	115,062
Environmental Protection	1,530,950	1,693,512	1,643,587	49,925
Economic and Physical Development	516,253	625,364	547,044	78,320
Cultural and Recreational	1,814,268	1,953,006	1,784,824	168,182
Debt service	2,246,416	4,465,830	4,465,830	-
Miscellaneous grants	278,350	220,615	99,423	121,192
Total Expenditures	\$ 16,748,152	\$ 18,951,952	\$ 18,112,916	\$ 839,036
Excess of Revenues Over (Under) Expenditures	\$ (1,504,977)	\$ (3,708,777)	\$ (3,166,481)	\$ 542,296
<b>Other Financing Sources (Uses):</b>				
Fund balance appropriated	\$ 893,977	\$ 3,097,777	\$ -	\$ (3,097,777)
Transfer from other funds	-	-	-	-
Loan proceeds	611,000	611,000	601,927	(9,073)
Total Other Financing Sources (Uses)	\$ 1,504,977	\$ 3,708,777	\$ 601,927	\$ (3,106,850)
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	\$ -	\$ -	\$ (2,564,554)	\$ (2,564,554)
<b>Fund Balance:</b>				
Beginning of Year			7,563,022	
End of Year			\$ 4,998,468	

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, 2017**

**I. Summary of Significant Accounting Policies**

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

A. Reporting Entity

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

B. Basis of Presentation

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

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

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

The City reports the following major governmental funds:

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

**City of Roanoke Rapids, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

The City reports the following non-major governmental funds:

*Special Revenue Fund.* The Special Revenue Fund is used to account for the specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The City has two Special Revenue Funds: Local Law Enforcement Grant Fund, Hodgestown Project.

*Capital Project Funds.* The Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds, special assessments or trust funds). The City has five Capital Project funds within the governmental fund types: Fire Station #2 Project, NC Clean Water Management Trust Fund, USDA Rural Development Garage Door Project, Kate B. Reynolds Recreation Park Project, and CDBG Fellows Capacity Building Project, and Downtown Revitalization.

C. Measurement Focus and Basis of Accounting

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

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

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

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

The City considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment

**City of Roanoke Rapids, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

D. Budgetary Data

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

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

1. Deposits and Investments

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

**City of Roanoke Rapids, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

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

2. Cash and Cash Equivalents

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

3. Restricted Assets

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

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

City of Roanoke Rapids Restricted Cash

Governmental Activities:

General Fund:

Police - restricted funds	\$ 194,701
Roanoke Rapids Theater - restricted	896
Special Revenue/Capital Project Fund	106,470
	\$ 302,067

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, 2016. As allowed by State law, the City has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

**City of Roanoke Rapids, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

5. Allowances for Doubtful Accounts

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

6. Inventory and Prepaid Items

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

7. Capital Assets

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

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

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has one item that meet this criterion, pension deferrals for the 2017 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has four items that meet the criterion for this category - prepaid taxes, property taxes receivables, other receivables, and pension deferrals.

**City of Roanoke Rapids, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

9. Long-Term Obligations

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

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

10. Compensated Absences

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

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

11. Net Position/Fund Balances

Net Position

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

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.



**City of Roanoke Rapids, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

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

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

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

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

**City of Roanoke Rapids, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

12. Defined Benefit Cost-Sharing Plans

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

**II. Stewardship, Compliance, and Accountability**

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

1. Noncompliance with North Carolina General Statutes

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

2. Contractual Violations

There were no instances of violations of contractual obligations noted.

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

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

C. Excess of Expenditures Over Appropriations

There were no expenditures in excess of appropriations during the year ended June 30, 2017.

**III. Detail Notes on All Funds**

A. Assets

1. Deposits

All of the City's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's agent in its name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agent in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information

**City of Roanoke Rapids, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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, 2017, the City's deposits had a carrying amount of \$520,134 and a bank balance of \$552,763. Of the bank balance, \$250,000 was covered by federal depository insurance and \$302,763 in interest bearing deposits were covered by collateral held under the pooling method. At June 30, 2017, the City of Roanoke Rapids had \$900 cash on hand.

2. Investments

At June 30, 2017, the City of Roanoke Rapids had \$3,873,637 invested with the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAm, by Standard and Poor's. The City has adopted a formal policy regarding credit risk.

Investment by Type	Valuation Measurement Method	Book Value at 6/30/2017	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Amortized Cost	\$ 3,873,637	N/A	AAAm
Total		\$ 3,873,637		

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, 2017**

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 Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2017. The City's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high-grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

3. Receivables – Allowance for Doubtful Accounts

The amounts presented in the Balance Sheet and Statement of Net Position for the year ended June 30, 2017 are net of the following allowances for doubtful accounts:

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

4. Capital Assets

Capital asset activity for the City for the year ended June 30, 2017, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 3,012,713	\$ -	\$ -	\$ 3,012,713
Construction in progress	-	-	-	-
Total Capital Assets Not Being Depreciated	<u>\$ 3,012,713</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,012,713</u>
Capital Assets Being Depreciated:				
Buildings & improvements	\$ 23,633,535	\$ 143,506	\$ -	\$23,777,041
Infrastructure	1,791,478	133,285	-	1,924,763
Machinery & equipment	7,976,083	599,132	136,832	8,438,383
Total Capital Assets Being Depreciated	<u>\$ 33,401,096</u>	<u>\$ 875,923</u>	<u>\$ 136,832</u>	<u>\$34,140,187</u>
Less accumulated depreciation	15,778,861	<u>953,230</u>	<u>102,850</u>	16,629,241
Total Capital Assets Being Depreciated, Net	<u>\$ 17,622,235</u>			<u>\$17,510,946</u>
Governmental Activity Capital Assets, Net	<u>\$ 20,634,948</u>			<u>\$20,523,659</u>

**City of Roanoke Rapids, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

General government	\$ 17,030
Public safety	193,098
Transportation	105,445
Economic and physical development	5,389
Environmental protection	30,982
Cultural and recreation	601,286
Total depreciation expense	\$ 953,230

**B. Liabilities**

**1. Pension Plan and Postemployment Obligations**

**a. Local Governmental Employees' Retirement System**

*Plan Description.* The City of Roanoke Rapids is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consist of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The City of Roanoke Rapids employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Roanoke Rapids contractually required contribution rate for the year ended June 30, 2017, was 8.00% of compensation for law enforcement officers and 7.25% of compensation for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Roanoke Rapids were \$465,986 for the year ended June 30, 2017.

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

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

At June 30, 2017, the City reported a liability of \$2,272,172 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2016, the City's proportion was 0.1076%, which was a decrease of 0.00588% from its proportion measured as of June 30, 2015.

**City of Roanoke Rapids, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

For the year ended June 30, 2017, the City recognized pension expense of \$597,561. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 42,690	\$ 79,619
Changes of assumptions	155,623	-
Net difference between projected and actual earnings on pension plan investments	1,256,225	-
Changes in proportion and differences between District contributions and proportionate share of contributions	98,739	138,383
City contributions subsequent to the measurement date	465,986	-
Total	\$2,019,263	\$ 218,002

\$465,986 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2018	\$ 192,412
2019	192,904
2020	605,703
2021	344,260
2022	-
Thereafter	-
	\$ 1,335,279

*Actuarial Assumptions.* The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

**City of Roanoke Rapids, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2016 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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



**City of Roanoke Rapids, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
City's proportionate share of the net pension liability (asset)	\$ 5,392,924	\$ 2,272,172	\$ (334,512)

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, 2017 were \$75,204, which consisted of \$26,022 from the City and \$49,182 from employees.

c. Law Enforcement Officers Special Separation Allowance

1) Plan Description

The City of Roanoke Rapids administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 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.

**City of Roanoke Rapids, North Carolina**  
**Notes to the Financial Statements**  
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All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2016, the Separation Allowance's membership consisted of:

Retirees receiving benefits	8
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	39
Total	47

2) Summary of Significant Accounting Policies

Basis of Accounting

The City has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 73.

3) Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2015 valuation. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.86 percent, net of pension plan investment expense, including inflation

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2016.

4) Contributions

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The City paid \$109,092 as benefits came due for the reporting period.

**City of Roanoke Rapids, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

At June 30, 2017, the City reported a total pension liability of \$1,328,293. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the City recognized pension expense of \$94,666.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	23,374
City benefit payments and plan administrative expense made subsequent to the measurement date	108,580	-
Total	\$ 108,580	\$ 23,374

\$108,580 reported as deferred outflows of resources related to pensions resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2018	\$ 16,711
2019	16,711
2020	16,711
2021	16,711
2022	18,362
Thereafter	-
	\$ 85,206

\$7,800 paid as benefits came due subsequent to the measurement date are reported as deferred outflows of resources.

*Sensitivity of the City's total pension liability to changes in the discount rate.* The following presents the City's total pension liability calculated using the discount rate of 3.86 percent, as well as what the total pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.86 percent) or one percentage point higher (4.86 percent) than the current rate:

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
City's proportionate share of the net pension liability (asset)	\$ 1,429,246	\$ 1,328,293	\$ 1,235,872

**City of Roanoke Rapids, North Carolina**  
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**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**

	<b>2017</b>
Beginning balance	\$ 1,366,542
Service cost	52,384
Interest on the total pension liability	46,838
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(28,379)
Benefit payments	(109,092)
Other changes	-
Ending balance of the total pension liability	\$ 1,328,293

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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 contributions for the year ended June 30, 2017 were \$262,875, which consisted of \$154,792 from the City and \$108,083 from law enforcement officers.

**City of Roanoke Rapids, North Carolina**  
**Notes to the Financial Statements**  
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e. Other Post-Employment Benefits

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

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

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

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

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

The current ARC rate is 8.41% of annual covered payroll. For the current year, the City contributed \$177,514 or 2.83% 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:

**City of Roanoke Rapids, North Carolina**  
**Notes to the Financial Statements**  
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Annual required contribution	\$ 349,996
Interest on net OPEB obligation	41,483
Adjustment to annual required contribution	<u>(39,629)</u>
Annual OPEB cost (expense)	\$ 351,850
Contributions made	<u>177,514</u>
Increase (decrease) in net OPEB obligation	\$ 174,336
Net OPEB obligation, beginning of year	<u>1,142,639</u>
Net OPEB obligation, end of year	<u><u>\$1,316,975</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 were as follows:

For Year Ended June 30	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
2015	221,205	70.9%	1,037,063
2016	351,850	70.0%	1,142,639
2017	351,850	50.5%	1,316,975

*Funded Status and Funding Progress.* As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$6,857,983. The covered payroll (annual payroll of active employees covered by the plan) was \$6,266,167, and the ratio of the UAAL to the covered payroll was 122.2 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

**City of Roanoke Rapids, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

In the December 31, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.75 to 5.00 percent annually. Both rates included a 3.00 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period as December 31, 2015, was 30 years.

2. Other Employment Benefits

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

3. Deferred Outflows and Inflows of Resources

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

Contributions to pension plan in current fiscal year	\$ 465,986
Benefit payments made and administrative expenses for LEOSSA	108,580
Differences between expected and actual experience	42,690
Changes of assumptions	155,623
Net difference between projected and actual earnings on pension plan investments	1,256,225
Changes in proportion and differences between employer contributions and proportionate share of contributions	98,739
Total	<u><u>\$ 2,127,843</u></u>

**City of Roanoke Rapids, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

Property taxes receivable (General Fund)	\$ 360,510
Other miscellaneous receivables (General Fund)	300,473
Pension deferrals:	
Differences between expected and actual experience	79,619
Change of assumptions	23,374
Net difference between projected and actual earnings on pension plan investments	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	138,383
Total	\$ 902,359

4. Risk Management

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

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

5. Claims and Judgments

The City had no claims or judgments pending at June 30, 2017.



**City of Roanoke Rapids, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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, 2017, the City of Roanoke Rapids had a legal debt margin of \$74,283,407. The City has no bonds authorized but unissued at June 30, 2017.

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

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

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

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

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

On December 7, 2016, the City entered into an installment not payable with BB&T in the amount of \$601,927 to purchase various vehicles and equipment.

**City of Roanoke Rapids, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

Long-term debt payable at June 30, 2017 is comprised of the following:

Installment Notes Payable:

First Citizens Bank - (refinanced USDA loan - Neighborhood Resource Center) due in 8 annual installments of \$25,522, including interest at 2.15%, beginning August 30, 2014 through August 30, 2021.	\$ 113,919
First Citizens Bank - (refinanced USDA loan - Firestation #2) due in 18 annual installments of \$94,521.30, including interest at 3.00%, beginning August 30, 2014 through August 30, 2031.	\$ 1,128,385
First Citizens Bank - due in 5 consecutive annual installments of \$32,826.02, including interest at 1.85%, beginning July 2014 through July 2018. (6 Police Vehicles)	\$ 31,933
First Citizens Bank - due in 3 consecutive annual installments of \$97,255.93, including interest at 1.4% beginning August 28, 2015 through August 28, 2017	\$ 95,913
Sun Trust Bank - due in 5 consecutive annual installments of \$100,025.38, including interest of 1.385%, beginning April 8, 2014 through April 8, 2018. (1 Fire Ladder Truck)	\$ 98,650
BB&T - due in 6 consecutive annual installments of \$106,663, including interest of 1.78%, beginning December 7, 2017 through December 7, 2022. (Equipment Financing)	\$ 601,927
Total	<u>\$ 2,070,727</u>

Economic Development Revenue Bonds:

In May 2017, the \$21,500,000 Economic Development Revenue Bonds were refinanced into two separate Special Revenue Bonds.

Special Revenue Bond, Series 2017A (tax-exempt interest) due in quarterly installments of \$238,034, including interest of 2.54%, beginning August 1, 2017 through May 1, 2032.	<u>\$ 11,852,908</u>
Special Revenue Bond, Series 2017B (taxable interest) with interest due at a rate of 2.98%, annually commencing August 1, 2017. The principal amount of \$3,642,000 is due May 1, 2019. If the principal is not paid on May 1, 2019, the maturity date shall be extended until May 1, 2022.	<u>\$ 3,642,000</u>

**City of Roanoke Rapids, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

The annual requirements to amortize notes payable outstanding (excluding vacation pay and capitalized leases) as of June 30, 2017, including interest payments, are as follows:

Year	Principal Payments	Interest Payments	Total
2018	\$ 404,940	\$ 50,625	\$ 455,565
2019	182,441	43,017	225,458
2020	186,533	38,925	225,458
2021	190,722	34,736	225,458
2022	195,012	30,446	225,458
2023-2027	478,203	101,065	579,268
2028-2032	432,876	39,726	472,602
<b>Total</b>	<b>\$ 2,070,727</b>	<b>\$ 338,540</b>	<b>\$ 2,409,267</b>

The annual requirements to amortize the special revenue bonds outstanding as of June 30, 2017, including interest payments, are as follows:

Year	Principal Payments	Interest Payments	Total
2018	\$ 664,971	\$ 287,165	\$ 952,136
2019	674,352	277,784	952,136
2020	691,645	260,492	952,137
2021	709,380	242,756	952,136
2022	727,571	224,565	952,136
2023-2037	3,927,466	833,217	4,760,683
2028-2032	4,457,523	303,162	4,760,685
<b>Total</b>	<b>\$ 11,852,908</b>	<b>\$ 2,429,141</b>	<b>\$ 14,282,049</b>

Year	Principal Payments	Interest Payments	Total
2018	\$ -	\$ 105,818	\$ 105,818
2019	3,642,000	108,532	3,750,532
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023-2037	-	-	-
2028-2032	-	-	-
<b>Total</b>	<b>\$ 3,642,000</b>	<b>\$ 214,350</b>	<b>\$ 3,856,350</b>

**City of Roanoke Rapids, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

Changes in the long-term liabilities:

	Beginning Balances July 1, 2016	Increases	Decreases	Ending Balances June 30, 2017	Current Portion of Balance
Governmental activities:					
Installment notes payable	\$ 1,805,891	\$ 601,927	\$ 337,091	\$ 2,070,727	\$ 404,940
Tax increment financing/ Special revenue bonds	16,500,000	-	1,005,092	15,494,908	664,971
Total pension liability (LEO)	1,366,542	-	38,249	1,328,293	-
Net pension liability (LGERS)	506,868	1,765,304	-	2,272,172	-
Compensated absences	479,679	145,958	-	625,637	62,564
Interest Rate Swap	3,393,653	-	3,393,653	-	-
Other postemployment benefits	1,142,639	174,336	-	1,316,975	-
Total	<u>\$25,195,272</u>	<u>\$ 2,687,525</u>	<u>\$ 4,774,085</u>	<u>\$23,108,712</u>	<u>\$1,132,475</u>

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

Net Investment in Capital Assets

Capital Assets	<u>Governmental</u> \$ 20,523,660
Less: Long-term debt	(17,565,635)
Net Investment in Capital Assets	<u>\$ 2,958,025</u>

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	\$ 4,998,468
Less:	
Inventories and Prepaid Expenses	82,314
Stabilization by State Statute	1,075,569
Streets-Powell Bill	-
Assigned - Law Enforcement	109,054
Assigned - Subsequent year's expenditures	-
Remaining Fund Balance	3,731,531

**City of Roanoke Rapids, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**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. On May 8, 2017, the City entered into an agreement with the Bank of America to terminate the interest rate swap agreement. Per the agreement, the City paid \$1,778,000 in the swap termination.

**V. Interfund Balance**

Balances due to/from other funds at June 30, 2017 consist of the following:

Due from the General Fund:

USDA Rural Development Garage Door Project	<u>\$ 3,446</u>
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The interfund balances resulted from the time lag between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the systems, and (3) payments between funds are made.

**VI. Summary Disclosure of Significant Contingencies**

Federal and State Assisted Programs

The City has received proceeds from Federal and State grants and programs. Periodic audits of these grants and programs are required and certain costs may be questioned as not being appropriate expenditures under the grant or program agreements. Such audits could result in the refund of grant or program monies to the grantor or program agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

**VII. Significant Effects of Subsequent Events**

As of November 21, 2017, the date of the completion of the financial statements, the City had a material subsequent event that is required to be reported. The City has solicited bids for the sale of the Roanoke Rapids Theater. As of this date, the bid process has not been completed and there are no transactions that are required to be recorded in the financial statements.

As of November 21, 2017, the date of the completion of the financial statements, there were no other material subsequent events that were required to be reported.

**City of Roanoke Rapids, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**VIII. Change in Accounting Principles/Restatement**

The City implemented Governmental Accounting Standards Board (GASB) No. Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, in the fiscal year ending June 30, 2017. The implementation of the statement required the City to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the City to the Law Enforcement Officers' Separation Allowance during the measurement period (fiscal year ending December 31, 2016). As a result, net position for the governmental activities decreased \$605,287.

## **Required Supplementary Financial Data**

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

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- Schedule of Funding Progress for the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Notes to the Required Schedules for the Other Postemployment Benefits
- Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System
- Schedule of Contribution to Local Government Employees' Retirement System
- Schedule of Changes in Total Pension Liability – Law Enforcement Separation Allowance.
- Schedule of Total Pension Liability as a Percentage of Covered Payroll – Law Enforcement Separation Allowance.

**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)
12/31/09	\$ -	\$ 2,246,882	\$2,246,882	0.00%	\$ 4,812,453	46.69%
12/31/12	\$ -	\$ 4,462,736	\$4,462,736	0.00%	\$ 5,647,194	79.03%
12/31/15	\$ -	\$ 6,857,983	\$6,857,983	0.00%	\$ 6,266,167	109.44%



**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
2017	\$ 351,850	50.5%
2016	\$ 351,850	70.0%
2015	\$ 221,205	70.9%

**Notes to the Required Schedules:**

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

Valuation date	12-31-15
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend	7.75% - 5.00%
*Includes inflation at	3.00%
Cost-of living adjustments	N/A

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

**Local Government Employees' Retirement System**

**Exhibit A-5**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City of Roanoke Rapids' proportion of the net pension liability (asset) (%)	0.10706%	0.11294%	0.08680%	0.10320%
City of Roanoke Rapids' proportion of the net pension liability (asset) (\$)	\$ 2,272,172	\$ 506,868	\$ (511,900)	\$ 1,243,956
City of Roanoke Rapids' covered-employee payroll	\$ 6,266,167	\$ 5,813,525	\$ 5,647,194	\$ 5,395,410
City of Roanoke Rapids' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	36.26%	8.72%	-9.06%	23.06%
Plan fiduciary net position as a percentage of the total pension liability	91.47%	98.09%	102.64%	94.35%

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

**Local Government Employees' Retirement System**

**Exhibit A-6**

	2017	2016	2015	2014
Contractually required contribution	\$ 465,986	\$ 392,779	\$ 399,046	\$ 381,057
Contributions in relation to the contractually required contributions	465,986	392,779	399,046	381,057
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City of Roanoke Rapids's covered-employee payroll	\$ 6,266,167	\$ 5,813,525	\$ 5,647,194	\$ 5,395,410
Contributions as a percentage of covered-employee payroll	7.44%	6.76%	7.07%	7.06%

**City of Roanoke Rapids, North Carolina**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2017**

	<b>2017</b>
Beginning balance	\$ 1,366,542
Service cost	52,384
Interest on the total pension liability	46,838
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(28,379)
Benefit payments	(109,092)
Other changes	-
Ending balance of the total pension liability	\$ 1,328,293

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

**City of Roanoke Rapids, North Carolina**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2017**

	<u>2017</u>
Total pension liability	\$ 1,328,293
Covered payroll	1,849,950
Total pension liability as a percentage of covered payroll	71.80%

Notes to the schedules:

The City of Roanoke Rapids has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

**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, 2017**

	<u>Budget</u>	<u>Actual</u>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Ad Valorem Taxes:			
Current year	\$ -	\$ 7,342,854	\$ -
Prior years	-	107,500	-
Penalties and interest	-	59,890	-
Total	<u>\$ 7,963,165</u>	<u>\$ 7,510,244</u>	<u>\$ (452,921)</u>
Other Taxes and Licenses:			
Privilege licenses	\$ -	\$ 6,410	\$ 6,410
Motor vehicle license	-	-	-
Lease vehicle	-	30,609	30,609
Holdharmless revenue	790,000	903,335	113,335
Total	<u>\$ 790,000</u>	<u>\$ 940,354</u>	<u>\$ 150,354</u>
Unrestricted Intergovernmental:			
Local option sales tax	\$ 2,264,907	\$ 2,314,789	\$ 49,882
Payments in lieu of taxes	28,000		(28,000)
Beer and wine tax	84,210	68,735	(15,475)
ABC profits	41,200	35,261	(5,939)
Video franchise fee	-	148,455	148,455
Occupancy tax	2,525	4,575	2,050
Utility franchise tax	1,320,569	1,339,260	18,691
Total	<u>\$ 3,741,411</u>	<u>\$ 3,911,075</u>	<u>\$ 169,664</u>
Restricted Intergovernmental:			
"State Street Aid" allocation	\$ 463,891	\$ 453,076	\$ (10,815)
Grant funds	152,754	229,123	76,369
Solid waste disposal tax	7,741	10,200	2,459
Drug enforcement revenue	15,000	78,660	63,660
Total	<u>\$ 639,386</u>	<u>\$ 771,059</u>	<u>\$ 131,673</u>
Inspection Fees and Permits	<u>\$ 168,663</u>	<u>\$ 110,553</u>	<u>\$ (58,110)</u>
Investment Earnings	<u>\$ 6,794</u>	<u>\$ 15,050</u>	<u>\$ 8,256</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, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues: (continued)</b>			
Sales and Services:			
Cemetery lots	\$ 40,000	\$ 36,748	\$ (3,252)
Rents, concessions, & other fees	328,908	295,041	(33,867)
Solid waste user fees	1,400,364	1,227,160	(173,204)
Roanoke Rapids Theater income	32,000	34,302	2,302
Municipal ordinance violations	38,883	29,164	(9,719)
Total	<u>\$ 1,840,155</u>	<u>\$ 1,622,415</u>	<u>\$ (217,740)</u>
Miscellaneous:			
Miscellaneous	\$ 48,601	\$ 56,185	7,584
Sale of materials	45,000	9,500	(35,500)
Total	<u>\$ 93,601</u>	<u>\$ 65,685</u>	<u>\$ (27,916)</u>
Total Revenues	<u>\$ 15,243,175</u>	<u>\$ 14,946,435</u>	<u>\$ (296,740)</u>
<b>Expenditures:</b>			
Governing Body:			
City Council:			
Salaries & employee benefits		\$ 46,739	
Operating expenses		10,271	
Total	<u>\$ 60,830</u>	<u>\$ 57,010</u>	<u>\$ 3,820</u>
Administration:			
Salaries & employee benefits		\$ 280,908	
Operating expenses		22,584	
Capital outlay		1,470	
Total	<u>\$ 306,635</u>	<u>\$ 304,962</u>	<u>\$ 1,673</u>
Finance			
Salaries & employee benefits		\$ 213,888	
Operating expenses		46,182	
Capital outlay		-	
Total	<u>\$ 262,385</u>	<u>\$ 260,070</u>	<u>\$ 2,315</u>
Information System:			
Salaries & employee benefits		\$ -	
Operating expenses		33,048	
Total	<u>\$ 51,595</u>	<u>\$ 33,048</u>	<u>\$ 18,547</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, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures: (continued)</b>			
General Government: (continued)			
Tax/Revenue Collections:			
Salaries & employee benefits		\$ 87,779	
Operating expenses		4,357	
Collection costs		158,583	
Total	<u>\$ 250,798</u>	<u>\$ 250,719</u>	<u>\$ 79</u>
Legal:			
Professional services		\$ -	
Operating expenses		24,513	
Total	<u>\$ 34,200</u>	<u>\$ 24,513</u>	<u>\$ 9,687</u>
Government Buildings:			
Salaries & employee benefits		\$ 36,843	
Operating expenses		54,980	
Capital outlay		27,180	
Total	<u>\$ 120,354</u>	<u>\$ 119,003</u>	<u>\$ 1,351</u>
Central Garage:			
Salaries & employee benefits		\$ 250,167	
Vehicle maintenance		2,083	
Operating expenses		28,695	
Capital outlay		-	
Total	<u>\$ 292,369</u>	<u>\$ 280,945</u>	<u>\$ 11,424</u>
Miscellaneous:			
Salaries and employee benefits		\$ 76,242	
Retiree health insurance		177,514	
E-911 system cost		322,550	
Elections		-	
Operating expenses		270,318	
Uninsured loss expenditures		11,454	
Miscellaneous expenses		-	
Capital outlay		215,075	
Total	<u>\$ 1,252,590</u>	<u>\$ 1,073,153</u>	<u>\$ 179,437</u>
Total General Government	<u>\$ 2,631,756</u>	<u>\$ 2,403,423</u>	<u>\$ 228,333</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, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures: (continued)</b>			
Public Safety:			
Police:			
Salaries & employee benefits		\$ 2,679,895	
Vehicle maintenance		38,000	
Operating expenses		408,290	
Capital outlay		181,700	
Total	<u>\$ 3,346,419</u>	<u>\$ 3,307,885</u>	<u>\$ 38,534</u>
Fire:			
Salaries & employee benefits		\$ 1,692,606	
Vehicle maintenance		21,499	
Operating expenses		107,348	
Capital outlay		105,866	
Total	<u>\$ 1,966,807</u>	<u>\$ 1,927,319</u>	<u>\$ 39,488</u>
Total Public Safety	<u>\$ 5,313,226</u>	<u>\$ 5,235,204</u>	<u>\$ 78,022</u>
Transportation:			
Streets Repair and Construction:			
Salaries & employee benefits		\$ 605,743	
Vehicle maintenance		84,286	
Operating expenses		205,108	
Street lights		395,956	
Contracted services		22,000	
Capital outlay		137,242	
Total	<u>\$ 1,531,605</u>	<u>\$ 1,450,335</u>	<u>\$ 81,270</u>
Public Works:			
Salaries & employee benefits		\$ 382,046	
Vehicle maintenance		3,529	
Operating expenses		90,592	
Capital outlay		7,079	
Total	<u>\$ 517,038</u>	<u>\$ 483,246</u>	<u>\$ 33,792</u>
Total Transportation	<u>\$ 2,048,643</u>	<u>\$ 1,933,581</u>	<u>\$ 115,062</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, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures: (continued)</b>			
Environmental Protection:			
Sanitation - Solid Waste Division:			
Salaries & employee benefits		\$ 310,366	
Landfill tipping fees		267,489	
Vehicle maintenance		73,915	
Operating expenses		37,591	
Capital outlay		189,675	
Total	<u>\$ 879,361</u>	<u>\$ 879,036</u>	<u>\$ 325</u>
Sanitation - Refuse Division:			
Salaries & employee benefits		\$ 167,652	
Refuse tipping fees		67,772	
Vehicle maintenance		68,730	
Operating expenses		68,394	
Capital outlay		-	
Total	<u>\$ 391,982</u>	<u>\$ 372,548</u>	<u>\$ 19,434</u>
Cemetery:			
Salaries & employee benefits		\$ 92,945	
Vehicle maintenance		3,339	
Operating expenses		12,353	
Capital outlay		8,644	
Total	<u>\$ 122,489</u>	<u>\$ 117,281</u>	<u>\$ 5,208</u>
Property Maintenance:			
Salaries & employee benefits		\$ 223,313	
Vehicle maintenance		2,026	
Operating expenses		31,601	
Capital outlay		17,782	
Total	<u>\$ 299,680</u>	<u>\$ 274,722</u>	<u>\$ 24,958</u>
Total Environmental Protection	<u>\$ 1,693,512</u>	<u>\$ 1,643,587</u>	<u>\$ 49,925</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, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures: (continued)</b>			
Economic and Physical Development:			
Planning and Development:			
Salaries & employee benefits		\$ 383,651	
Operating expenses		54,166	
Vehicle maintenance		5,610	
Capital outlay		27,371	
Economic development		-	
Total	<u>\$ 489,513</u>	<u>\$ 470,798</u>	<u>\$ 18,715</u>
Miscellaneous:			
Main Street contribution		\$ 59,246	
Rescue squad		17,000	
Other		-	
Total	<u>\$ 135,851</u>	<u>\$ 76,246</u>	<u>\$ 59,605</u>
Total Economic and Physical Development	<u>\$ 625,364</u>	<u>\$ 547,044</u>	<u>\$ 78,320</u>
Cultural and Recreational:			
Davis Recreation:			
Salaries & employee benefits		\$ 237,096	
Vehicle maintenance		1,112	
Operating expenses		90,034	
Capital outlay		-	
Total	<u>\$ 346,492</u>	<u>\$ 328,242</u>	<u>\$ 18,250</u>
Roanoke Canal Museum:			
Salaries & employee benefits		\$ 61,275	
Operating expenses		15,344	
Total	<u>\$ 87,467</u>	<u>\$ 76,619</u>	<u>\$ 10,848</u>
Roanoke Rapids Theater:			
Salaries & employee benefits		\$ 37,923	
Operating expenses		152,638	
Total	<u>\$ 190,586</u>	<u>\$ 190,561</u>	<u>\$ 25</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, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures: (continued)</b>			
Cultural and Recreational: (continued)			
Aquatic Center:			
Salaries & employee benefits		\$ 103,342	
Operating expenses		115,752	
Capital outlay		-	
Total	<u>\$ 242,394</u>	<u>\$ 219,094</u>	<u>\$ 23,300</u>
Parks:			
Salaries & employee benefits		\$ 300,647	
Vehicle maintenance		13,472	
Operating expenses		90,595	
Capital outlay		43,000	
Total	<u>\$ 473,658</u>	<u>\$ 447,714</u>	<u>\$ 25,944</u>
Chaloner Recreation:			
Salaries & employee benefits		\$ 36,350	
Operating expenses		12,433	
Capital outlay		-	
Total	<u>\$ 90,376</u>	<u>\$ 48,783</u>	<u>\$ 41,593</u>
Senior Citizens Center:			
Salaries & employee benefits		\$ 82,306	
Operating expenses		29,657	
Vehicle maintenance		-	
Capital outlay		-	
Total	<u>\$ 119,282</u>	<u>\$ 111,963</u>	<u>\$ 7,319</u>
Community Center:			
Salaries & employee benefits		\$ 8,139	
Operating expenses		36,319	
Capital outlay		-	
Total	<u>\$ 54,360</u>	<u>\$ 44,458</u>	<u>\$ 9,902</u>
Library:			
Salaries & employee benefits		\$ 207,086	
Operating expenses		87,236	
Capital outlay		12,000	
Total	<u>\$ 330,511</u>	<u>\$ 306,322</u>	<u>\$ 24,189</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, 2017**

	<u>Budget</u>	<u>Actual</u>	<b>Variance Favorable (Unfavorable)</b>
<b>Expenditures: (continued)</b>			
Cultural and Recreational: (continued)			
Andrews Meeting Hall:			
Operating expenses		\$ 11,068	
Capital outlay		-	
Total	<u>\$ 17,880</u>	<u>\$ 11,068</u>	<u>\$ 6,812</u>
Total Cultural and Recreational	<u>\$ 1,953,006</u>	<u>\$ 1,784,824</u>	<u>\$ 168,182</u>
Debt Service:			
Bond/debt principal amount		\$ 1,342,183	
Swap agreement termination		1,778,000	
Interest on debt		1,008,347	
Bond/service commissions		337,300	
Total Debt Service	<u>\$ 4,465,830</u>	<u>\$ 4,465,830</u>	<u>\$ -</u>
Miscellaneous Grants:			
Ledgerwood		\$ 29,276	
Senior Center		60,684	
Miscellaneous		9,463	
Total Miscellaneous Grants	<u>\$ 220,615</u>	<u>\$ 99,423</u>	<u>\$ 121,192</u>
Total Expenditures	<u>\$ 18,951,952</u>	<u>\$ 18,112,916</u>	<u>\$ 839,036</u>
Revenues Over (Under) Expenditures	<u>\$ (3,708,777)</u>	<u>\$ (3,166,481)</u>	<u>\$ 542,296</u>
Other Financing Sources (Uses):			
Fund balance appropriated	\$ 3,097,777	\$ -	\$ (3,097,777)
Transfer from other funds	-	-	-
Installment financing	611,000	601,927	(9,073)
Total Other Financing Sources (Uses)	<u>\$ 3,708,777</u>	<u>\$ 601,927</u>	<u>\$ (3,106,850)</u>
Revenues and Other Financing Sources Over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (2,564,554)</u>	<u>\$ (2,564,554)</u>
Fund Balance, Beginning of Year		<u>7,563,022</u>	
Fund Balance, End of Year		<u>\$ 4,998,468</u>	

**City of Roanoke Rapids, North Carolina**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**June 30, 2017**

	<b>Capital Project Funds</b>						<b>Total Nonmajor Capital Projects Funds</b>
	<b>Kate B. Reynolds Recreation Park Project</b>	<b>CDBG Fellows Capacity Building Program</b>	<b>Fire Station #2 Project</b>	<b>USDA Rural Development Garage Door Project</b>	<b>Downtown Revitalization</b>	<b>Clean Water Management Trust Fund</b>	
<b>Assets</b>							
Cash and cash equivalents	\$ -	\$ 23,269	\$ 22	\$ -	\$ 59,340	\$ 19,512	\$ 102,143
Due from other governments	-	-	-	-	-	-	-
Grant receivable	-	-	-	-	-	-	-
Due from other funds	-	-	-	3,446	-	-	3,446
Accounts receivable	-	-	-	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 23,269</u>	<u>\$ 22</u>	<u>\$ 3,446</u>	<u>\$ 59,340</u>	<u>\$ 19,512</u>	<u>\$ 105,589</u>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable & accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ 1,500
Due to Other Funds	-	-	-	-	-	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 1,500</u>
<b>Fund balances:</b>							
Reserved by state statute	\$ -	\$ -	\$ -	\$ 3,446	\$ -	\$ -	\$ 3,446
Unassigned	-	23,269	22	-	59,340	18,012	100,643
Total Fund Balances	<u>\$ -</u>	<u>\$ 23,269</u>	<u>\$ 22</u>	<u>\$ 3,446</u>	<u>\$ 59,340</u>	<u>\$ 18,012</u>	<u>\$ 104,089</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 23,269</u>	<u>\$ 22</u>	<u>\$ 3,446</u>	<u>\$ 59,340</u>	<u>\$ 19,512</u>	<u>\$ 105,589</u>

(continued)

**City of Roanoke Rapids, North Carolina**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**June 30, 2017**

(continued)

	<b>Special Revenue Funds</b>			
	<b>Local Law Enforcement Grant Fund</b>	<b>Hodgestown Project</b>	<b>Total Nonmajor Special Revenue Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 1,829	\$ 2,498	\$ 4,327	\$ 106,470
Due from other governments	-	-	-	-
Grant receivable	-	-	-	-
Due from other funds	-	-	-	3,446
Accounts receivable	-	-	-	-
Total Assets	<u>\$ 1,829</u>	<u>\$ 2,498</u>	<u>\$ 4,327</u>	<u>\$ 109,916</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable & accrued liabilities	\$ -	\$ -	\$ -	\$ 1,500
Due to General Fund	-	-	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500</u>
<b>Fund balances:</b>				
Reserved by state statute	\$ -	\$ -	\$ -	\$ 3,446
Unassigned	1,829	2,498	4,327	104,970
Total Fund Balances	<u>\$ 1,829</u>	<u>\$ 2,498</u>	<u>\$ 4,327</u>	<u>\$ 108,416</u>
Total Liabilities and Fund Balances	<u>\$ 1,829</u>	<u>\$ 2,498</u>	<u>\$ 4,327</u>	<u>\$ 109,916</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, 2017**

	<b>Capital Project Funds</b>						<b>Total Nonmajor Capital Projects Funds</b>
	<b>Kate B. Reynolds Recreation Park Project</b>	<b>CDBG Fellows Capacity Building Program</b>	<b>Fire Station #2 Project</b>	<b>USDA Rural Development Garage Door Project</b>	<b>Downtown Revitalization</b>	<b>Clean Water Management Trust Fund</b>	
<b>Revenues</b>							
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	-	26,336	-	-	94,340	-	120,676
Other taxes and licenses	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>\$ -</b>	<b>\$ 26,336</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 94,340</b>	<b>\$ -</b>	<b>\$ 120,676</b>
<b>Expenditures</b>							
Current:							
Economic & physical development	\$ 13,290	\$ 3,067	\$ -	\$ -	\$ 35,000	\$ -	\$ 51,357
Capital outlay	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 13,290</b>	<b>\$ 3,067</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 35,000</b>	<b>\$ -</b>	<b>\$ 51,357</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (13,290)	\$ 23,269	\$ -	\$ -	\$ 59,340	\$ -	\$ 69,319
<b>Other Financing Sources (Uses):</b>							
Transfers (to) from other funds	\$ 13,290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,290
Local contributions	-	-	-	-	-	-	-
<b>Total Other Financing Sources (uses)</b>	<b>\$ 13,290</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,290</b>
<b>Net Change in Fund Balances</b>	<b>\$ -</b>	<b>\$ 23,269</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 59,340</b>	<b>\$ -</b>	<b>\$ 82,609</b>
<b>Fund Balances:</b>							
Beginning of year, July 1	-	-	22	3,446	-	18,012	21,480
<b>End of year, June 30</b>	<b>\$ -</b>	<b>\$ 23,269</b>	<b>\$ 22</b>	<b>\$ 3,446</b>	<b>\$ 59,340</b>	<b>\$ 18,012</b>	<b>\$ 104,089</b>

(continued)



**City of Roanoke Rapids, North Carolina**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Non-major Governmental Funds**  
**For the Year Ended June 30, 2017**

(continued)

	<b>Special Revenue Funds</b>			<b>Total Nonmajor Governmental Funds</b>
	<b>Local Law Enforcement Grant Fund</b>	<b>Hodgestown Project</b>	<b>Total Nonmajor Special Revenue Funds</b>	
<b>Revenues</b>				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	-	-	-	120,676
Other taxes and licenses	-	-	-	-
Miscellaneous	-	-	-	-
Investment earnings	1	-	1	1
Sale of fixed assets	-	-	-	-
Total Revenues	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 120,677</u>
<b>Expenditures</b>				
Current:				
Economic & physical development	\$ -	\$ -	\$ -	\$ 51,357
Capital outlay	-	-	-	-
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,357</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 69,320</u>
<b>Other Financing Sources (Uses):</b>				
Transfers (to) from other funds	\$ -	\$ -	\$ -	\$ 13,290
Financing proceeds	-	-	-	-
Total Other Financing Sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,290</u>
Net Change in Fund Balances	\$ 1	\$ -	\$ 1	\$ 82,610
<b>Fund Balances:</b>				
Beginning of year, July 1	1,828	2,498	4,326	25,806
Prior period adjustment	-	-	-	-
End of year, June 30	<u>\$ 1,829</u>	<u>\$ 2,498</u>	<u>\$ 4,327</u>	<u>\$ 108,416</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, 2017**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
<b>Revenues:</b>					
Investment earnings	\$ 150	\$ 346	\$ 1	\$ 347	\$ 197
Federal grant	48,100	63,553	-	63,553	15,453
Total Revenues	<u>\$ 48,250</u>	<u>\$ 63,899</u>	<u>\$ 1</u>	<u>\$ 63,900</u>	<u>\$ 15,650</u>
<b>Expenditures:</b>					
Capital outlay	<u>53,405</u>	<u>66,415</u>	<u>-</u>	<u>66,415</u>	<u>(13,010)</u>
Revenues Over (Under) Expenditures	\$ (5,155)	\$ (2,516)	\$ 1	\$ (2,515)	\$ 2,640
<b>Other Financing Sources:</b>					
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>\$ 1,828</u>	<u>\$ 1</u>	<u>\$ 1,829</u>	<u>\$ 1,829</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>1,828</u>		
End of year, June 30			<u>\$ 1,829</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, 2017**

	Project Authorization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 10,201	\$ -	\$ 10,201	\$ 10,201
Sale of fixed assets	165,000	95,008	-	95,008	(69,992)
Roanoke Rapids Sanitary					
District contribution	19,860	16,519	-	16,519	(3,341)
Spring Street reimbursement	-	8,500	-	8,500	8,500
Total Revenues	<u>\$ 184,860</u>	<u>\$ 130,228</u>	<u>\$ -</u>	<u>\$ 130,228</u>	<u>\$ (54,632)</u>
<b>Expenditures:</b>					
Contracted services	\$ 41,371	\$ 40,375	\$ -	\$ 40,375	\$ 996
Miscellaneous	139,882	-	-	-	139,882
Engineering and design	32,700	-	-	-	32,700
Testing of materials	2,500	-	-	-	2,500
Street/Utility Construction	115,719	87,636	-	87,636	28,083
Contingency	54,525	1,183	-	1,183	53,342
Total Expenditures	<u>\$ 386,697</u>	<u>\$ 129,194</u>	<u>\$ -</u>	<u>\$ 129,194</u>	<u>\$ 257,503</u>
Revenues Over (Under) Expenditures	<u>\$ (201,837)</u>	<u>\$ 1,034</u>	<u>\$ -</u>	<u>\$ 1,034</u>	<u>\$ 202,871</u>
<b>Other Financing Sources:</b>					
Transfers in (out)	\$ 42,270	\$ 1,464	\$ -	\$ 1,464	\$ (40,806)
Fund balance appropriated	159,567	-	-	-	(159,567)
Total Other Financing Sources (Uses)	<u>\$ 201,837</u>	<u>\$ 1,464</u>	<u>\$ -</u>	<u>\$ 1,464</u>	<u>\$ (200,373)</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 2,498</u>	<u>\$ -</u>	<u>\$ 2,498</u>	<u>\$ 2,498</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>2,498</u>		
End of year, June 30			<u>\$ 2,498</u>		

**City of Roanoke Rapids, North Carolina**  
**Capital Project Funds - Clean Water Management Trust Grant Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2017**

	Project Authorization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Interest earned	\$ -	\$ 6,607	\$ -	\$ 6,607	\$ 6,607
NC Clean Water Management Trust fund	551,000	518,999	-	518,999	(32,001)
<b>Total Revenues</b>	<b>\$ 551,000</b>	<b>\$ 525,606</b>	<b>\$ -</b>	<b>\$ 525,606</b>	<b>\$ (25,394)</b>
<b>Expenditures:</b>					
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	-
<b>Total Expenditures</b>	<b>\$ 553,500</b>	<b>\$ 512,594</b>	<b>\$ -</b>	<b>\$ 512,594</b>	<b>\$ 40,906</b>
Revenues Over (Under) Expenditures	\$ (2,500)	\$ 13,012	\$ -	\$ 13,012	\$ (15,512)
<b>Other Financing Sources:</b>					
Transfer in	2,500	5,000	-	5,000	2,500
Revenues and Other Financing Sources Over (Under) Expenditures	\$ -	\$ 18,012	\$ -	\$ 18,012	\$ 18,012
<b>Fund Balance:</b>					
Beginning of year, July 1			18,012		
End of year, June 30			\$ 18,012		

**City of Roanoke Rapids, North Carolina**  
**Capital Project Funds - Fire Station #2 Project**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2017**

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

**City of Roanoke Rapids, North Carolina**  
**Capital Project Funds - USDA Rural Development Garage Door Project**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2017**

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

**City of Roanoke Rapids, North Carolina**  
**Capital Project Funds - Kate B. Reynolds Recreation Park Project**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2017**

	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Actual</u> <u>Current</u> <u>Year</u>	<u>Total to</u> <u>Date</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues:</b>					
KB Reynolds Grant	\$ 125,000	\$ 125,000	\$ -	\$ 125,000	\$ -
Total Revenues	<u>\$ 125,000</u>	<u>\$ 125,000</u>	<u>\$ -</u>	<u>\$ 125,000</u>	<u>\$ -</u>
<b>Expenditures:</b>					
Construction	\$ 167,655	\$ 154,365	\$ 13,290	\$ 167,655	\$ -
Total Expenditures	<u>\$ 167,655</u>	<u>\$ 154,365</u>	<u>\$ 13,290</u>	<u>\$ 167,655</u>	<u>\$ -</u>
Revenues Over (Under) Expenditures	\$ (42,655)	\$ (29,365)	\$ (13,290)	\$ (42,655)	\$ -
<b>Other Financing Sources:</b>					
Local contributions	<u>\$ 42,655</u>	<u>\$ 29,365</u>	<u>\$ 13,290</u>	<u>\$ 42,655</u>	<u>\$ -</u>
Revenues Over (Under) Expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u><u>\$ -</u></u>		

**City of Roanoke Rapids, North Carolina**  
**Capital Project Funds - CDBG Fellows Capacity Building Project**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2017**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>					
CDBG Funds	\$ 50,000	\$ 20,795	\$ 26,336	\$ 47,131	\$ (2,869)
Total Revenues	<u>\$ 50,000</u>	<u>\$ 20,795</u>	<u>\$ 26,336</u>	<u>\$ 47,131</u>	<u>\$ (2,869)</u>
<b>Expenditures:</b>					
Planning	\$ 45,000	\$ 18,794	\$ 2,937	\$ 21,731	\$ 23,269
Administration	5,000	2,001	130	2,131	2,869
Total Expenditures	<u>\$ 50,000</u>	<u>\$ 20,795</u>	<u>\$ 3,067</u>	<u>\$ 23,862</u>	<u>\$ 26,138</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,269</u>	<u>\$ 23,269</u>	<u>\$ 23,269</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ 23,269</u>		



**City of Roanoke Rapids, North Carolina**  
**Capital Project Funds - Downtown Revitalization**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2017**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>					
Econ Dev Grant - DOC	\$ 94,340	\$ -	\$ 94,340	\$ 94,340	\$ -
Total Revenues	<u>\$ 94,340</u>	<u>\$ -</u>	<u>\$ 94,340</u>	<u>\$ 94,340</u>	<u>\$ -</u>
<b>Expenditures:</b>					
Streetscape	\$ 35,000	\$ -	\$ 35,000	\$ 35,000	\$ -
Rent subsidy	29,340	-	-	-	29,340
Urban greenspace	25,000	-	-	-	25,000
Façade improvement	5,000	-	-	-	5,000
Total Expenditures	<u>\$ 94,340</u>	<u>\$ -</u>	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 59,340</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,340</u>	<u>\$ 59,340</u>	<u>\$ 59,340</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ 59,340</u>		

## **Other Schedules**

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This section contains additional information on property taxes.

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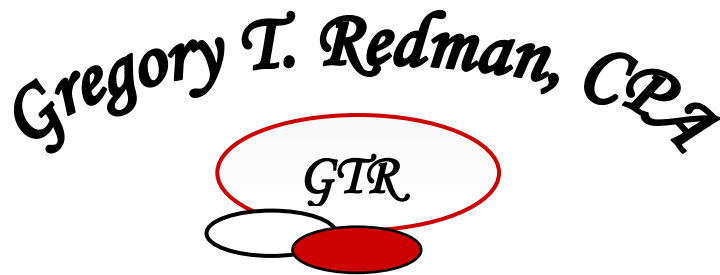
- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

**City of Roanoke Rapids, North Carolina**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2017**

<b>Fiscal Year</b>	<b>Uncollected Balance June 30, 2016</b>	<b>Additions</b>	<b>Collections And Credits</b>	<b>Discoveries (Abatements) Adjustments</b>	<b>Uncollected Balance June 30, 2017</b>
2016-2017	\$ -	\$ 7,109,796	\$ 7,338,855	\$ 303,996	\$ 74,937
2015-2016	82,875	-	50,345	(480)	32,050
2014-2015	55,564	-	27,537	(270)	27,757
2013-2014	40,542	-	13,488	-	27,054
2012-2013	36,524	-	9,249	(1)	27,274
2011-2012	35,088	-	2,091	(15)	32,982
2010-2011	32,264	-	890	-	31,374
2009-2010	16,658	-	876	-	15,782
2008-2009	68,406	-	2	-	68,404
2007-2008	28,538	-	83	-	28,455
2006-2007	19,096	-	83	-	19,013
2005-2006	4,362	-	12	-	4,350
2004-2005	4,578	-	-	-	4,578
<b>Total</b>	<b>\$ 424,495</b>	<b>\$ 7,109,796</b>	<b>\$ 7,443,511</b>	<b>\$ 303,230</b>	<b>\$ 394,010</b>
Less allowance for Uncollectible Ad Valorem Taxes Receivable					33,500
Ad Valorem Taxes Receivable - Net					<u>\$ 360,510</u>
Reconcilement with Revenues:					
Taxes - Ad valorem - General Fund					\$ 7,510,244
Discounts allowed					(6,843)
Taxes written off					0
Penalties and interest					(59,890)
Total Collections and Credits (above)					<u>\$ 7,443,511</u>

**City of Roanoke Rapids, North Carolina**  
**Analysis of Current Tax Levy - City-wide Levy**  
**For the Fiscal Year Ended June 30, 2017**

	<b>Total Property Valuation</b>	<b>Rate</b>	<b>Amount of Levy</b>	<b>Total Levy</b>	
				<b>Property Excluding Registered Vehicles</b>	<b>Registered Vehicles</b>
Real Estate/Personal Property	\$ 1,032,840,992	0.651	\$ 6,723,795	\$ 6,723,795	\$ -
Motor Vehicles	115,391,398	0.651	751,198	-	751,198
Tax Levy	\$ 1,148,232,390		\$ 7,474,993	\$ 6,723,795	\$ 751,198
Adjustments - current		0.651	(55,951)	(55,951)	-
Abatements - current year Rate	(2,585,425)	0.651	(16,831)	(16,831)	-
Afterlists & Discovery Billings	2,466,055	0.651	16,054	16,054	-
Net Levy	<u>\$ 1,148,113,020</u>		\$ 7,418,265	\$ 6,667,067	\$ 751,198
Less uncollected taxes at June 30, 2017			74,937	74,937	-
Current Year's Taxes Collected			<u>\$ 7,343,328</u>	<u>\$ 6,592,130</u>	<u>\$ 751,198</u>
Current Levy Collection Percentage			<u>98.99%</u>	<u>98.88%</u>	<u>100.00%</u>



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

Independent Auditor's Report

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Roanoke Rapids, North Carolina as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Roanoke Rapids, North Carolina's basic financial statements, and have issued my report thereon dated November 21, 2017.

Internal Control over Financial Reporting

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

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

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

#### Compliance and Other Matters

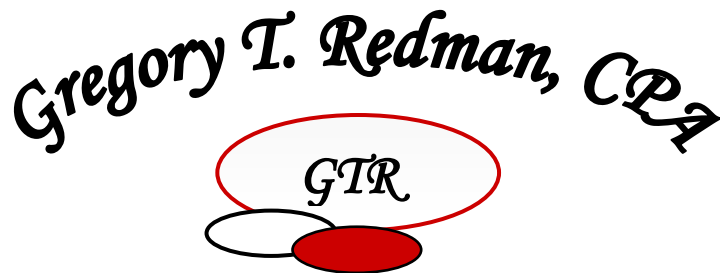
As part of obtaining reasonable assurance about whether the City of Roanoke Rapids, North Carolina's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could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

#### Purpose of this Report

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

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

Gregory T. Redman, CPA  
Tarboro, North Carolina  
November 21, 2017



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

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

I have audited the City Of Roanoke Rapids, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission, that could have a direct and material effect on each of the City of Roanoke Rapids, North Carolina's major State programs for the year ended June 30, 2017. The City of Roanoke Rapids, North Carolina's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the City of Roanoke Rapids, North Carolina's major State programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Uniform Guidance, and the State Single Audit Implementation Act require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City of Roanoke Rapids, North Carolina's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances.

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

#### Opinion on Each Major State Program

In my opinion, the City of Roanoke Rapids, North Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2017.

#### Report on Internal Control over Compliance

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

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

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

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



Gregory T. Redman, CPA  
Tarboro, North Carolina  
November 21, 2017



**City of Roanoke Rapids, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2017**

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Section I – Summary of Auditor’s Results

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Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_yes      X  no
- Significant deficiency(ies) identified that are not considered to be material weaknesses \_\_\_\_\_yes      X  none reported
- Noncompliance material to financial statements noted \_\_\_\_\_yes      X  no

State Awards

Internal control over major State programs:

- Material weakness(es) identified? \_\_\_\_\_yes      X  no
- Significant deficiency(ies) identified that are not considered to be material weaknesses \_\_\_\_\_yes      X  none reported
- Noncompliance material to financial statements noted \_\_\_\_\_yes      X  no

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

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

Identification of major State programs:

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

**City of Roanoke Rapids, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2017**

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Section II – Financial Statement Findings

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None Reported

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Section III – State Award Findings and Questioned Costs

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None Reported

**City of Roanoke Rapids, North Carolina  
Corrective Action Plan  
For the Year Ended June 30, 2017**

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Section II – Financial Statement Findings

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None Reported

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Section III – State Award Findings and Questioned Costs

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None Reported

**City of Roanoke Rapids, North Carolina  
Summary Schedule of Prior Year Audit Findings  
For the Year Ended June 30, 2017**

None Reported

**City of Roanoke Rapids, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**June 30, 2017**

<b>Grantor/Pass-Through Grantor</b>	<b>Federal</b>	<b>Federal</b>	<b>State</b>
<b>Program Title</b>	<b>CFDA</b>	<b>Expenditures</b>	<b>Expenditures</b>
<b>Program Title</b>	<b>Number</b>	<b>Expenditures</b>	<b>Expenditures</b>
<b>FEDERAL GRANTS:</b>			
<b>U.S. Department of Housing and Urban Development:</b>			
Passed-through N.C. Department of Commerce:			
Community Development Block Grant	14.228	\$ 120,676	\$ -
<b>U.S. Department of Health and Human Services</b>			
Passed-through N.C. Department of Health and Human Services:			
Access:			
90 % State Funds	N/A	\$ -	\$ 5,066
HCCBG-Access	93.044	5,485	323
Total		<u>\$ 5,485</u>	<u>\$ 5,389</u>
In-Home Services:			
HCCBG - In-home/Supp Svc	N/A	\$ -	\$ 25,498
SSBG	93.667	3,958	113
Title III-B	93.044	7,505	441
Total		<u>\$ 11,463</u>	<u>\$ 26,052</u>
<b>STATE GRANTS:</b>			
<b>N.C. Department of Transportation</b>			
Powell Bill	N/A	\$ -	\$ 453,077
<b>N.C. Department of Cultural Resources:</b>			
Aid to Public Libraries	N/A	\$ -	\$ 13,959
<b>N.C. Department of Health and Human Services:</b>			
Senior Center General Purpos	N/A	\$ -	\$ 11,397
Fan/Heat Relief	N/A	-	113
Total		<u>\$ -</u>	<u>\$ 11,510</u>
<b>Total Assistance</b>		<u><u>\$ 137,624</u></u>	<u><u>\$ 509,987</u></u>

Note 1:

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the City of Roanoke Rapids under the programs of the federal government and the State of North Carolina for the year ended June 30, 2017. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operation of the City of Roanoke Rapids, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Roanoke Rapids.

Note 2:

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