

CITY OF ROANOKE RAPIDS, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2021

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 Bobbitt
Sandra Bryant
Suetta Scarbrough
Wayne Smith

Administrative and Financial Staff

Joseph Scherer, City Manager
Leigh Etheridge, Finance Director

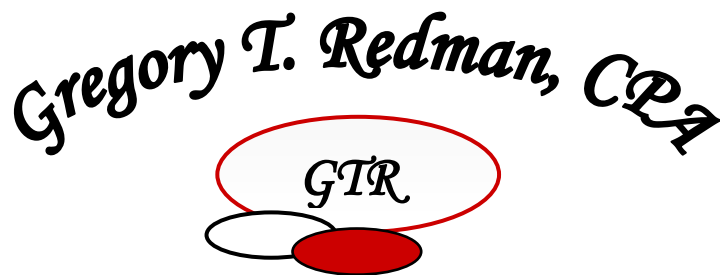
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Financial Section



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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, 2021, 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, 2021, 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 Changes in Total OPEB Liability and Related Ratios, 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, and other schedules 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 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, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated October 11, 2021 on my consideration of City of Roanoke Rapids, North Carolina's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Roanoke Rapids, North Carolina's internal control over financial reporting and compliance.

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

Gregory T. Redman, CPA
Tarboro, North Carolina
October 11, 2021

Management's Discussion and Analysis

City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021

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, 2021. 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.

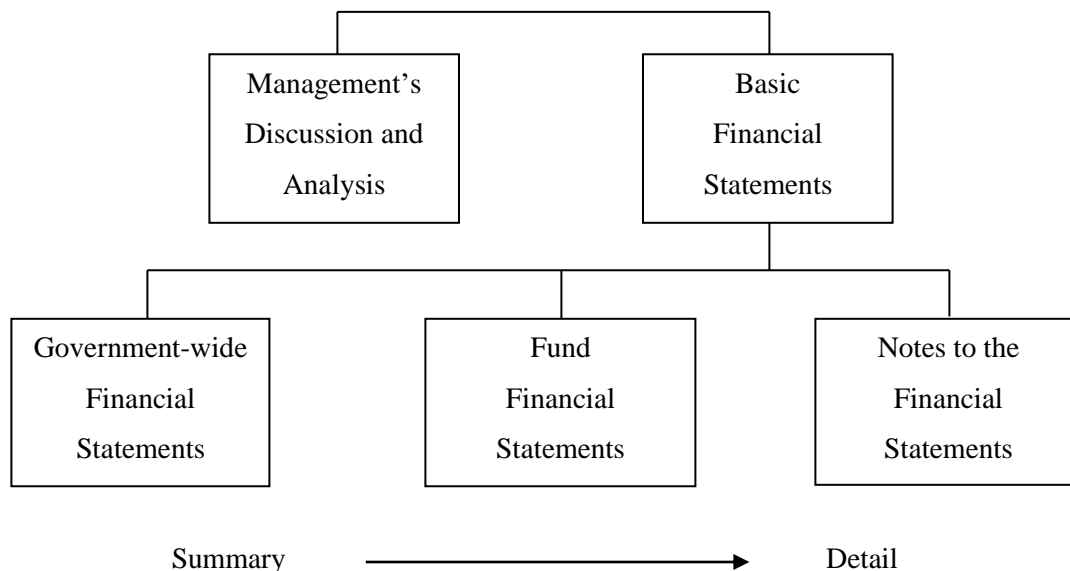
Financial Highlights

- The assets and deferred outflows of the City of Roanoke Rapids exceeded its liabilities and deferred inflows at the close of the fiscal year by \$1,287,000.
- As of close of the current fiscal year, the City of Roanoke Rapids' governmental funds reported combined ending fund balances of \$5,562,408 with a net increase of \$1,376,077 in fund balance. Approximately 74% of this total amount, or \$4,141,888, is available for spending at the government's discretion.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$4,118,325 or 28% of total general fund expenditures for the 2021 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, 2021

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, 2021

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	
	2021	2020
Assets:		
Current assets	\$ 6,059,162	\$ 5,035,244
Capital assets	20,460,726	20,716,929
Restricted assets	251,997	227,173
Deferred outflows of resources	3,001,944	1,863,907
Total Assets and Deferred Outflows	<u>\$ 29,773,829</u>	<u>\$ 27,843,253</u>
Liabilities:		
Long-term liabilities outstanding	\$ 24,424,378	\$ 25,300,273
Other liabilities	1,766,043	1,986,834
Total Liabilities	<u>\$ 26,190,421</u>	<u>\$ 27,287,107</u>
Deferred Inflows of Resources	<u>\$ 2,296,408</u>	<u>\$ 841,943</u>
Net Position:		
Net investment in capital assets	\$ 6,640,275	\$ 5,788,723
Restricted net position	1,226,046	1,387,574
Unrestricted net position	(6,579,321)	(7,462,094)
Total Net Position	<u><u>\$ 1,287,000</u></u>	<u><u>\$ (285,797)</u></u>

City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the City of Roanoke Rapids exceeded liabilities and deferred inflows by \$1,287,000 as of June 30, 2021. 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.

Several particular aspects of the City's financial operations positively influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.05%. The statewide average in fiscal year 2021 was 98.96%.

City of Roanoke Rapids Changes in Net Position

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 1,785,058	\$ 1,778,308
Operating grants and contributions	564,402	922,270
Capital grants and contributions	-	-
General revenues:		
Property taxes	8,273,079	7,892,633
Other taxes	1,055,406	943,027
Grants and contributions not restricted to specific programs	4,263,851	3,986,579
Investment earnings	921	29,008
Miscellaneous	89,205	59,081
Total Revenues	<u>\$ 16,031,922</u>	<u>\$ 15,610,906</u>
Expenses:		
General government	\$ 3,081,916	\$ 2,635,131
Public safety	5,091,779	5,438,852
Transportation	1,683,015	1,844,882
Economic and physical development	576,460	802,589
Environmental Protection	1,764,239	1,805,338
Cultural and recreation	1,871,056	2,103,923
Miscellaneous grants	-	-
Interest on long-term debt	390,660	323,692
Total Expenses	<u>\$ 14,459,125</u>	<u>\$ 14,954,407</u>
Increase (decrease) in net position	\$ 1,572,797	\$ 656,499
Net position, July 1	<u>\$ (285,797)</u>	<u>\$ (942,296)</u>
Net position, June 30	<u><u>\$ 1,287,000</u></u>	<u><u>\$ (285,797)</u></u>

City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Governmental Activities – Governmental activities increased the City's net position by \$1,572,797. The increase in net position was the result of increased revenue generation as well as continued effort to control costs and management expenditures. City management continued to reduce non-essential programs to a minimum and implemented cost saving strategies across City departments. Increased efforts to maximize tax collections also contributed to the favorable net position. Though many of the City's residents were hit hard by the COVID pandemic, tax revenue increased. City management acknowledges that 2021 was a successful year and plans on improving upon these approaches as a long-term strategy to realize continued fiscal health.

Financial Analysis of the City's Funds

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

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

The general fund is the chief operating fund of the City of Roanoke Rapids. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$4,118,325, while total fund balance reached \$5,535,399. 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 16 percent of total General Fund expenditures, while total fund balance represents 26 percent of that same amount.

At June 30, 2021, the governmental funds of City of Roanoke Rapids reported a combined fund balance of \$5,562,408 with a net increase in fund balance of \$1,376,077.

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 2020/2021 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, 2021 total \$20,460,726 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

City of Roanoke Rapids' Capital Assets

	Governmental Activities	
	2021	2020
Land and construction in progress	\$ 3,012,713	\$ 3,012,713
Buildings and systems	13,112,403	13,512,615
Machinery and equipment	4,335,610	4,191,601
Total	<u>\$ 20,460,726</u>	<u>\$ 20,716,929</u>

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.

General Obligation and Revenue Bonds

	Governmental Activities	
	2021	2020
Special revenue bonds	\$ 11,925,223	\$ 12,842,386
Installment notes payable	1,895,228	2,085,820
Total	<u>\$ 13,820,451</u>	<u>\$ 14,928,206</u>

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 \$89,224,686.

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

1280 Julian R Allsbrook Hwy - **Take 5 Oil Change** - \$446,594.00
1701 E. 10th Street - **Ample Storage** - \$1,700,000.00
200 Vepco Street - **Dominion** - \$72,415.00

Total Construction Value - \$2,219,009.00

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

Major Renovations & Building Additions

Chick-Fil-A – 280 Premier Blvd – Carport Canopies - \$10,000.00
Dominion – 200 Vepco Street – Aboveground Storage Tanks - \$504,222.00
Waffle House – 1901 Julian R Allsbrook Hwy – Remodel - \$66,769.00
Genoa Pharmacy – 109 W Becker Drive - \$67,905.00
New Day Fitness – 1388 Gregory Drive – Renovation - \$18,000.00
Joe's To Go – 1319 Roanoke Avenue – Addition/Renovation - \$20,000.00
Rural Health Association – 109 W Becker Drive - Tenant Upfit - \$50,000.00
M. J. Price Construction – 229 Mitchell Street - \$15,000.00
Dr. Brown's Dentistry – 280 Roanoke Avenue – Reroof - \$13,600.00
Clyde Johnson – 1387 Gregory Dive - Tenant Upfit- \$52,958.00
First Christian Church – 836 Roanoke Avenue – Roof Repairs - \$19,500.00
Mark Benchabbott – 1114 Roanoke Avenue – Reroof - \$19,500.00
McDonalds – 101 Roanoke Avenue – Renovation - \$371,000.00
Vidant Medical Center – 1385 Medical Cent Drive - \$28,658.33
Happy Tooth – 1165 Gregory Drive, Suite B - \$260,000.00
Roanoke Rapids High School – 800 Hamilton Street - \$12,500.00
Clara Hearne Pre-K – 731 Cedar Street - \$25,000.00

Total Construction Value - \$1,554,612.33

Business Use Permits

The City's Planning & Development Department received **28** 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 businesses 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

Queens Thorne Beauty Bar – 1032 Roanoke Avenue – Hair Salon
Levels - 601 Julian R Allsbrook Hwy- Hair Salon
Sista Sista Creations, LLC – 1211 A Bolling Road – Retail Store
KHS Designs – 1231 Julian R Allsbrook Hwy – Retail Store
Alchemy Hair Co. - 18 E 11th Street – Hair Salon
Elegant Designz -109 W 10th Street - Hair Salon
Blu Dolph Graphic & Designs – 1207 Julian R Allsbrook Hwy – Graphic Designs
Tropicana Variety Store – 1236 E 10th Street – Thrift Store
Absolute Strength – 700 E 10th Street - Gym
Angelnette's Flea Market – 1028 Roanoke Avenue - Retail
252 VibeZ – 258 Roanoke Avenue - Event Center
Burkes's Outlet – 1342 Julian R Allsbrook Hwy – Outlet Store
Red Rabbit Coffee – 119 E 10th Street – Coffee Shop

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

Offices Research & Services Not Primarily Related to:

Goods or Merchandise: 3.110

Love & Love Enterprises – 210 E 10th Street – Leasing Office
RR Smoke Shop – 1233 Julian R Allsbrook Hwy – Smoke Shop
Servpro – 1630 E 10th Street – Damage Restoration Office
J & J Returns & Financial Solutions – 1207-A Julian R Allsbrook Hwy – Tax Return Office
Roanoke Rapids Dental Care – 50 Anna Louise Lane – Dental Office
Roanoke Valley Chamber – 730 Roanoke Avenue A-1 - Office
Blue Flame Fuels – 730 Roanoke Avenue Unit 4 – Office Storage

Churches: 5.200

Masjed Alnoor – 406 W 3rd Street – Church

Recreational: 6.110

Julian Beach Bingo – 1138 Julian R Allsbrook Hwy – Bingo
Queen Sevens 2, LLC – 1168 Julian R Allsbrook Hwy – Arcade/Amusement/Skilled Games

Restaurants: 8.110

The Grub Hub – 1300 Julian R Allsbrook Hwy – Restaurant
The Mill Coffee & Eatery – 1020 Roanoke Avenue – Coffee Shop
Dat Seafood – 1017 E 10th Street – Seafood Restaurant

Automotive 9.300

Auto Diagnostic – 834 Julian R Allsbrook Hwy - Automotive Repair
Shaw's Auto – 1211 B Bolling Road – Internet Car Dealer
The Uptown Car Wash – 109 Hinson Street – Car Wash

Budget Highlights for the Fiscal Year Ending June 30, 2022

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 was increased to 66.1 cents per 100 valuations. Overall tax base revenue represents 51% of the total general fund revenue budget for fiscal year 2021/2022. Employee compensation, including benefits accounts for the majority of the budgeted expenditures.

**City of Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

Requests for Information

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

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

Basic Financial Statements

City of Roanoke Rapids, North Carolina
Statement of Net Position
June 30, 2021

Exhibit 1

**Governmental
Activities**

Assets

Current Assets:

Cash and cash equivalents	\$ 4,371,954
Taxes receivable (net)	272,509
Accounts receivable (net)	1,229,492
Accrued interest receivable	97,407
Inventories	87,800
Prepaid expense	-
Total Current Assets	<u>\$ 6,059,162</u>

Restricted Assets:

Restricted cash	<u>\$ 251,997</u>
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Capital Assets:

Land, improvements, and construction in progress	\$ 3,012,713
Other capital assets, net of depreciation	17,448,013
Total Capital Assets	<u>\$ 20,460,726</u>
Total Assets	<u>\$ 26,771,885</u>

Deferred outflows of resources:

Pension and OPEB deferrals	<u>\$ 3,001,944</u>
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Liabilities

Current Liabilities:

Accounts payable and accrued expenses	\$ 342,964
Current portion of long-term liabilities	1,423,079
Total Current Liabilities	<u>\$ 1,766,043</u>

Long-term Liabilities:

Due in more than one year	\$ 24,424,378
Total Long-term Liabilities	<u>\$ 24,424,378</u>
Total Liabilities	<u>\$ 26,190,421</u>

Deferred Inflows of Resources

OPEB deferrals	\$ 2,093,930
Prepaid taxes	35,871
Pension deferrals	166,607
Total Deferred Inflows of Resources	<u>\$ 2,296,408</u>

Net Position

Net investment in capital assets	\$ 6,640,275
Restricted for:	
Stabilization by State Statute	1,226,046
Unrestricted	(6,579,321)
Total Net Position	<u><u>\$ 1,287,000</u></u>

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, 2021

Exhibit 2

					Net (Expense) Revenue and Changes in Net Position
		Program Revenues			Primary Government
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 3,081,916	\$ 32,840	\$ -	\$ -	\$ (3,049,076)
Public Safety	5,091,779	-	60,861	-	(5,030,918)
Transportation	1,683,015	-	404,091	-	(1,278,924)
Economic and Physical Development	576,460	95,231	-	-	(481,229)
Environmental Protection	1,764,239	1,506,930	10,925	-	(246,384)
Cultural and Recreational	1,871,056	150,057	88,525	-	(1,632,474)
Miscellaneous Grants	-	-	-	-	-
Interest on long-term debt	390,660	-	-	-	(390,660)
Total Governmental Activities	<u>\$14,459,125</u>	<u>\$ 1,785,058</u>	<u>\$ 564,402</u>	<u>\$ -</u>	<u>\$ (12,109,665)</u>
General Revenues:					
Taxes:					
Property taxes, levied for general purpose					\$ 8,273,079
Other taxes and licenses					1,055,406
Grants and contributions not restricted to specific purpose					4,263,851
Investment earnings, unrestricted					921
Miscellaneous, unrestricted					89,205
Total General Revenues					<u>\$ 13,682,462</u>
Change in Net Position					<u>\$ 1,572,797</u>
Net Position, beginning					(285,797)
Restatement					-
Net Position, ending					<u>\$ 1,287,000</u>

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, 2021

Exhibit 3

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Governmental Non-Major Funds</u>	<u>Total Governmental Funds</u>
Assets			
Current Assets:			
Cash and cash equivalents	\$ 4,371,954	\$ -	\$ 4,371,954
Taxes Receivable, net	272,509	-	272,509
Due from other governmental agencies	1,186,972	-	1,186,972
Due from other funds	(3,446)	3,446	-
Accounts Receivable, net	42,520	-	42,520
Inventories	87,800	-	87,800
Prepaid expenses	-	-	-
Total Current Assets	<u>\$ 5,958,309</u>	<u>\$ 3,446</u>	<u>\$ 5,961,755</u>
Noncurrent Assets:			
Restricted cash	226,934	25,063	251,997
Total Assets	<u><u>\$ 6,185,243</u></u>	<u><u>\$ 28,509</u></u>	<u><u>\$ 6,213,752</u></u>
Liabilities			
Accounts payable and accrued liabilities	\$ 341,464	\$ 1,500	\$ 342,964
Due to other funds	-	-	-
Total Liabilities	<u>\$ 341,464</u>	<u>\$ 1,500</u>	<u>\$ 342,964</u>
Deferred Inflows of Resources			
Property taxes receivable	\$ 272,509	\$ -	\$ 272,509
Prepaid taxes	35,871	-	35,871
Total Deferred Inflows of Resources	<u>\$ 308,380</u>	<u>\$ -</u>	<u>\$ 308,380</u>
Fund Balances			
Non-spendable:			
Inventories and prepaid expenses	\$ 87,800	\$ -	\$ 87,800
Restricted:			
Stabilization by State Statute	1,226,046	3,446	1,229,492
Streets	-	-	-
Assigned:			
Law enforcement	103,228	-	103,228
Subsequent year's expenditures	-	-	-
Unassigned	4,118,325	23,563	4,141,888
Total Fund Balances	<u>\$ 5,535,399</u>	<u>\$ 27,009</u>	<u>\$ 5,562,408</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 6,185,243</u></u>	<u><u>\$ 28,509</u></u>	<u><u>\$ 6,213,752</u></u>

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

(continued)

City of Roanoke Rapids, North Carolina
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
June 30, 2021

(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	\$ 5,562,408
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.	20,460,726
Deferred outflows of resources related to pensions are not reported in the funds.	2,288,502
Deferred outflows of resources related to OPEB are not reported in the funds.	713,442
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.	97,407
Liabilities for earned but deferred revenues in fund statements.	272,509
Deferred inflows of resources related to pensions are not reported in the funds.	(166,607)
Deferred inflows of resources related to OPEB are not reported in the funds.	(2,093,930)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Long-term debt	<u>(25,847,457)</u>
Net Position of Governmental Activities	<u><u>\$ 1,287,000</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, 2021

Exhibit 4

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Governmental Non-Major Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Ad valorem taxes	\$ 8,319,104	\$ -	\$ 8,319,104
Other taxes and licenses	1,055,406	-	1,055,406
Unrestricted intergovernmental	4,263,851	-	4,263,851
Restricted intergovernmental	564,402	-	564,402
Permits and fees	95,231	-	95,231
Sales and services	1,689,827	-	1,689,827
Investment earnings	921	-	921
Miscellaneous	89,205	-	89,205
Insurance reimbursements	-	-	-
Total Revenues	<u>\$ 16,077,947</u>	<u>\$ -</u>	<u>\$ 16,077,947</u>
Expenditures			
Current:			
General Government	\$ 2,888,311	\$ -	\$ 2,888,311
Public Safety	5,037,580	-	5,037,580
Transportation	1,612,513	-	1,612,513
Environmental Protection	1,759,081	-	1,759,081
Economic & Physical Development	573,012	210	573,222
Cultural and Recreational	1,332,748	-	1,332,748
Debt service	1,688,415	-	1,688,415
Miscellaneous grants	-	-	-
Total Expenditures	<u>\$ 14,891,660</u>	<u>\$ 210</u>	<u>\$ 14,891,870</u>
Excess (Deficiency) of			
Revenues Over Expenditures	\$ 1,186,287	\$ (210)	\$ 1,186,077
Other Financing Sources (Uses)			
Transfer-in (out)	\$ -	\$ -	\$ -
Installment financing	190,000	-	190,000
Total Other Financing Sources (Uses)	<u>\$ 190,000</u>	<u>\$ -</u>	<u>\$ 190,000</u>
Net Change in Fund Balance	\$ 1,376,287	\$ (210)	\$ 1,376,077
Fund Balance:			
Beginning of year	4,159,112	27,219	4,186,331
End of year	<u>\$ 5,535,399</u>	<u>\$ 27,009</u>	<u>\$ 5,562,408</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, 2021

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	\$	1,376,077
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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		319,180
Depreciation expense		(688,253)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		630,256
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Benefit payments paid and administrative expense for the LEOSSA are not included in the Statement of Activities		58,845
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OPEB benefit payments and administrative expense are not included in the Statement of Activities		220,804
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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	\$ (190,000)	
Principal payments on long-term debt	<u>1,297,755</u>	1,107,755

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		(46,025)
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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	\$ (97,367)	
Pension expense	(1,149,706)	
Other postemployment benefits	<u>(158,769)</u>	(1,405,842)

Total Changes in Net Position of Governmental Activities	\$	<u><u>1,572,797</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, 2021

Exhibit 5

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Ad valorem taxes	\$ 7,729,466	\$ 7,729,466	\$ 8,319,104	\$ 589,638
Other taxes and licenses	975,126	975,126	1,055,406	80,280
Unrestricted intergovernmental	4,020,258	4,020,258	4,263,851	243,593
Restricted intergovernmental	530,775	530,775	564,402	33,627
Permits and fees	105,586	105,586	95,231	(10,355)
Sales and services	1,793,361	1,793,361	1,689,827	(103,534)
Investment earnings	15,000	15,000	921	(14,079)
Miscellaneous	410,930	472,080	89,205	(382,875)
Insurance reimbursements	-	-	-	-
Total Revenues	<u>\$ 15,580,502</u>	<u>\$ 15,641,652</u>	<u>\$ 16,077,947</u>	<u>\$ 436,295</u>
Expenditures:				
General Government	\$ 3,098,606	\$ 3,098,606	\$ 2,888,311	\$ 210,295
Public Safety	5,231,245	5,294,737	5,037,580	257,157
Transportation	1,745,994	1,745,994	1,612,513	133,481
Environmental Protection	1,660,816	1,848,474	1,759,081	89,393
Economic and Physical Development	595,809	595,809	573,012	22,797
Cultural and Recreational	1,554,729	1,554,729	1,332,748	221,981
Debt service	1,693,303	1,693,303	1,688,415	4,888
Total Expenditures	<u>\$ 15,580,502</u>	<u>\$ 15,831,652</u>	<u>\$ 14,891,660</u>	<u>\$ 939,992</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (190,000)</u>	<u>\$ 1,186,287</u>	<u>\$ 1,376,287</u>
Other Financing Sources (Uses):				
Fund balance appropriated	\$ -	\$ -	\$ -	\$ -
Transfer from other funds	-	-	-	-
Loan proceeds	-	190,000	190,000	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 190,000</u>	<u>\$ 190,000</u>	<u>\$ -</u>
Revenues and Other Financing Sources Over (Under)				
Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,376,287</u>	<u>\$ 1,376,287</u>
Fund Balance:				
Beginning of Year			4,159,112	
End of Year			<u>\$ 5,535,399</u>	

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, 2021

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. Separate statements for each fund category – *governmental* – are presented. The City has no fiduciary funds to report. The emphasis of fund financial statements is on the major governmental funds displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

The City reports the following major governmental funds:

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

The City reports the following non-major governmental funds:

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

Capital Project Funds. The Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds, special assessments or trust funds). The City has four Capital Project funds within the governmental fund types: Fire Station #2 Project, NC Clean Water Management Trust Fund, USDA Rural Development Garage Door 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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

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

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

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

D. Budgetary Data

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The NCCMT – Government Portfolio, a SEC registered (2a-7) Money Market Mutual Fund investment pool is measured at fair value. Because the NCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

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

Money in the Special Revenue and Capital Project funds are restricted for their intended use.

Money set aside for Law Enforcement Separation Allowance is restricted.

City of Roanoke Rapids Restricted Cash

Governmental Activities:

General Fund:

Police - restricted funds	\$ 103,228
Special Revenue/Capital Project Fund	25,063
	<u>\$ 128,291</u>

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

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, 2020. As allowed by State law, the City has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventory and Prepaid Items

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

7. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50 - 100
Improvements	25
Vehicles	6 - 20
Furniture and equipment	10 - 40
Computer equipment	5
Computer software	3 - 5

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meet this criterion, pension deferrals and OPEB deferrals for the 2021 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 - property taxes receivables, prepaid taxes, pension deferrals and OPEB deferrals.

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.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

Restricted for Stabilization by State statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS) is calculated at the end of each fiscal year for all annually budgeted funds.

The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by the law through constitutional provisions or enabling legislation". RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

Restricted for Streets – Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of unexpended Powell Bill funds.

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.

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.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

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, 2021.

III. Detail Notes on All Funds

A. Assets

1. Deposits

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

At June 30, 2021, the City's deposits had a carrying amount of \$52,825 and a bank balance of \$641,881. Of the bank balance, all of it was covered by federal depository insurance. At June 30, 2021, the City of Roanoke Rapids had \$860 cash on hand.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

2. Investments

At June 30, 2021, the City of Roanoke Rapids had \$4,094,841 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 6/30/2021	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	\$4,094,841	N/A	AAAm
Total		\$4,094,841		

All investments are measured using the market approach; using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy; Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

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.

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 and AAAm-mf by Moody's Investors Service as of June 30, 2021.

3. Receivables – Allowance for Doubtful Accounts

The amounts presented in the Balance Sheet and Statement of Net Position for the year ended June 30, 2021 are net of the following allowances for doubtful accounts:

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

4. Capital Assets

Capital asset activity for the City for the year ended June 30, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 3,012,713	\$ -	\$ -	\$ 3,012,713
Construction in progress	-	-	-	-
Total Capital Assets Not Being Depreciated	\$ 3,012,713	\$ -	\$ -	\$ 3,012,713
Capital Assets Being Depreciated:				
Buildings & improvements	\$ 24,476,883	\$ -	\$ -	\$ 24,476,883
Infrastructure	2,465,631	25,226	-	2,490,857
Machinery & equipment	9,088,725	406,824	112,870	9,382,679
Total Capital Assets Being Depreciated	\$ 36,031,239	\$ 432,050	\$ -	\$ 36,350,419
Less accumulated depreciation	18,327,023	688,253	112,870	18,902,406
Total Capital Assets Being Depreciated, Net	\$ 17,704,216			\$ 17,448,013
Governmental Activity Capital Assets, Net	<u>\$ 20,716,929</u>			<u>\$ 20,460,726</u>

General government	\$ 16,848
Public safety	54,199
Transportation	70,502
Economic and physical development	3,238
Environmental protection	5,158
Cultural and recreation	538,308
Total depreciation expense	<u>\$ 688,253</u>

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

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, 2021, was 10.20% of compensation for law enforcement officers and 10.15% 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 \$630,256 for the year ended June 30, 2021.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

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, 2021, the City reported a liability of \$3,494,811 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020, the City's proportion was 0.0978%, which was a decrease of 0.00039% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized pension expense of \$1,149,706. At June 30, 2021, 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	\$ 441,333	\$ -
Changes of assumptions	260,082	-
Net difference between projected and actual earnings on pension plan investments	491,801	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	94,933
City contributions subsequent to the measurement date	630,256	-
Total	<u>\$1,823,472</u>	<u>\$ 94,933</u>

\$630,256 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

<u>Year ended June 30</u>	
2022	\$ 297,366
2023	417,194
2024	238,178
2025	145,548
2026	-
Thereafter	-
	<u><u>\$ 1,098,286</u></u>

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2019 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, 2020 are summarized in the following table:

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

<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 2019 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 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension asset to changes in the discount rate. The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
City's proportionate share of the net pension liability (asset)	\$ 7,090,590	\$ 3,494,811	\$ 506,465

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.

City of Roanoke Rapids, North Carolina
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For the Year Ended June 30, 2021

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, 2021 were \$98,807, which consisted of \$30,578 from the City and \$68,229 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.

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance's membership consisted of:

Retirees receiving benefits	10
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	37
Total	<u>47</u>

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.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

3) Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019.

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 \$125,627 as benefits came due for the reporting period.

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

At June 30, 2021, the City reported a total pension liability of \$1,654,129. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the City recognized pension expense of \$164,327.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 37,516	\$ 47,106
Changes of assumptions	368,669	24,568
City benefit payments and plan administrative expense made subsequent to the measurement date	58,845	-
Total	<u>\$ 465,030</u>	<u>\$ 71,674</u>

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

\$58,845 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Amount Recognized in Pension Expense as an Increase (Decrease)
2022	\$ 99,926	\$ 28,453	\$ 71,473
2023	92,054	24,770	67,284
2024	86,114	15,837	70,277
2025	80,669	2,614	78,055
2026	47,422	-	47,422
Thereafter	-	-	-
	<u>\$ 406,185</u>	<u>\$ 71,674</u>	<u>\$ 334,511</u>

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 1.93 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 (.93 percent) or one percentage point higher (2.93 percent) than the current rate:

	1% Decrease (.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
City's proportionate share of the net pension liability (asset)	\$ 1,806,702	\$ 1,654,129	\$ 1,515,813

Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance

	2020
Beginning balance	\$ 1,243,102
Service cost	55,545
Interest on the total pension liability	38,477
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	45,672
Changes of assumptions or other inputs	396,960
Benefit payments	(125,627)
Other changes	-
Ending balance of the total pension liability	<u>\$ 1,654,129</u>

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current morality 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 morality improvements.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

Following is information related to the proportionate share and pension expense for all pension plans:

	LGERS	LEOSSA	Total
Pension Expense	\$ 1,149,706	\$ 125,627	\$ 1,275,333
Pension Liability	3,494,811	1,654,129	5,148,940
Proportionate share of the net pension liability	0.09780%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	441,333	37,516	478,849
Changes of assumptions	260,082	368,669	628,751
Net difference between projected and actual earnings on pension plan investments	491,801	-	491,801
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-
Benefit payments and administrative costs paid subsequent to the measurement date	630,256	58,845	689,101
Deferred of Inflows of Resources			
Differences between expected and actual experience	-	47,106	47,106
Changes of assumptions	-	24,568	24,568
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	94,933	-	94,933

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The City's contributions for the year ended June 30, 2021 were \$172,757.

e. Other Post-Employment Benefits

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

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

Membership of the HCB Plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

	<u>Membership</u>
Retirees and dependents receiving benefits	31
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	152
Total	<u><u>183</u></u>

City of Roanoke Rapids, North Carolina
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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.

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. A separate report was not issued for the plan.

Total OPEB Liability

The District's Total OPEB Liability (TOL) of \$6,379,708 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Paragraph 166: Listed below is the information to be disclosed regarding the actuarial assumptions and other inputs used to measure the TOL. The complete set of actuarial assumptions and other inputs utilized in developing the TOL are outlined in Schedule C. The TOL was determined by an actuarial valuation as of June 30, 2019, using the following key actuarial assumptions and other inputs:

Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary Increases, including wage inflation:	
General employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law Enforcement Officers	3.50% - 7.35%
Municipal Bond Index Rate:	
Prior measurement date	3.50%
Measurement date	2.21%
Health Care Cost Trends:	
Pre-Medicare	7.00% for 2019 decreasing to an ultimate rate of 4.50% by 2026

The discount rate used to measure the TOL was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by the LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

Paragraph 167(a): This paragraph requires disclosure of the sensitivity of the TOL to changes in the health care cost trend rates. The following exhibit presents the TOL of the Plan, calculated using the health care cost trend rates, as well as what the Plan's TOL would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

Health Care Cost Trend Rate Sensitivity

	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 5,611,400	\$ 6,379,708	\$ 7,306,793

Paragraph 167(b): This paragraph requires disclosure of the sensitivity of the TOL to changes in the discount rate. The following exhibit presents the TOL of the Plan, calculated using the discount rate of 2.21%, as well as what the Plan's TOL would be if it were calculated using a Discount Rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

Discount Rate Sensitivity

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ 7,015,613	\$ 6,379,708	\$ 5,811,749

Paragraph 168(a)-(c): This paragraph requires a schedule of changes in the TOL. The needed information is shown in the following table:

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

Changes in the TOL

Total OPEB Liability as of June 30, 2019	\$7,302,096
Changes for the year:	
Service Cost at the end of the year*	242,843
Interest on TOL and Cash Flows	198,699
Change in benefit terms	-
Difference between expected and actual experience	(1,863,935)
Changes of assumptions or other inputs	720,809
Benefit payments and implicit subsidy credit	(220,804)
Other	-
Net Changes	<u>(922,388)</u>
Total OPEB Liability as of June 30, 2020	<u><u>\$ 6,379,708</u></u>

* The service cost includes interest for the year.

Paragraph 168(d): The employer does not have a special funding situation.

Paragraph 169(a): The TOL is based upon an actuarial valuation performed as of the Valuation Date, June 30, 2019. An expected TOL is determined as of June 30, 2019, the Prior Measurement Date, using standard roll back techniques. The roll back calculation begins with the TOL, as of the Measurement Date, June 30, 2020, adds the expected benefit payments for the year, deducts interest at the Discount Rate for the year, and then subtracts the annual Normal Cost (also called the Service Cost).

CMC has assumed no significant changes, other than the change in the Municipal Bond Index Rate, have occurred between the Valuation Date and the Measurement Date. If a significant change, other than the change in the Municipal Bond Index Rate, has occurred between the Valuation Date and the Measurement Date, an updated valuation may need to be performed.

Paragraph 169(b): Our understanding is that the employer does not have a special funding situation.

Paragraph 169(c): Since the Prior Measurement Date, the Discount Rate has changed from 3.89% to 2.21% due to a change in the Municipal Bond Rate.

Paragraph 169(d): There are no changes in benefit terms since the Prior Measurement Date.

Paragraph 169(e): No benefit payments are attributable to the purchase of allocated insurance contracts.

Paragraph 169(f): CMC was not expected to supply this information.

Paragraph 169(g): Please see Section IV for the development of the OPEB Expense (OE).

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

Paragraph 169(h)(1)-(2): Since certain expense items are recognized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts will increase OPEB Expense, they are labeled Deferred Outflows of Resources. If they serve to reduce OPEB Expense, they are labeled Deferred Inflows of Resources. The recognition of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions or other inputs, if any, are recognized over the average expected remaining service life of the active and inactive Plan members at the beginning of the measurement period.

The following table provides a summary of the Deferred Outflows of Resources and Deferred Inflows of Resources as of June 30, 2021:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,772,770
Changes of assumptions or other inputs	713,442	321,160
Total	<u>\$ 713,442</u>	<u>\$ 2,093,930</u>

Paragraph 169(h)(3): Our understanding is that the employer does not have a special funding situation.

Paragraph 169(h)(4): CMC was not expected to supply this information.

Paragraph 169(i)(1)-(2): Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB benefits will be recognized in OPEB Expense as follows:

<u>Measurement Period Ended June 30:</u>	
2022	\$ (282,773)
2023	(282,773)
2024	(282,773)
2025	(246,798)
2026	(195,734)
Thereafter	(89,637)

Paragraph(i)(3): Our understanding is that the employer does not have a special funding situation.

Paragraph(j): CMC was not expected to supply this information.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

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	\$ 630,256
Benefit payments made and administrative expenses for LEOSSA made subsequent to measurement date	58,845
Benefit payments and administrative expenses for OPEB made subsequent to measurement date	-
Differences between expected and actual experience	478,849
Changes of assumptions	1,342,193
Net difference between projected and actual earnings on pension plan investments	491,801
Changes in proportion and differences between employer contributions and proportionate share of contributions	-
Total	<u><u>\$3,001,944</u></u>

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

	Statement of Net Position	General Fund Balance Sheet
Taxes Receivable, less penalties (General Fund)	\$ 306,282	\$ 306,282
Prepaid taxes	35,871	35,871
Changes in assumptions	345,728	-
Differences between expected and actual experience	1,819,876	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	94,933	-
Total	<u><u>\$ 2,602,690</u></u>	<u><u>\$ 342,153</u></u>

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

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, 2021.

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, 2021, the City of Roanoke Rapids had a legal debt margin of \$89,224,686. The City has no bonds authorized but unissued at June 30, 2021.

On August 30, 2013, the City entered into a direct borrowing 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 a direct borrowing 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.

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

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

On September 10, 2018, the City entered into a direct borrowing installment note payable with Branch Banking & Trust Company in the amount of \$810,000 to refinance vehicles and equipment for Public Safety and Public Works. The interest rate is 3.07% with annual payments of \$177,221 for five years.

On February 17, 2021, the City entered into a direct placement installment agreement with the USDA revolving loan program in the amount of \$164,197. The loan is through an Electric Cooperative program with five annual payments of \$32,839 at a rate of 0.00%.

On March 31, 2021, the City entered into a direct borrowing installment note payable with First Citizens Bank in the amount of \$190,000 to purchase Public Safety vehicles. The interest rate is 2.47% with annual payments of \$40,862 for five years.

Long-term debt payable at June 30, 2021 is comprised of the following:

Direct Borrowings:

First Citizens Bank - (refinanced USDA loan - Neighborhood Resource Center) original note of \$176,676 due in 8 annual installments of \$24,274, including interest at 2.15%, beginning August 30, 2014 through August 30, 2021.	\$ 23,763
First Citizens Bank - (refinanced USDA loan - Firestation #2) original note of \$1,075,256 due in 18 annual installments of \$94,521.30, including interest at 3.00%, beginning August 30, 2014 through August 30, 2031.	\$ 874,570
BB&T - original note of \$601,927 due in 6 consecutive annual installments of \$106,663, including interest of 1.78%, beginning December 7, 2017 through December 7, 2022. (Equipment Financing)	\$ 207,763
BB&T - original note of \$810,000 due in 5 consecutive annual installments of \$177,220.85 including interest of 3.07% beginning September 10, 2019 through September 10, 2023. (Equipment financing)	\$ 500,615
First Citizens Bank - Five Police Trucks and One Fire Pickup Truck. Original note of \$190,000 due in annual installments of \$40,862, including interest at 2.47%, beginning March 31, 2022 through March 31, 2026	\$ 190,000
Total Direct Borrowings	<u><u>\$ 1,796,711</u></u>

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

Direct Placement:

REA - original note of \$164,197 due in 60 consecutive monthly installments of \$2,783.00 including interest of 0.00% beginning June 2019. (Electric cooperative loan through USDA)

\$ 98,517

Economic Development Revenue Bonds:

In May 2021, the \$21,500,000 Economic Development Revenue Bonds were refinanced into two separate Special Revenue Bonds.

Special Revenue Bond, Series 2017A (tax-exempt interest) original note of \$11,852,907 due in quarterly installments of \$238,034, including interest of 2.54%, beginning August 1, 2017 through May 1, 2032.

\$ 9,112,559

Special Revenue Bond, Series 2017B (taxable interest) with interest due at a rate of 2.95%, annually commencing August 1, 2017. The maturity date is May 1, 2032. Effective 7/1/20, quarterly installment payments of \$75,089 principal and interest will be due.

\$ 2,812,664

The annual requirements to amortize direct borrowing (excluding vacation pay and capitalized leases) as of June 30, 2021, including interest payments, are as follows:

Year	Principal Payments	Interest Payments	Total
2022	\$ 393,033	\$ 50,508	\$ 443,541
2023	379,014	40,254	419,268
2024	282,362	30,242	312,604
2025	113,531	21,851	135,382
2026	116,731	18,652	135,383
2027-2031	420,271	52,334	472,605
2032-2036	91,769	2,753	94,522
Total	<u>\$ 1,796,711</u>	<u>\$ 216,594</u>	<u>\$ 2,013,305</u>

The annual requirements to amortize direct placement notes as of June 30, 2021 are as follows:

Year	Principal Payments	Interest Payments	Total
2022	\$ 32,839	\$ -	\$ 32,839
2023	32,839	-	32,839
2024	32,839	-	32,839
2025	-	-	-
2026	-	-	-
Total	<u>\$ 98,517</u>	<u>\$ -</u>	<u>\$ 98,517</u>

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

The annual requirements to amortize the special revenue bonds outstanding as of June 30, 2021, including interest payments, are as follows:

Year	Principal Payments	Interest Payments	Total
2022	\$ 727,571	\$ 224,565	\$ 952,136
2023	746,228	205,908	952,136
2024	765,364	186,772	952,136
2025	784,990	167,146	952,136
2026	805,119	147,017	952,136
2027-2031	4,346,076	414,607	4,760,683
2032-2036	937,211	14,925	952,136
Total	<u>\$ 9,112,559</u>	<u>\$ 1,360,940</u>	<u>\$ 10,473,499</u>

Year	Principal Payments	Interest Payments	Total
2022	\$ 219,800	\$ 80,556	\$ 300,356
2023	226,356	74,000	300,356
2024	233,108	67,248	300,356
2025	240,061	60,295	300,356
2026	247,221	53,135	300,356
2027-2031	1,351,218	150,567	1,501,785
2032-2036	294,900	5,457	300,357
Total	<u>\$ 2,812,664</u>	<u>\$ 491,258</u>	<u>\$ 3,303,922</u>

Changes in the long-term liabilities:

	Beginning Balances July 1, 2020	Increases	Decreases	Ending Balances June 30, 2021	Current Portion of Balance
Governmental activities:					
Direct borrowings	\$ 1,954,464	\$ 190,000	\$ 347,753	\$ 1,796,711	\$ 393,033
Direct placement notes	131,356		32,839	98,517	32,839
Tax increment financing/					
Special revenue bonds	12,842,386	-	917,163	11,925,223	947,371
Total pension liability (LEO)	1,243,102	-	(411,027)	1,654,129	-
Net pension liability (LGERS)	2,681,492	813,319	-	3,494,811	-
Compensated absences	492,370	5,988	-	498,358	49,836
Total OPEB liability	7,302,096	-	922,388	6,379,708	-
Total	<u>\$ 26,647,266</u>	<u>\$ 1,009,307</u>	<u>\$ 1,809,116</u>	<u>\$ 25,847,457</u>	<u>\$ 1,423,079</u>

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

City of Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

Net Investment in Capital Assets

Capital Assets	<u>Governmental</u> \$ 20,460,726
Less: Long-term debt	(13,820,451)
Net Investment in Capital Assets	<u>\$ 6,640,275</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	\$ 5,535,399
Less:	
Inventories and Prepaid Expenses	87,800
Stabilization by State Statute	1,226,046
Streets-Powell Bill	-
Assigned - Law Enforcement	103,228
Assigned - Subsequent year's expenditures	-
Remaining Fund Balance	4,118,325

IV. Interfund Balance

Balances due to/from other funds at June 30, 2021 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. The City plans to close this project and pay the loan during the year ended June 30, 2021.

V. 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.

VI. Significant Effects of Subsequent Events

As of October 11, 2021, the date of the completion of the financial statements, there were no material subsequent events that were required to be reported.

Required Supplementary Financial Data

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

- Schedule of 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.
- Schedule of Changes in Total OPEB Liability

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

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
City of Roanoke Rapids' proportion of the net pension liability (asset) (%)	0.09780%	0.09819%	0.10312%	0.10436%	0.10706%	0.11294%	0.08680%	0.13200%
City of Roanoke Rapids' proportion of the net pension liability (asset) (\$)	\$ 3,494,811	\$ 2,681,492	\$ 2,446,359	\$ 1,594,332	\$ 2,272,172	\$ 506,868	\$ (511,900)	\$ 1,243,956
City of Roanoke Rapids' covered-employee payroll	\$ 6,427,818	\$ 6,443,428	\$ 6,416,353	\$ 6,266,167	\$ 5,813,525	\$ 5,647,194	\$ 5,395,410	\$ 5,227,872
City of Roanoke Rapids' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	54.37%	41.62%	38.13%	25.44%	39.08%	8.98%	-9.49%	23.79%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45%

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

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 630,256	\$ 581,116	\$ 506,414	\$ 491,876	\$ 465,986	\$ 392,779	\$ 399,046	\$ 381,057
Contributions in relation to the contractually required contributions	630,256	581,116	506,414	491,876	465,986	392,779	399,046	381,057
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Roanoke Rapids's covered-employee payroll	\$6,092,384	\$6,427,818	\$6,443,428	\$6,416,353	\$6,266,167	\$5,813,525	\$ 5,647,194	\$5,395,410
Contributions as a percentage of covered-employee payroll	10.34%	9.04%	7.86%	7.67%	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, 2021

	2021	2020	2019	2018	2017
Beginning balance	\$ 1,243,102	\$ 1,305,115	\$ 1,390,938	\$ 1,328,293	\$ 1,366,542
Service cost	55,545	51,340	57,764	50,193	52,384
Interest on the total pension liability	38,477	45,032	42,130	49,177	46,838
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	45,672	(59,404)	(21,880)	(3,145)	-
Changes of assumptions or other inputs	396,960	36,987	(48,409)	75,000	(28,379)
Benefit payments	(125,627)	(135,968)	(115,428)	(108,580)	(109,092)
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 1,654,129</u>	<u>\$ 1,243,102</u>	<u>\$ 1,305,115</u>	<u>\$ 1,390,938</u>	<u>\$ 1,328,293</u>

Notes to the schedules:

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, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,654,129	\$ 1,243,102	\$ 1,305,115	\$ 1,390,938	\$ 1,328,293
Covered payroll	1,762,187	1,758,624	1,899,639	1,831,959	1,849,950
Total pension liability as a percentage of covered payroll	93.87%	70.69%	68.70%	75.93%	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
Schedule of Changes in the Total OPEB Liability and Related Ratios
June 30, 2021

Total OPEB Liability	2021	2020	2019	2018	2017
Service Cost	\$ 242,843	\$ 281,400	\$ 281,400	\$ 304,791	\$ 304,791
Interest	198,699	257,429	257,429	223,226	223,226
Change in benefit terms	-	-	-	-	-
Difference between expected and actual experience	(1,863,935)	(108,619)	(108,619)	(35,295)	(35,295)
Changes of assumptions or other inputs	720,809	(231,306)	(231,306)	(400,570)	(400,570)
Benefit payments and implicit subsidy credit	(220,804)	(253,723)	(253,723)	(300,537)	(300,537)
Net Change in Total OPEB Liability	(922,388)	(54,819)	(54,819)	(208,385)	(208,385)
Total OPEB Liability - beginning	7,302,096	7,356,915	7,356,915	7,565,300	7,565,300
Total OPEB Liability - ending	<u>\$6,379,708</u>	<u>\$7,302,096</u>	<u>\$7,302,096</u>	<u>\$7,356,915</u>	<u>\$7,356,915</u>
Covered Payroll	\$5,937,342	\$5,479,393	\$5,479,393	\$5,479,393	\$5,479,393
Total OPEB Liability as a Percentage of Covered Payroll	107.45%	133.26%	133.26%	134.27%	134.27%

Notes to Schedule

Changes of Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Rate</u>
2021	2.21%
2020	3.89%
2019	3.89%
2018	3.56%
2017	3.56%

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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Ad Valorem Taxes:			
Current year	\$ -	\$ 8,180,740	\$ -
Prior years	-	100,897	-
Penalties and interest	-	37,467	-
Total	<u>\$ 7,729,466</u>	<u>\$ 8,319,104</u>	<u>\$ 589,638</u>
Other Taxes and Licenses:			
Motor vehicle license	\$ 100	\$ 36	\$ (64)
Lease vehicle	19,925	33,363	13,438
Holdharmless revenue	955,101	1,022,007	66,906
Total	<u>\$ 975,126</u>	<u>\$ 1,055,406</u>	<u>\$ 80,280</u>
Unrestricted Intergovernmental:			
Local option sales tax	\$ 2,438,802	\$ 2,764,079	\$ 325,277
Payments in lieu of taxes	33,000	-	(33,000)
Beer and wine tax	65,000	60,965	(4,035)
ABC profits	42,000	50,314	8,314
Occupancy tax	4,000	4,362	362
Utility franchise tax	1,437,456	1,384,131	(53,325)
Total	<u>\$ 4,020,258</u>	<u>\$ 4,263,851</u>	<u>\$ 243,593</u>
Restricted Intergovernmental:			
"State Street Aid" allocation	\$ 431,082	\$ 404,091	\$ (26,991)
Grant funds	63,645	88,525	24,880
Solid waste disposal tax	11,048	10,925	(123)
Drug enforcement revenue	25,000	60,861	35,861
Total	<u>\$ 530,775</u>	<u>\$ 564,402</u>	<u>\$ 33,627</u>
Inspection Fees and Permits	<u>\$ 105,586</u>	<u>\$ 95,231</u>	<u>\$ (10,355)</u>
Investment Earnings	<u>\$ 15,000</u>	<u>\$ 921</u>	<u>\$ (14,079)</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues: (continued)			
Sales and Services:			
Cemetery lots	\$ 115,000	\$ 194,155	\$ 79,155
Rents, concessions, & other fees	125,204	150,057	24,853
Solid waste user fees	1,524,157	1,312,775	(211,382)
Roanoke Rapids Theater income	-	-	-
Municipal ordinance violations	29,000	32,840	3,840
Total	<u>\$ 1,793,361</u>	<u>\$ 1,689,827</u>	<u>\$ (103,534)</u>
Miscellaneous:			
Miscellaneous	\$ 457,080	\$ 65,450	(391,630)
Sale of materials	15,000	23,755	8,755
Total	<u>\$ 472,080</u>	<u>\$ 89,205</u>	<u>\$ (382,875)</u>
Total Revenues	<u>\$ 15,641,652</u>	<u>\$ 16,077,947</u>	<u>\$ 436,295</u>
Expenditures:			
Governing Body:			
City Council:			
Salaries & employee benefits		\$ 38,842	
Operating expenses		4,308	
Total	<u>\$ 52,537</u>	<u>\$ 43,150</u>	<u>\$ 9,387</u>
Administration:			
Salaries & employee benefits		\$ 292,626	
Operating expenses		19,856	
Capital outlay		-	
Total	<u>\$ 314,188</u>	<u>\$ 312,482</u>	<u>\$ 1,706</u>
Finance			
Salaries & employee benefits		\$ 214,969	
Operating expenses		60,248	
Capital outlay		-	
Total	<u>\$ 282,485</u>	<u>\$ 275,217</u>	<u>\$ 7,268</u>
Information System:			
Salaries & employee benefits		\$ -	
Operating expenses		27,296	
Total	<u>\$ 44,739</u>	<u>\$ 27,296</u>	<u>\$ 17,443</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
General Government: (continued)			
Tax/Revenue Collections:			
Salaries & employee benefits		\$ 93,283	
Operating expenses		15,708	
Collection costs		173,251	
Total	<u>\$ 282,267</u>	<u>\$ 282,242</u>	<u>\$ 25</u>
Legal:			
Professional services		\$ 28,183	
Operating expenses		-	
Total	<u>\$ 28,183</u>	<u>\$ 28,183</u>	<u>\$ -</u>
Government Buildings:			
Salaries & employee benefits		\$ 33,872	
Operating expenses		38,588	
Capital outlay		-	
Total	<u>\$ 76,644</u>	<u>\$ 72,460</u>	<u>\$ 4,184</u>
Central Garage:			
Salaries & employee benefits		\$ 222,719	
Vehicle maintenance		-	
Operating expenses		7,989	
Capital outlay		-	
Total	<u>\$ 281,653</u>	<u>\$ 230,708</u>	<u>\$ 50,945</u>
Miscellaneous:			
Salaries and employee benefits		\$ 157,457	
Retiree health insurance		204,250	
E-911 system cost		330,527	
Carolina Chips incentive payment		125,000	
Uninsured loss expenditures		77,166	
Operating expenses		722,173	
Capital outlay		-	
Total	<u>\$ 1,735,910</u>	<u>\$ 1,616,573</u>	<u>\$ 119,337</u>
Total General Government	<u>\$ 3,098,606</u>	<u>\$ 2,888,311</u>	<u>\$ 210,295</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Public Safety:			
Police:			
Salaries & employee benefits		\$ 2,802,655	
Vehicle maintenance		130,764	
Operating expenses		216,240	
Capital outlay		-	
Total	<u>\$ 3,263,790</u>	<u>\$ 3,149,659</u>	<u>\$ 114,131</u>
Fire:			
Salaries & employee benefits		\$ 1,751,687	
Vehicle maintenance		35,355	
Operating expenses		100,879	
Capital outlay		-	
Total	<u>\$ 2,030,947</u>	<u>\$ 1,887,921</u>	<u>\$ 143,026</u>
Total Public Safety	<u>\$ 5,294,737</u>	<u>\$ 5,037,580</u>	<u>\$ 257,157</u>
Transportation:			
Streets Repair and Construction:			
Salaries & employee benefits		\$ 506,090	
Vehicle maintenance		57,553	
Operating expenses		139,844	
Street lights		447,372	
Contracted services		-	
Capital outlay		-	
Total	<u>\$ 1,275,982</u>	<u>\$ 1,150,859</u>	<u>\$ 125,123</u>
Public Works:			
Salaries & employee benefits		\$ 389,112	
Vehicle maintenance		3,878	
Operating expenses		68,664	
Capital outlay		-	
Total	<u>\$ 470,012</u>	<u>\$ 461,654</u>	<u>\$ 8,358</u>
Total Transportation	<u>\$ 1,745,994</u>	<u>\$ 1,612,513</u>	<u>\$ 133,481</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Environmental Protection:			
Sanitation - Solid Waste Division:			
Salaries & employee benefits		\$ 252,492	
Landfill tipping fees		338,870	
Vehicle maintenance		71,021	
Operating expenses		15,071	
Capital outlay		-	
Total	<u>\$ 733,898</u>	<u>\$ 677,454</u>	<u>\$ 56,444</u>
Sanitation - Refuse Division:			
Salaries & employee benefits		\$ 212,574	
Refuse tipping fees		101,493	
Vehicle maintenance		79,237	
Operating expenses		46,999	
Capital outlay		-	
Total	<u>\$ 449,174</u>	<u>\$ 440,303</u>	<u>\$ 8,871</u>
Cemetery:			
Salaries & employee benefits		\$ 112,875	
Vehicle maintenance		3,723	
Operating expenses		8,433	
Capital outlay		-	
Total	<u>\$ 128,349</u>	<u>\$ 125,031</u>	<u>\$ 3,318</u>
Property Maintenance:			
Salaries & employee benefits		\$ 486,831	
Vehicle maintenance		23,651	
Operating expenses		5,811	
Capital outlay		-	
Total	<u>\$ 537,053</u>	<u>\$ 516,293</u>	<u>\$ 20,760</u>
Total Environmental Protection	<u>\$ 1,848,474</u>	<u>\$ 1,759,081</u>	<u>\$ 89,393</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Economic and Physical Development:			
Planning and Development:			
Salaries & employee benefits		\$ 467,410	
Operating expenses		39,566	
Vehicle maintenance		3,192	
Capital outlay		-	
Economic development		-	
Total	<u>\$ 531,361</u>	<u>\$ 510,168</u>	<u>\$ 21,193</u>
Miscellaneous:			
Main Street contribution		\$ 62,844	
Rescue squad		-	
Other		-	
Capital outlay		-	
Total	<u>\$ 64,448</u>	<u>\$ 62,844</u>	<u>\$ 1,604</u>
Total Economic and Physical Development	<u>\$ 595,809</u>	<u>\$ 573,012</u>	<u>\$ 22,797</u>
Cultural and Recreational:			
Davis Recreation:			
Salaries & employee benefits		\$ 237,810	
Vehicle maintenance		1,309	
Operating expenses		46,707	
Capital outlay		-	
Total	<u>\$ 359,980</u>	<u>\$ 285,826</u>	<u>\$ 74,154</u>
Roanoke Canal Museum:			
Salaries & employee benefits		\$ 15,494	
Operating expenses		52,238	
Total	<u>\$ 91,513</u>	<u>\$ 67,732</u>	<u>\$ 23,781</u>
Roanoke Rapids Theater:			
Salaries & employee benefits		\$ -	
Operating expenses		-	
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Roanoke Rapids, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Cultural and Recreational: (continued)			
Aquatic Center:			
Salaries & employee benefits		\$ 76,728	
Operating expenses		103,506	
Capital outlay		-	
Total	<u>\$ 225,219</u>	<u>\$ 180,234</u>	<u>\$ 44,985</u>
Parks:			
Salaries & employee benefits		\$ 316,166	
Vehicle maintenance		12,189	
Operating expenses		63,354	
Capital outlay		-	
Total	<u>\$ 422,674</u>	<u>\$ 391,709</u>	<u>\$ 30,965</u>
Chaloner Recreation:			
Salaries & employee benefits		\$ 48,579	
Operating expenses		13,868	
Capital outlay		-	
Total	<u>\$ 66,075</u>	<u>\$ 62,447</u>	<u>\$ 3,628</u>
Senior Citizens Center:			
Salaries & employee benefits		\$ 58,873	
Operating expenses		42,729	
Vehicle maintenance		111	
Capital outlay		-	
Total	<u>\$ 103,582</u>	<u>\$ 101,713</u>	<u>\$ 1,869</u>
Community Center:			
Salaries & employee benefits		\$ 2,030	
Operating expenses		29,339	
Capital outlay		-	
Total	<u>\$ 46,600</u>	<u>\$ 31,369</u>	<u>\$ 15,231</u>
Library:			
Salaries & employee benefits		\$ 138,343	
Operating expenses		66,967	
Capital outlay		-	
Total	<u>\$ 231,436</u>	<u>\$ 205,310</u>	<u>\$ 26,126</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (continued)			
Cultural and Recreational: (continued)			
Andrews Meeting Hall:			
Operating expenses		\$ 6,408	
Capital outlay		-	
Total	<u>\$ 7,650</u>	<u>\$ 6,408</u>	<u>\$ 1,242</u>
Total Cultural and Recreational	<u>\$ 1,554,729</u>	<u>\$ 1,332,748</u>	<u>\$ 221,981</u>
Debt Service:			
Bond/debt principal amount	\$ -	\$ 1,297,755	
Interest on debt		390,660	
Bond/service commissions		-	
Total Debt Service	<u>\$ 1,693,303</u>	<u>\$ 1,688,415</u>	<u>\$ 4,888</u>
Total Expenditures	<u>\$ 15,831,652</u>	<u>\$ 14,891,660</u>	<u>\$ 939,992</u>
Revenues Over (Under) Expenditures	<u>\$ (190,000)</u>	<u>\$ 1,186,287</u>	<u>\$ 1,376,287</u>
Other Financing Sources (Uses):			
Fund balance appropriated		\$ -	\$ -
Transfer from other funds	-	-	-
Installment financing	190,000	190,000	-
Total Other Financing Sources (Uses)	<u>\$ 190,000</u>	<u>\$ 190,000</u>	<u>\$ -</u>
Revenues and Other Financing Sources Over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 1,376,287</u>	<u>\$ 1,376,287</u>
Fund Balance, Beginning of Year		<u>4,159,112</u>	
Fund Balance, End of Year		<u>\$ 5,535,399</u>	

City of Roanoke Rapids, North Carolina
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2021

	Fire Station #2 Project	USDA Rural Development Garage Door Project	Downtown Revitalization	Clean Water Management Trust Fund	Total Nonmajor Capital Projects Funds
Assets					
Cash and cash equivalents	\$ 22	\$ -	\$ 1,200	\$ 19,512	\$ 20,734
Due from other governments	-	-	-	-	-
Grant receivable	-	-	-	-	-
Due from other funds	-	3,446	-	-	3,446
Accounts receivable	-	-	-	-	-
Total Assets	<u>\$ 22</u>	<u>\$ 3,446</u>	<u>\$ 1,200</u>	<u>\$ 19,512</u>	<u>\$ 24,180</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable & accrued liabilities	\$ -	\$ -	\$ -	\$ 1,500	\$ 1,500
Due to Other Funds	-	-	-	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 1,500</u>
Fund balances:					
Reserved by state statute	\$ -	\$ 3,446	\$ -	\$ -	\$ 3,446
Unassigned	22	-	1,200	18,012	19,234
Total Fund Balances	<u>\$ 22</u>	<u>\$ 3,446</u>	<u>\$ 1,200</u>	<u>\$ 18,012</u>	<u>\$ 22,680</u>
Total Liabilities and Fund Balances	<u>\$ 22</u>	<u>\$ 3,446</u>	<u>\$ 1,200</u>	<u>\$ 19,512</u>	<u>\$ 24,180</u>

(continued)

City of Roanoke Rapids, North Carolina
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2021

(continued)

	Special Revenue Funds			
	Local Law Enforcement Grant Fund	Hodgestown Project	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,831	\$ 2,498	\$ 4,329	\$ 25,063
Due from other governments	-	-	-	-
Grant receivable	-	-	-	-
Due from other funds	-	-	-	3,446
Accounts receivable	-	-	-	-
Total Assets	\$ 1,831	\$ 2,498	\$ 4,329	\$ 28,509
Liabilities and Fund Balances				
Liabilities:				
Accounts payable & accrued liabilities	\$ -	\$ -	\$ -	\$ 1,500
Due to General Fund	-	-	-	-
Total Liabilities	\$ -	\$ -	\$ -	\$ 1,500
Fund balances:				
Reserved by state statute	\$ -	\$ -	\$ -	\$ 3,446
Unassigned	1,831	2,498	4,329	23,563
Total Fund Balances	\$ 1,831	\$ 2,498	\$ 4,329	\$ 27,009
Total Liabilities and Fund Balances	\$ 1,831	\$ 2,498	\$ 4,329	\$ 28,509

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, 2021

	Fire Station #2 Project	USDA Rural Development Garage Door Project	Downtown Revitalization	Clean Water Management Trust Fund	Total Nonmajor Capital Projects Funds
Revenues					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	-	-	-	-	-
Other taxes and licenses	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Investment earnings	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures					
Current:					
Economic & physical development	\$ -	\$ -	\$ 210	\$ -	\$ 210
Capital outlay	-	-	-	-	-
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 210</u>	<u>\$ -</u>	<u>\$ 210</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (210)</u>	<u>\$ -</u>	<u>\$ (210)</u>
Other Financing Sources (Uses):					
Transfers (to) from other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Local contributions	-	-	-	-	-
Total Other Financing Sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (210)</u>	<u>\$ -</u>	<u>\$ (210)</u>
Fund Balances:					
Beginning of year, July 1	22	3,446	1,410	18,012	22,890
End of year, June 30	<u>\$ 22</u>	<u>\$ 3,446</u>	<u>\$ 1,200</u>	<u>\$ 18,012</u>	<u>\$ 22,680</u>

(continued)

City of Roanoke Rapids, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-major Governmental Funds
For the Year Ended June 30, 2021

(continued)

	Special Revenue Funds			
	Local Law Enforcement Grant Fund	Hodgestown Project	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Revenues				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	-	-	-	-
Other taxes and licenses	-	-	-	-
Miscellaneous	-	-	-	-
Investment earnings	-	-	-	-
Sale of fixed assets	-	-	-	-
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Current:				
Economic & physical development	\$ -	\$ -	\$ -	\$ 210
Capital outlay	-	-	-	-
Total Expenditures	\$ -	\$ -	\$ -	\$ 210
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ -	\$ -	\$ (210)
Other Financing Sources (Uses):				
Transfers (to) from other funds	\$ -	\$ -	\$ -	\$ -
Financing proceeds	-	-	-	-
Total Other Financing Sources (uses)	\$ -	\$ -	\$ -	\$ -
Net Change in Fund Balances	\$ -	\$ -	\$ -	\$ (210)
Fund Balances:				
Beginning of year, July 1	1,831	2,498	4,329	27,219
Prior period adjustment	-	-	-	-
End of year, June 30	\$ 1,831	\$ 2,498	\$ 4,329	\$ 27,009

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, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Investment earnings	\$ 150	\$ 349	\$ -	\$ 349	\$ 199
Federal grant	48,100	63,553	-	63,553	15,453
Total Revenues	\$ 48,250	\$ 63,902	\$ -	\$ 63,902	\$ 15,652
Expenditures:					
Capital outlay	53,405	66,415	-	66,415	(13,010)
Revenues Over (Under) Expenditures	\$ (5,155)	\$ (2,513)	\$ -	\$ (2,513)	\$ 2,642
Other Financing Sources:					
Transfer in	5,155	4,344	-	4,344	(811)
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 1,831</u>	<u>\$ -</u>	<u>\$ 1,831</u>	<u>\$ 1,831</u>
Fund Balance:					
Beginning of year, July 1			1,831		
End of year, June 30			<u>\$ 1,831</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, 2021

	Project	Actual			Variance
	Authorization	Prior	Current	Total to	Favorable
		Years	Year	Date	(Unfavorable)
Revenues:					
Investment earnings	\$ -	\$ 10,201	\$ -	\$ 10,201	\$ 10,201
Sale of fixed assets	165,000	95,008	-	95,008	(69,992)
Roanoke Rapids Sanitary					
District contribution	19,860	16,519	-	16,519	(3,341)
Spring Street reimbursement	-	8,500	-	8,500	8,500
Total Revenues	<u>\$ 184,860</u>	<u>\$ 130,228</u>	<u>\$ -</u>	<u>\$ 130,228</u>	<u>\$ (54,632)</u>
Expenditures:					
Contracted services	\$ 41,371	\$ 40,375	\$ -	\$ 40,375	\$ 996
Miscellaneous	139,882	-	-	-	139,882
Engineering and design	32,700	-	-	-	32,700
Testing of materials	2,500	-	-	-	2,500
Street/Utility Construction	115,719	87,636	-	87,636	28,083
Contingency	54,525	1,183	-	1,183	53,342
Total Expenditures	<u>\$ 386,697</u>	<u>\$ 129,194</u>	<u>\$ -</u>	<u>\$ 129,194</u>	<u>\$ 257,503</u>
Revenues Over					
(Under) Expenditures	<u>\$ (201,837)</u>	<u>\$ 1,034</u>	<u>\$ -</u>	<u>\$ 1,034</u>	<u>\$ 202,871</u>
Other Financing Sources:					
Transfers in (out)	\$ 42,270	\$ 1,464	\$ -	\$ 1,464	\$ (40,806)
Fund balance appropriated	<u>159,567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(159,567)</u>
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>
Fund Balance:					
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, 2021

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

City of Roanoke Rapids, North Carolina
Capital Project Funds - Fire Station #2 Project
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2021

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

City of Roanoke Rapids, North Carolina
Capital Project Funds - USDA Rural Development Garage Door Project
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2021

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

City of Roanoke Rapids, North Carolina
Capital Project Funds - Downtown Revitalization
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Econ Dev Grant - DOC	\$ 94,340	\$ 94,340	\$ -	\$ 94,340	\$ -
Total Revenues	\$ 94,340	\$ 94,340	\$ -	\$ 94,340	\$ -
Expenditures:					
Streetscape	\$ 35,000	\$ 35,000	\$ -	\$ 35,000	\$ -
Urban greenspace	54,340	52,930	210	53,140	1,200
Façade improvement	5,000	5,000	-	5,000	-
Total Expenditures	\$ 94,340	\$ 92,930	\$ 210	\$ 93,140	\$ 1,200
Revenues Over (Under) Expenditures	\$ -	\$ 1,410	\$ (210)	\$ 1,200	\$ 1,200
Fund Balance:					
Beginning of year, July 1			1,410		
End of year, June 30			\$ 1,200		

Other Schedules

This section contains additional information on property taxes.

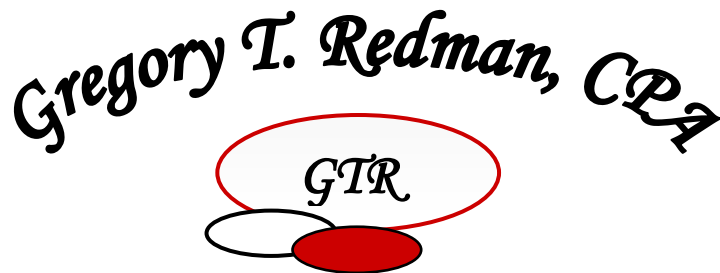
- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

City of Roanoke Rapids, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2021

Fiscal Year	Uncollected Balance June 30, 2020	Additions	Collections And Credits	Uncollected Balance June 30, 2021
2020-2021	\$ -	\$ 8,385,298	\$ 8,305,658	\$ 79,640
2019-2020	113,413	-	69,729	43,684
2018-2019	44,334	-	12,843	31,491
2017-2018	31,592	-	3,778	27,814
2016-2017	19,390	-	1,962	17,428
2015-2016	18,226	-	2,431	15,795
2014-2015	17,380	-	2,518	14,862
2013-2014	20,576	-	1,294	19,282
2012-2013	22,572	-	942	21,630
2011-2012	22,260	-	4,335	17,925
2010-2011	20,004	-	3,546	16,458
2009-2010	13,877		13,877	-
Total	<u>\$ 343,624</u>	<u>\$ 8,385,298</u>	<u>\$ 8,422,913</u>	<u>\$ 306,009</u>
Less allowance for Uncollectible Ad Valorem Taxes Receivable				<u>33,500</u>
Ad Valorem Taxes Receivable - Net				<u>\$ 272,509</u>
Reconciliation with Revenues:				
Taxes - Ad valorem - General Fund				\$ 8,319,104
Discounts allowed				75,215
Taxes written off				66,061
Penalties and interest				<u>(37,467)</u>
Total Collections and Credits (above)				<u>\$ 8,422,913</u>

City of Roanoke Rapids, North Carolina
Analysis of Current Tax Levy - City-wide Levy
For the Fiscal Year Ended June 30, 2021

	Total Property Valuation	Rate	Amount of Levy	Total Levy	
				Property Excluding Registered Vehicles	Registered Vehicles
Real Estate/Personal Property	\$ 1,140,733,948	0.651	\$ 7,426,178	\$ 7,426,178	\$ -
Motor Vehicles	148,233,948	0.651	965,003	-	965,003
Tax Levy	\$ 1,288,967,896		\$ 8,391,181	\$ 7,426,178	\$ 965,003
Afterlists & Discovery Billings	(903,687)	0.651	(5,883)	(5,883)	-
Net Levy	<u>\$ 1,288,064,209</u>		\$ 8,385,298	\$ 7,420,295	\$ 965,003
Less uncollected taxes at June 30, 2021			79,640	76,661	2,979
Current Year's Taxes Collected			<u>\$ 8,305,658</u>	<u>\$ 7,343,634</u>	<u>\$ 962,024</u>
Current Levy Collection Percentage			<u>99.05%</u>	<u>98.97%</u>	<u>99.69%</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, 2021, and the related notes to the financial statements, which collectively comprise the City of Roanoke Rapids, North Carolina's basic financial statements, and have issued my report thereon dated October 11, 2021.

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 fluid and cursive, with the letters "G", "T", and "R" being particularly prominent.

Gregory T. Redman, CPA
Tarboro, North Carolina
October 11, 2021