TOWN OF RIVER BEND

NORTH CAROLINA

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2016

TOWN OF RIVER BEND, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2016

PREPARED BY
FINANCE DEPARTMENT

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FINANCE OFFICER

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KATHLEEN DEYOUNG, DEPUTY TOWN CLERK

TOWN OF RIVER BEND

1981

NORTH CAROLINA

THE TOWN OF RIVER BEND, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year ended June 30, 2016

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INTRODUCTORY SECTION

- Letter of Transmittal
- Certificate of Achievement In Financial Reporting
- Distinguished Budget Presentation Award
- Map of River Bend
- List of Principal Officials
- Organizational Chart

TOWN OF RIVER BEND

1981

NORTH CAROLINA

TOWN OF RIVER BEND

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October 24, 2016

The Honorable Mayor John Kirkland,
Members of the Town Council, and
Citizens of the Town of River Bend, NC

State Law requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted auditing principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, the Comprehensive Annual Financial Report of the Town of River Bend, North Carolina for the fiscal year ended June 30, 2016 is presented herewith for your review.

This report is presented by the management of the Town of River Bend, which is responsible for the completeness and reliability of the information included in this report. To provide reasonable assurance that the information contained in the financial statements is complete and accurate, the Town has developed an internal control framework that is designed to protect the government's assets from loss, theft, or misuse and maintain reliable records for compilation and presentation. The Town has a small administrative staff but employees are cross-trained and checks and balances have been included in financial procedures. The concept of reasonable assurance recognizes that: (1) the cost control should not exceed the benefits likely derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. After a significant investment in accounting software and utilization of the controls and safeguards afforded by this system, we believe the Town's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The Town's financial statements and supplemental schedules in the Financial Section have been audited by the independent, certified public accounting firm of Petway Mills & Pearson, PA. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town, for the fiscal year ended June 30, 2016 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditors concluded, based on the audit, that there was reasonable basis for rendering an unqualified opinion that the Town's basic financial statements for the year ended June 30, 2016 were presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A).

This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

Community Profile

Founded as the City of River Bend Plantation, it was renamed the Town of River Bend in 1981 when it was incorporated. Located in Craven County a few miles south of historic New Bern, River Bend, North Carolina encompasses three square miles of wooded area, bordered by the Trent River on the south and a navigable canal system on the east. The Town of River Bend is a primarily residential community. A privately owned championship 18-hole golf course winds throughout the town and a privately owned marina serves the needs of recreational boaters.

Town Government

The Town of River Bend operates under the Council-Manager form of government. All five members of the Town Council (Council) are popularly elected to serve four-year terms. Terms of office are staggered so an election for at least a portion of the Council is held every two years.

The Mayor is elected directly by the voters to serve a four-year term and presides at all meetings of the Council and represents the Town at official functions. The Mayor, and each member of the Council, serves as liaisons to Advisory Boards, or in other administrative capacities in support of the function of the Town. The Mayor Pro-Tem is a member of the Council, selected by the Council to assume the duties of the Mayor in the Mayor's absence.

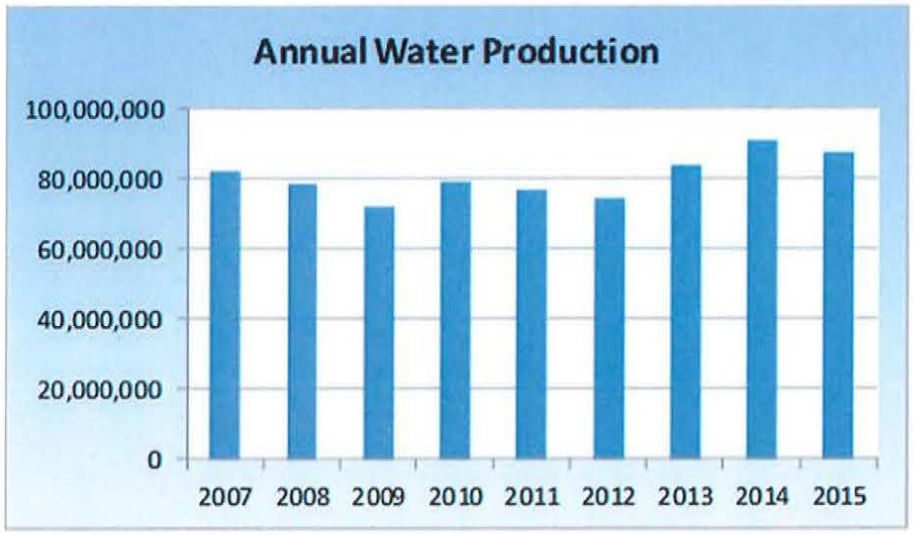
The Council appoints a Town Manager to handle the administrative affairs of the Town. The Manager is the supervisor of Town staff and, by law, the Town's budget officer. The Manager provides the Council with weekly and monthly reports regarding the operational and financial condition of the Town and works with the Council to establish and implement long range plans. The Council also appoints six volunteer boards to serve in advisory, planning and quasi-judicial capacities in accordance with their charge.

Water and Wastewater

The Town of River Bend operates two enterprises: the water system, and the sewer system. River Bend purchased these two businesses from a private company, Carolina Water Service, in 1995. These enterprises are operated as businesses by having all revenues and expenditures accounted for separately from other functions of the Town and by having rates established that cover all expenditures of the enterprise.

Water

Our water system withdraws from the Castle Hayne aquifer through three wells with a combined capacity of 925,000 gallons per day. Two elevated storage tanks with a total capacity of 400,000 gallons ensure a consistent supply and adequate pressure throughout the system. In 2015 (calendar year), we treated 87,475,000 gallons with a daily average of 239,658 gallons. In 2014, we treated 83,980,000 gallons of water, an average of 230,082 per day.



The water in the Castle Hayne aquifer, while plentiful, requires treatment to remove iron and manganese. Using pH adjustment, pressure filters and adding chlorine, our operators ensure that clean water is ready for our customers to use.

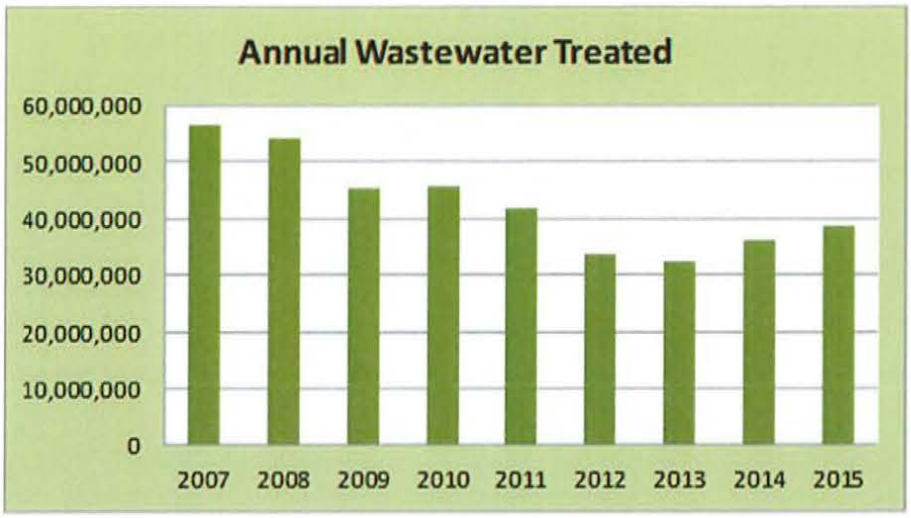
Water is available to 1,429 households and businesses through approximately 19 miles of pipe ranging in size from two to eight inches in diameter. In addition to providing water for consumption, our system also stands ready in the event of fire. There are 112 hydrants located throughout the system in order to give the fire department ample access to water for their work.

Our water system is monitored and regulated by the State of North Carolina which grants us a permit to operate. In accordance with State standards, water samples are tested at an independent laboratory for bacteria and other harmful contaminants. Each customer receives a copy of our annual report showing the results of our testing.

Wastewater

The Town of River Bend owns and operates a wastewater treatment and collection system which currently serves 958 households and businesses. Wastewater is collected from our customers and transmitted via approximately 11 miles of gravity and force main pipes. Ten lift stations pressurize portions of the system so the waste is efficiently moved to our treatment facility on Gull Pointe Drive. Seven of these lift stations, and the treatment plant itself, have backup power supplied by fixed location generators. The other three lift stations can be powered by one of our mobile generators.

In calendar year 2015, we treated 38.6 million gallons of wastewater compared to 36.3 million gallons in 2014. The daily average treatment rate was 105,792 gallons in 2015 and 99,614 gallons in 2014. The State standard for waste treatment capacity is 330 gallons per day per household, which in our case translates to 317,460 gallons per day. This standard shows that we should be using 96% of our permitted capacity. On average, in 2015, we used 32% of our permitted capacity.

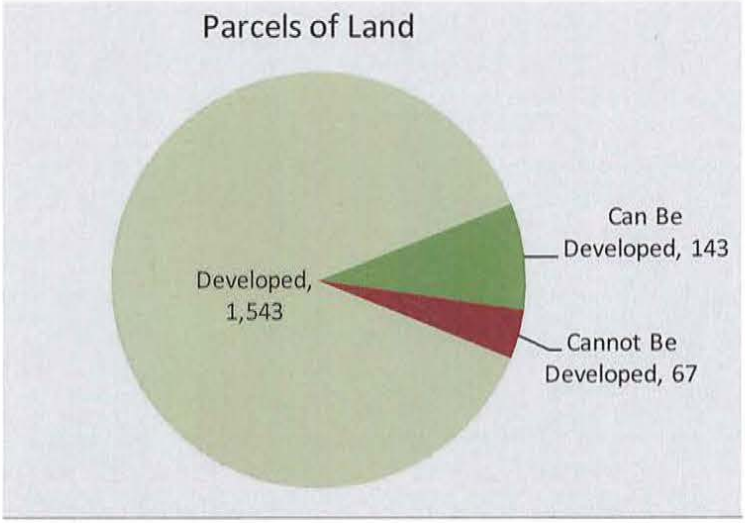


The North Carolina Department of Water Quality (DWQ) administers federal and state regulations designed to protect the quality of the receiving waters. Part of this administration is the issuance of permits for treatment facilities like the one we have here in River Bend. Our treatment plant has a permitted capacity of 330,000 gallons per day and discharges treated effluent to the Trent River. We take weekly samples of our effluent to test for chemical and nutrient content to ensure our plant is operating effectively and we are within the limits established by DWQ. In the summer months, we also sample river water up and downstream from our discharge point to determine what, if any, impact we are having upon the Trent River.

The Town holds three discharge permits, one for the main wastewater plant, and the other two to allow us to discharge backwash from our water treatment filters. These backwash discharge permits allow us to discharge up to 7,000 gallons per day at each site.

Land Use

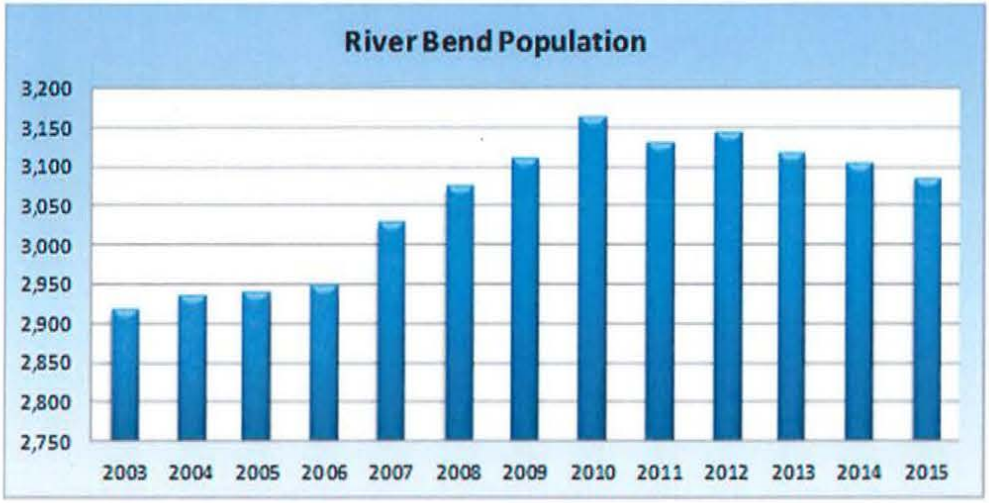
According to the US Census Bureau, the town has a total area of 2.8 square miles, of which 2.6 square miles is land and 0.2 square mile is water. The latest Craven County GIS data indicates land is divided into 1,753 parcels, of which 1,543 are developed and 210 undeveloped. There are approximately 29 acres of available commercial land, 18 acres of vacant institutional land, and over 287 acres of vacant residential land.



Population

The population of River Bend as reported in the 1990 US Census was 2,408; with a sizable 21.4% increase occurring between 1990 and 2000. The total 2000 population was reported to be 2,923. The 2010 Census provided an accurate count of 3,119 residents which is a 6.7% increase from the 2000 Census count.

According to the latest estimate from the North Carolina Office of Budget and Management (OBM), the July 1, 2015 population of River Bend is 3,063. The chart below shows the change in population since 2003. According to the OBM, there are 553 municipalities in North Carolina and the Town of River Bend is the 204th largest by population.

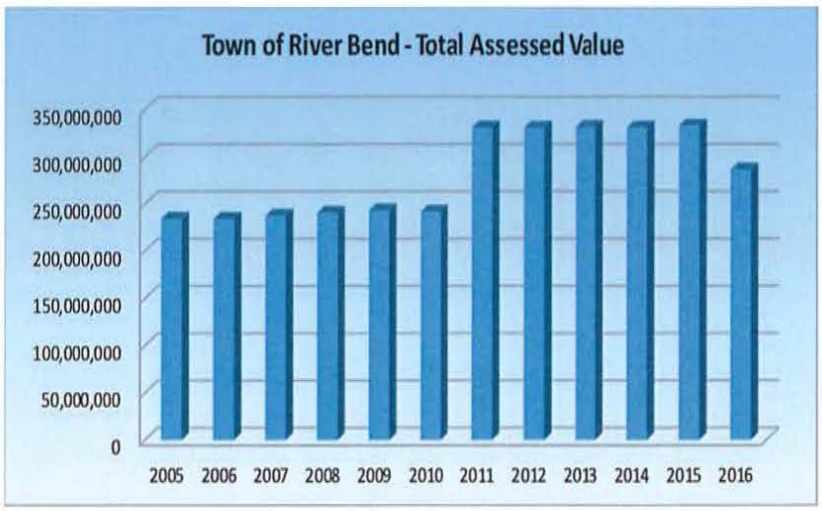


The median age in River Bend is 56.8 years old. According to the 2010 Census, veterans make up 24.1% of our population, compared to a national percentage of 9.9%.

Housing

The occupancy rate of River Bend's housing units is relatively high – 89.7% of the town's housing units are occupied, as reported in the 2010 Census. Of the vacant units, 2.5% are used for seasonal, recreational, or occasional use. Of the occupied units, 79.7% are owner-occupied, and 20.3% of the units are renter-occupied.

Housing values, particularly assessed values, in River Bend have decreased between reappraisals in 2010 and 2016. Based on estimates by the Craven County Tax Department, the value of real property decreased 14.65% in this six-year period which equates to a $49,072,191 reduction in assessed value. The chart to the right shows the Town's total assessed values for the last twelve years.



Economy

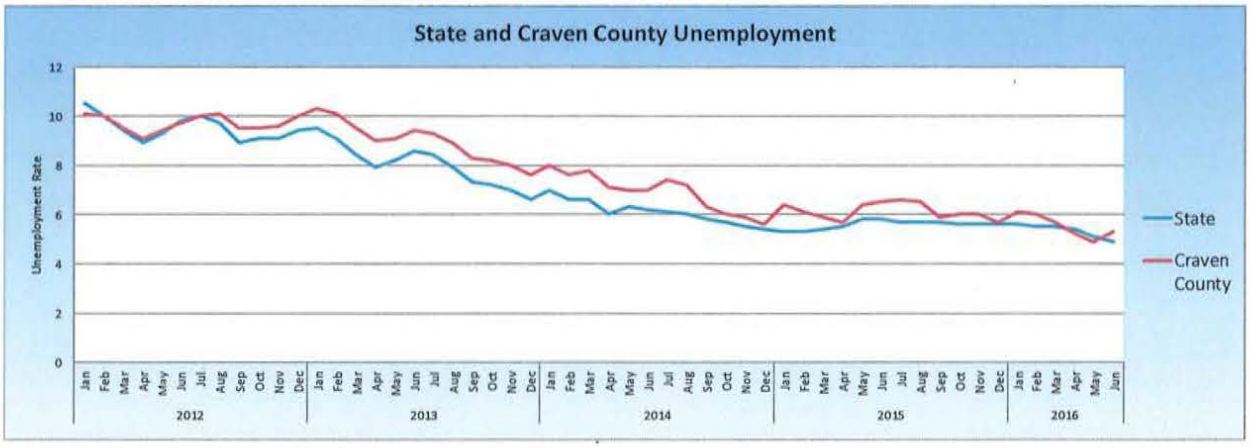
The 2010 Census reported that the majority of River Bend's workers were employed in the educational, health and social services (23%), and the manufacturing (20%) industries. Of our population over 16 years old, 56.8% were listed as "not in the labor force" in 2010.

This reflects the level of retirees in the Town. Of those in the labor force, 1.7% were listed as unemployed. Table 13 on page 86 of this report provides the top ten employers in Craven County. The predominant employers within the Town's corporate limits are the RHA Howell Center, the River Bend Golf and Country Club (Conjer Green, LLC) and Riverstone Health Management.

- RHA Howell Center serves children and adults with developmental disabilities on a 16-acre campus and has a 125-bed capacity.
- The River Bend Golf and Country Club is an eighteen-hole facility which includes a 6,000 square foot club house with a banquet facility and a 260,000-gallon swimming pool.
- Riverstone is a 40-bed licensed assisted living facility and also offers a complex of one and two bedroom apartments with a total of thirty-two apartments available. Services offered in this complex depend upon the amenities requested from tenants.

River Bend is conveniently located to all of the major employers within Craven, Jones, and Onslow Counties.

Craven County's unemployment, despite being boosted by the effect of local military and related employment, runs slightly higher than the statewide unemployment rate. As with other areas, Craven County and North Carolina have experienced increases in the rate of unemployment, but a downward trend over the last three years. The chart below tracks unemployment over the past four full years comparing the State and County rates.



The median household income recorded in the 2010 Census was $48,547 compared to a national median household income of $41,994. Only 4% of our population has an income below the poverty level, compared to a national poverty rate of 11.3%.

For residents 25 years of age and older, 93.2% have a high school or higher education; 26.5% have a bachelor's degree or higher, and 8% have a graduate or professional degree.

Initiatives

The Town of River Bend utilizes a well-planned and reasoned approach to major initiatives through the use of a capital improvement plan (CIP), which is addressed in the Town's Financial and Budgetary Policies. The purpose of the CIP is to forecast and match projected revenues and major capital needs over a five-year period.

Capital planning is an important management tool that strengthens the linkage between community infrastructure needs and the financial capacity of the Town. The River Bend CIP achieves five major objectives as a component of the Town's budget and financial planning process:

1. Helps the Town rationally and intelligently plan for the repair, replacement, and acquisition of capital items that are necessary in providing high quality services to the citizens of River Bend.
2. Assists in fiscal planning by forecasting capital demands together with future revenues and expenditures.
3. Ensures better coordination, evaluation, and planning of projects to serve the community and its needs.
4. Serves together with the annual budget and other financial plans as a guide to decision-making for the Town Council, Town Manager, and staff.
5. Serves as a systematic and comprehensive analysis of capital needs increasing the probability of making rational budgetary judgments since improvements are identified, prioritized, and matched to the projected fiscal resources of the Town.

Generally defined, CIP expenditures are those of major value that recur irregularly, result in the acquisition (or significant modification) of a fixed asset, and has a useful life greater than one year. The CIP is updated annually as part of the Town's regular budget process. Projects are reviewed and evaluated based on the Mayor's and Council's priorities, other Town infrastructure needs, the financial capacity of the Town and the impact the projects will create on the Town's operating budget.

Once the projects are evaluated, a recommended CIP is developed that identifies the selection and timing of capital projects into future fiscal years. First-year projects are incorporated into the recommended annual operating budget. The Mayor and Council are presented the future planning years for their consideration, review, and endorsement so staff can proceed with planning and evaluation of potential capital projects.

By capturing known or planned expenditures and predicting, based on historical data, future expenditures we are able to develop a reasonable estimate of trends over the next five years. These projections are reviewed annually to see how they correlate to actual expenditures and revenues and to determine if changes in the economic climate warrant changes in the underlying assumptions.

In planning for the 2016-17 fiscal year, the Town Council and staff were mindful of the need to control costs while continuing to provide necessary services and maintain our infrastructure. Each year our contracted engineer reviews an evaluation he performed on all our streets in order to determine the priority for our paving funds.

We budget to follow the plan which includes paving two streets and providing patching on one street, for a budgeted amount of $122,445 this year. There is also a provision of $15,000 for other striping and patching. Paving funds provided by the State (Powell Bill by name) via a direct appropriation of state dollars are based upon our population and number of miles of roads. Powell Bill revenue was budgeted for $90,000 so local revenue in the amount of $47,445 will be budgeted to complete this project.

In this budget, we propose to address one minor drainage project adjacent to Teakwood Drive for an estimated amount of $5,000. All the work we do relative to managing storm water is aimed at not only providing relief for emergent drainage problems but also at being conscious of the environmental impact storm water can have on receiving streams. The Town, in many ways, serves as a model for good storm water management practices, using grassy swales rather than the traditional urban model of curbs and gutters.

Our IT replacement plan, which is funded also through our Capital Improvement Plan reserves, does not require any hardware purchases in this fiscal year. In fiscal year 2012 we migrated away from maintaining our IT infrastructure on-site to "the cloud" model, thereby eliminating the more expensive components of our infrastructure. We continue to replace certain pieces of hardware to keep our system viable, but have reduced our IT hardware inventory by 40%. Our estimate of cost savings show that we will save nearly $31,000 over the first eight years of using this approach to IT.

Also included in the Capital Improvement Plan is our vehicle replacement plan which provides for the replacement of a public works truck this year at a cost of $22,000.

Programs are being funded to support the Parks and Recreation Advisory Board plans to continue its efforts to provide yoga, craft making, and special events throughout the year, the largest of which is the annual 4th of July parade and picnic. Also included is continued funding for the Community Organic Garden and Education Center on Town-owned land that will allow residents to engage in a group effort to learn best practices in growing, cooking, and preserving organic produce.

For the enterprise funds, water and sewer, we utilize a professionally designed utility rate model so the impact of the proposed expenditures and desired level of reserves can be compared to revenue at various rate levels. Based upon the proposed expenditures and the revenue projected, we are recommending no change in the rates.

Plans for the water utility include continuing a multi-year project to interconnect our water system with that of the City of New Bern. The cost, $42,000, will be borne by the Water Capital Reserve Fund. The interconnection would allow both utilities to have a back-up supply of water should either develop supply, treatment, or storage difficulties. Other budgeted expenditures include $15,000 for replacing Well #3 filter media and the purchase of a truck, $27,280, whose cost will be shared by the water and sewer funds.

The cash balance in this utility is sufficient to respond to unknown conditions and there are no identified long-term capital needs that require the continued building of cash reserves. It is projected that Water Fund cash reserves will be at 123% of expenditures for the next five years.

The wastewater treatment system will make repairs to the surge tank to insure the plant is functioning efficiently for a budgeted cost of $13,000. The Sewer fund will also pay 50% of the cost of a new vehicle.

Sewer rates were increased 6.87% in FY 2015 to account for the effect of inflation since the last increase in FY 2011. This will allow cash reserves to be built back up after the FY 2015 project in the sewer enterprise, in the amount of $210,000, to contract for the design and permitting for renovation and upgrades to the wastewater treatment plant to continue to serve those who are currently served by the collection and treatment systems.

No plans are being made to change the permitted capacity of the treatment plant, rather, the Council is attempting to remain proactive in their approach to maintaining the life of the plant and be ready for changes in nutrient limits that are likely to be part of our next permit renewal in 2018. Sewer Fund cash reserves are projected to be at least 91% of expenditures for the next five years.

One major consideration during the budget preparation this year was the recent revaluation of property in Craven County. The revaluation resulted in an estimated decrease in property value of $49,072,191 or a 14.65% reduction in the value of taxable property. The revenue neutral tax rate, adjusted for growth and in accordance with North Carolina General Statute 159.11, is $0.3114. Even while maintaining a progressive posture relative to maintaining infrastructure, providing competitive compensation for our staff, and maintaining sufficient reserves, we are able to propose a budget with a tax rate of $0.3105.

Financial Management

The Town of River Bend maintains comprehensive financial and budgetary policies covering a broad range of the elements of the Town's financial plans and financial systems that underlay the management of overall financial resources. These policies have major objectives to be achieved that include:

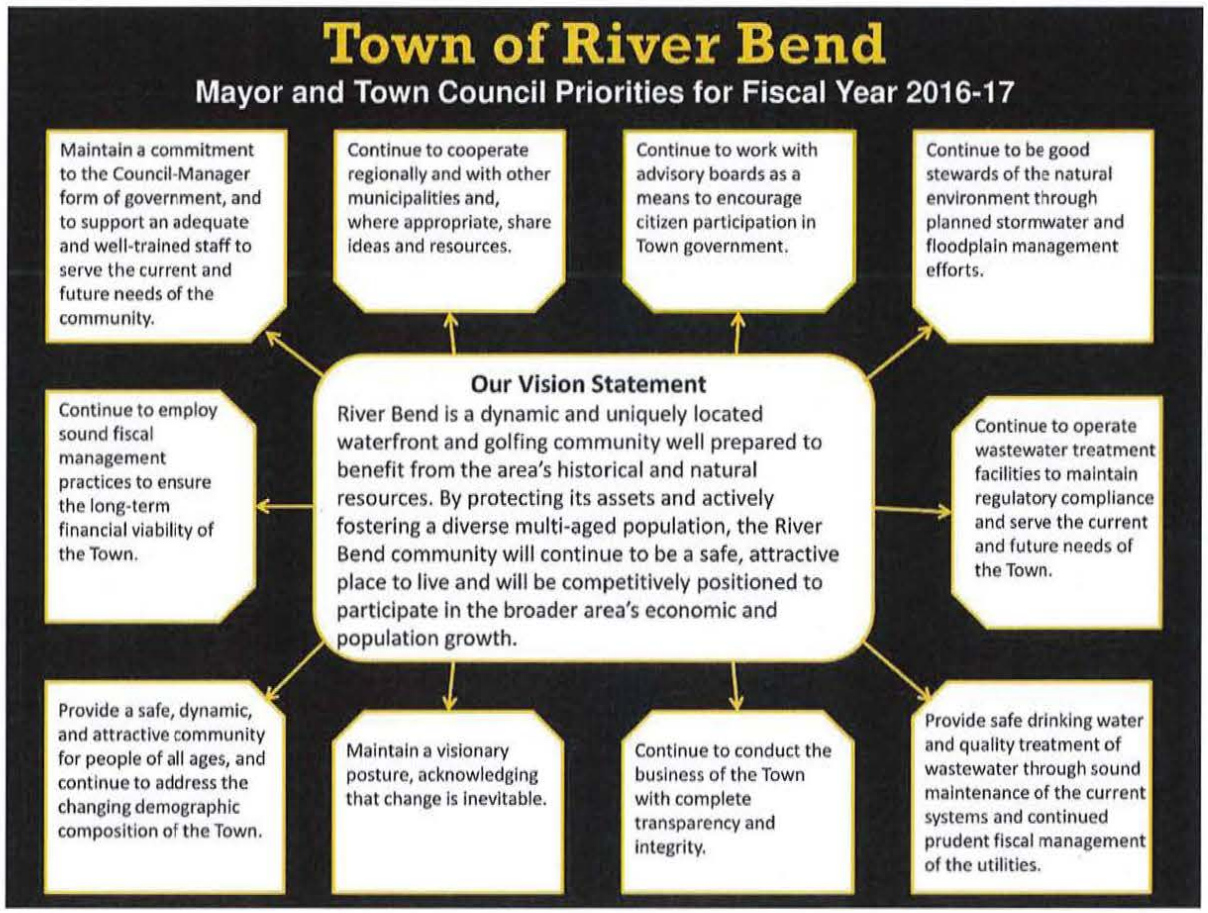
- To link long-term financial planning with short-term daily operations and decision-making.
- To maintain and improve the Town's financial position.
- To maintain and improve the Town's credit ratings by meeting or exceeding the requirements of rating agencies through sound financial policies.
- To maintain and increase investor confidence in the Town and to provide credibility to the citizens of the Town regarding financial operations.
- To comply with the North Carolina Budget and Fiscal Control Act and the policies of the North Carolina Local Government Commission (the "LGC").
- To effectively conduct asset-liability management of the Town's balance sheet.

The Town's Financial and Budgetary Policies states that the target goal for the General Fund's unrestricted and unassigned fund balance shall be greater than 50% of the actual expenditures of the then completed fiscal year. The Town Council is committed to maintaining this level of fund balance.

Budgetary Control

In accordance with the North Carolina Local Government Budget and Fiscal Control Act, the Town adopts an ordinance containing balanced budgets for each of the three major funds for the fiscal year beginning on July 1 and ending on June 30. The budget ordinance also includes, as required by the Act, the property tax levy and rate. Budgeted expenditures are approved by the ordinance at the department level.

The Town of River Bend employs a progressive and transparent budget development process that allows for significant participation from elected officials, advisory boards, staff, and the public. The process formally begins with a kick-off meeting where the Council discusses its priorities for the coming fiscal year in terms of how they respond to the Town's Mission Statement, which is presented below. The Finance Officer leads a general discussion concerning the current fiscal year and trends observed that might impact the budget planning process.



The Council also approves a schedule of budget workshops. At these workshops, the professional staff presents details of revenue and expenses in each fund. Through direct interaction with the Council in a less formal setting, the staff is able to get the consensus of the elected body in terms of the details contained in the budget. The Council is also able to hear from residents who attend these sessions in an informal setting. Following the last of these workshops, the professional staff prepares the Budget Message and the final budget document.

Independent Bond Rating

In FY 2013 we refinanced our general obligation bond debt for the enterprise funds, saving nearly $300,000 over the remaining life of the bonds, ending in FY 2027. In the process of refunding our bond debt, we obtained updated ratings from the agencies who analyze and rate our debt. The following summarizes their findings:

Standard and Poor's
In 2009 we received an upgrade from S&P from A to A+. Following their review in 2013 we received another upgrade from A+ to AA-. Here is an excerpt from their rating rationale:

"The upgrade reflects our assessment of, what we consider, the Town's historically strong financial performance due, in part, to, what we regard as, conservative budgeting practices that have helped the town historically maintain, in our view, extremely strong available general fund reserves."

Moody's
Following their review in 2013 we received a confirmation of their A1 rating. Here is an excerpt from their rating rationale:

"Moody's expects the Town's financial position will remain favorable, supported by a diverse revenue stream and conservative budgeting."
"The A1 rating reflects the Town's stable, modest tax base; healthy financial performance with ample reserves; and manageable debt position with no future borrowing planned."

These favorable reviews, especially in the current economy, is a testimony to the financial strength of this Town. Through good planning and making difficult decisions, River Bend will remain viable and strong for the future of this community.

Conclusion and Acknowledgements

These economic times make it more important and challenging than ever to concentrate our budgeting efforts on maintenance of current services, Town-owned property and infrastructure while attempting to keep rates and fees reasonable. Our Town Council members accept their responsibility with great conviction and sincerity, and remain well informed and engaged in the operation of this government. These financial statements reflect the Council's commitment to maintaining and improving this community, and positioning it to be financially sound in the future.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for the Excellence in Financial Reporting to the Town of River Bend for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. This was the fifth year that the government received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this report was made possible by the effort and dedication of the Town's staff, Finance Officer, and our independent auditors, Petway Mills & Pearson, PA, led by Senior Accountant Jessica Murphy, CPA. Credit must also be given to the Mayor and Town Council for their ongoing support for maintaining the highest standards of professionalism in the management of the Town of River Bend's finances.

Respectfully Submitted,

Irving "Bud" Van Slyke, Jr.	Margaret Theis	C. Delane Jackson
Finance Officer	Finance Administrator	Town Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of River Bend
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

Distinguished Budget Presentation Award

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

Town of River Bend

North Carolina

For the Fiscal Year Beginning

July 1, 2015

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Town of River Bend, North Carolina for its annual budget for the fiscal year beginning July 1, 2015. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. The 2015 award was our sixth consecutive award. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

RIVER BEND, NORTH CAROLINA

TOWN OF RIVER BEND
NORTH CAROLINA

Appointed and Administrative Positions

June 30, 2016

MAYOR

John Kirkland

TOWN COUNCIL

Luci Avery

William Camp

Morris "Buddy" Sheffield

Irving "Bud" Van Slyke, Jr.*

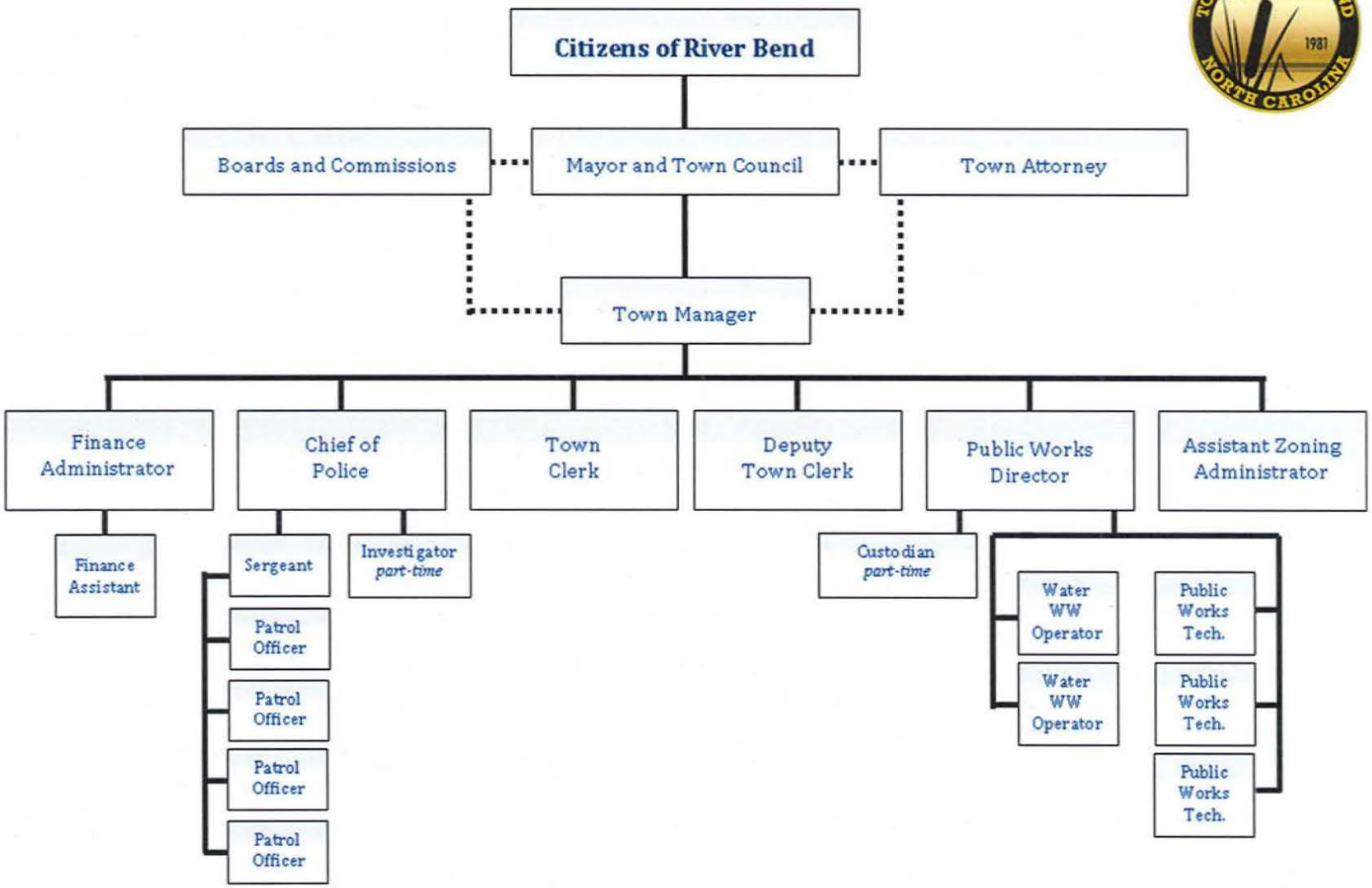
Patricia Yocum

*also serves as Mayor Pro Tem and Finance Officer

ADMINISTRATIVE STAFF

Delane Jackson	Town Manager
Margaret Theis	Finance Administrator
Ann Katsuyoshi	Town Clerk
Ryland Matthews, Jr.	Police Chief
Brandon Mills	Public Works Director

This Organizational Chart depicts the relationships between the Town staff, Town Manager, the Town Council, and Advisory Boards.



TOWN OF RIVER BEND

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NORTH CAROLINA

FINANCIAL SECTION

- Report of Independent Certified Public Accountants
- Management's Discussion & Analysis
- Basic Financial Statements
- Notes to the Financial Statements
- Required Supplementary Information
- Other Supplementary Information

TOWN OF RIVER BEND

1981

NORTH CAROLINA

REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF RIVER BEND

1981

NORTH CAROLINA

PM&P
PETWAY
MILLS &
PEARSON, PA
CERTIFIED PUBLIC ACCOUNTANTS

C. Briggs Petway, Jr.
Phyllis M. Pearson

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Memberships:

North Carolina
Association of
Certified Public
Accountants

American Institute
Of Certified Public
Accountants

Medical Group
Management
Association

Independent Auditors' Report

To the Honorable Mayor
and Members of the Town Council
Town of River Bend, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of River Bend, North Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of River Bend'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 to 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, we 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 presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of River Bend, North Carolina as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, 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 on pages 13 through 30, the Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress on page 70, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions on pages 71 and 72, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of River Bend, North Carolina's basic financial statements. The introductory information, combining and individual fund statements, budgetary schedules, other schedules, statistical section and Schedule of Expenditures of State Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules and other schedules, and the Schedule of Expenditures of State Awards are the responsibility of management and were derived from and relate 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. In our opinion, the combining and individual fund statements, budgetary schedules, other schedules and the accompanying Schedule of Expenditures of State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information and the statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2016 on our consideration of the Town of River Bend, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over

financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the Town of River Bend, North Carolina's internal control over financial reporting and compliance.

Petway Mills & Pearson, PA

PETWAY MILLS & PEARSON, PA
Certified Public Accountants
Zebulon, North Carolina

October 24, 2016

TOWN OF RIVER BEND

1981

NORTH CAROLINA

MANAGEMENT'S DISCUSSION & ANALYSIS

TOWN OF RIVER BEND

1981

NORTH CAROLINA

Town of River Bend
Management's Discussion and Analysis
June 30, 2016

As management of the Town of River Bend, we offer readers of the Town of River Bend's financial statements this narrative overview and analysis of the financial activities of the Town of River Bend, (the Town), for the fiscal year ended June 30, 2016. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

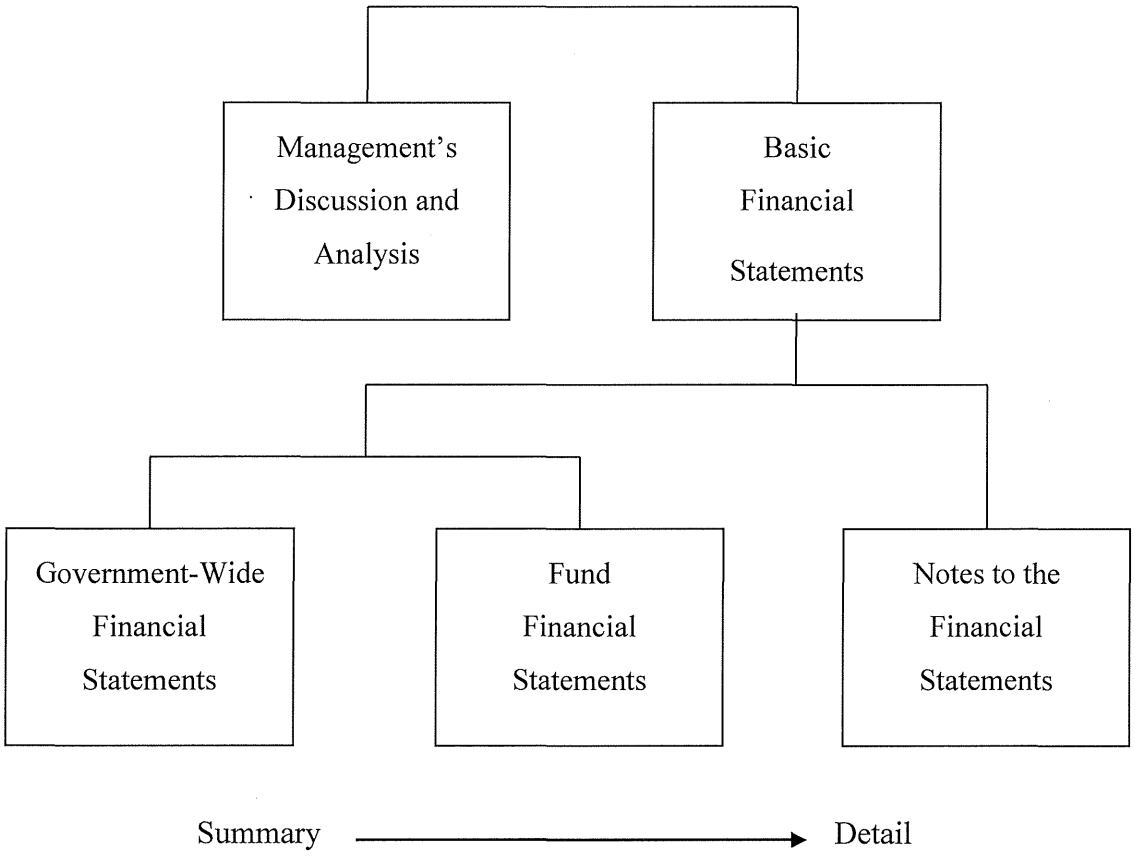
- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources by $5,963,052 *(net position)* at the close of the fiscal year.
- For governmental type activities, the Town's net position showed an increase of 8.7% at the close of the fiscal year at $4,698,070. Net position for business-type activities, which exclusively include the Water and Sewer Enterprise Funds, were $661,259 and $603,723, respectively, for a total of $1,264,982. This represents an increase of $105,108 in the value of net position in the Water Fund, and an increase of $141,226 in the value of net position in the Sewer Fund. Capital improvements for the water and wastewater systems amounted to $49,646. On-going depreciation of the infrastructure, a total of $192,460, continues to be a significant expense. The government's total net position increased by $555,671.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $2,141,990, an increase of $163,357. Approximately 6.5% of this amount, or $138,198, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $1,678,409 or 110% of total General Fund expenditures for the fiscal year. The Town Council's policy is that this ratio should be targeted at 50% of the completed fiscal year's actual expenditures. For the year ending June 30, 2016, this amounted to $765,236; therefore, the available fund balance for the General Fund was $1,238,556.
- The Town's total General Obligation bond debt decreased by $205,000 (7.5%) during the current fiscal year. The key factor in this decrease is the timely payments of debt service expenditures.
- The Town was upgraded to a AA+ bond rating by Standard and Poor's Rating Services on its G.O. Series 2013 refunding bonds. The original bonds were used to purchase and upgrade the water and wastewater operations. The Town of River Bend received a stable A1 bond rating from Moody's Investor Service.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town 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 Town of River Bend.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits C through K) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are four parts to the fund financial statements: 1) the governmental funds statements, 2) the budgetary comparison statements, 3) the proprietary fund statements, and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **Notes**. 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 Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the Town's pension plan.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town'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 Town's financial status as a whole.

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

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the Town's basic services, such as public safety, transportation, cultural and recreational, and general administration. Property taxes and State distributed sales tax, franchise revenues, and Powell Bill funds finance most of these activities. The business-type activities are those that the Town charges customers to provide services. These include the water and sewer services provided by the Town of River Bend.

The government-wide financial statements are on Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Town'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 Town of River Bend, 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 Statutes or the Town's budget ordinance. All of the funds of the Town of River Bend can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These 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.* This method also has a current financial resources 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 Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are described in a reconciliation that is a part of the fund financial statements.

The Town of River Bend 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 Town, the management of the Town, and the decisions of the Town Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town 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 Town Council, 2) the final budget as amended by the Town Council, 3) the actual resources, charges to appropriations, and ending balances in the General Fund, and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds. The Town of River Bend has one kind of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of River Bend uses two enterprise funds to account for its water and sewer operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Town of River Bend does not have any fiduciary funds.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of River Bend's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 12 of this report.

Interdependence with Other Entities. The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with the U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis. 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 resources of the Town of River Bend exceeded liabilities by $5,963,052 as of June 30, 2016. The Town's net position increased by $555,671 for the fiscal year ended June 30, 2016. The largest portion (59%) of total net position is the Town's unrestricted net position, $3,502,337 which are available for future spending. The Town reports net investments in capital assets (e.g. land, buildings, machinery, and equipment) as 39 percent of the total net position. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The remaining balance of $138,198 represents resources that are subject to external restrictions on how they may be used.

Town of River Bend's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other assets	$ 2,177,424	$ 1,932,352	$ 1,559,885	$ 1,386,853	$ 3,737,309	$ 3,319,205
Net pension asset - Separation Allowance	29,898	33,809	-	-	29,898	33,809
Net pension asset - LGERS	-	63,984	-	19,112	-	83,096
Capital assets, net	2,568,370	2,434,124	2,303,523	2,446,337	4,871,893	4,880,461
Total assets	4,775,692	4,464,269	3,863,408	3,852,302	8,639,100	8,316,571
Deferred Outflows of Resources:						
Contributions to pension plan, current year	43,141	45,074	12,251	12,729	55,392	57,803
Pension deferrals	7,251	-	2,046	-	9,297	-
Deferred charges on refunding	-	-	98,214	107,142	98,214	107,142
Total deferred outflows of resources	50,392	45,074	112,511	119,871	162,903	164,945
Liabilities:						
Current liabilities	53,426	37,023	264,727	259,339	318,153	296,362
Long-term liabilities	49,380	3,796	2,436,663	2,650,459	2,486,043	2,654,255
Total liabilities	102,806	40,819	2,701,390	2,909,798	2,804,196	2,950,617
Deferred Inflows of Resources:						
Pension deferrals	25,208	146,391	9,547	43,727	34,755	190,118
Net Position:						
Net investment in capital assets	2,568,370	2,434,124	(245,853)	(417,397)	2,322,517	2,016,727
Restricted	138,198	144,785	-	-	138,198	144,785
Unrestricted	1,991,502	1,743,224	1,510,835	1,436,045	3,502,337	3,179,269
Total net position	$ 4,698,070	$ 4,322,133	$ 1,264,982	$ 1,018,648	$ 5,963,052	$ 5,340,781

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

- Craven County's continuous diligence in collecting the Town's property taxes (excluding motor vehicles) achieved a levy tax collection rate of 99.75%, compared to the State-wide average of 98.01%. The motor vehicle taxes are being collected as part of the North Carolina Vehicle Tax System which collects tax along with tag renewals for a 100% collection rate.
- Ad valorem collections provided $14,496 in revenues above budgeted level. The majority of this amount, $11,316, was from motor vehicle tax collections.
- Sales & Use Tax revenue, which the County distributes based on the proportion our tax levy bears to the total levy of all local government units in the County, increased 5.6% from last fiscal year but because the Town Council budgets conservatively, this revenue was greater than budgeted amounts by $21,284.
- Utility franchise tax distribution produced a 5% increase in revenue over last fiscal year and more than the budgeted amount by $25,760.

- General Fund departmental expenditures to budget ended favorably ($153,440) while providing all budgeted services - particularly in capital outlay for the Plantation Drive bulkhead replacement project which came in under budget by $65,219.
- The annual comprehensive study of the operations and capital needs of the Water and Sewer systems in fiscal year 2015 resulted in a 6.87% sewer rate increase which continued to enable the enterprise funds to cover operating costs, fund capital improvements and maintain cash reserves this fiscal year.
- Operating efficiencies and a comprehensive maintenance plan for the water and sewer infrastructure were instrumental in boosting operating income by keeping expenditures well within operating budgets for the enterprise funds.

Town of River Bend's Changes in Net Position

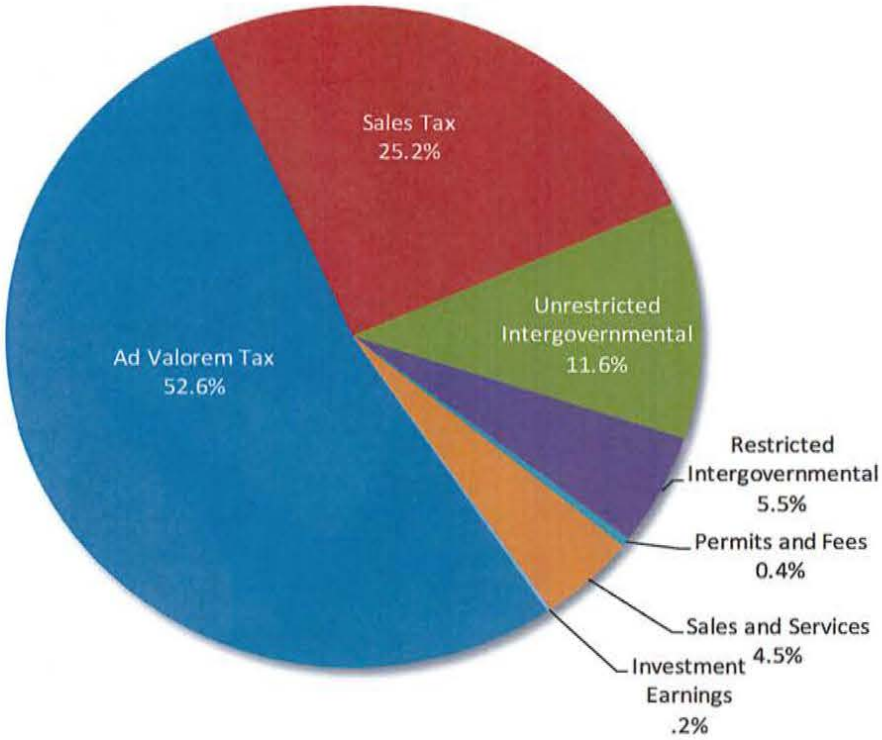
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	$ 77,094	$ 86,530	$ 1,158,954	$ 1,154,912	$ 1,236,048	$ 1,241,442
Operating grants and contributions	90,502	92,638	-	-	90,502	92,638
Capital grants and contributions	-	140	-	-	-	140
General revenues:						
Property taxes	892,127	889,746	-	-	892,127	889,746
Other taxes	622,875	606,825			622,875	606,825
Investment earnings, unrestricted	3,689	394	2,377	190	6,066	584
Miscellaneous, unrestricted	8,331	-	55	742	8,386	742
Total revenues	1,694,618	1,676,273	1,161,386	1,155,844	2,856,004	2,832,117
Expenses:						
General government	567,114	531,640	-	-	567,114	531,640
Public safety	496,151	494,107	-	-	496,151	494,107
Transportation	211,497	210,594	-	-	211,497	210,594
Environmental protection	65,071	84,328	-	-	65,071	84,328
Cultural and recreational	45,448	52,512	-	-	45,448	52,512
Water	-	-	431,291	426,220	431,291	426,220
Sewer	-	-	483,761	461,629	483,761	461,629
Total expenses	1,385,281	1,373,181	915,052	887,849	2,300,333	2,261,030
Increase in net position	309,337	303,092	246,334	267,995	555,671	571,087
Net Position:						
Beginning of year - July 1	4,322,133	4,095,042	1,018,648	773,356	5,340,781	4,868,398
Change in accounting principle	66,600	(76,001)	-	(22,703)	66,600	(98,704)
Beginning of year - July 1, restated	4,388,733	4,019,041	1,018,648	750,653	5,407,381	4,769,694
End of year - June 30	$ 4,698,070	$ 4,322,133	$ 1,264,982	$ 1,018,648	$ 5,963,052	$ 5,340,781

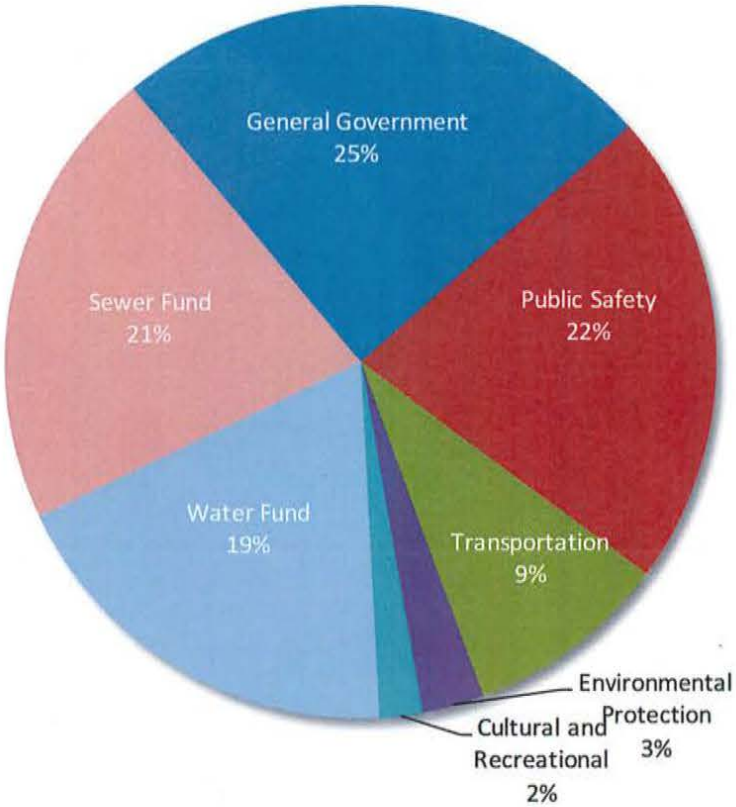
Governmental Activities. Governmental activities increased the Town's net position by $309,337, thereby accounting for 56% of the total growth in the net position of the Town. Key elements of this increase are as follows:

- Ad valorem taxes make up 53% of the governmental activity revenue. The Town's tax rate during FY15 remained at 26.5 cents with an assessed value of $332,276,611. River Bend's real and personal property tax base experienced little change from fiscal year 2015, with a Craven County collection rate of 99.75%. Motor vehicle tax collections increased slightly ($1,832) as the tax collection timing leveled out this fiscal year in the North Carolina Tax and Tag collection program.
- Sales tax is the second largest revenue source accounting for 25% of total governmental revenues. These revenues outperformed the budgeted level by $21,284. Because of the uncertainty of economic growth, the Town Council took a conservative approach when budgeting state provided revenues.
- Unrestricted intergovernmental revenue includes Utility franchise tax distributions which produced a 5% increase in revenue over last fiscal year and greater than the budgeted amount by $25,760.
- Powell Bill revenue is now a direct appropriation of State dollars through a formula based on the Town's population and street mileage. This restricted revenue source for street maintenance is included in the Operating Grants and Contributions.
- Exhibit 6 in the Basic Financial Statement outlines budget to actual performance in the General Fund for Town expenditures. Each functional area operated well within budgeted amounts, while still maintaining services, which contributed $153,440 to the Town's net position for the fiscal year. Capital outlays increased capital assets in the amount of $255,541; the General Fund Capital Improvement Plan contributed $220,553 from Capital Reserves for capital outlay.

Town of River Bend
Figure 4. Revenue Sources - Governmental Activities - Fiscal Year 2016



Town of River Bend
Figure 5. Functional Expenses - Fiscal Year 2016



Business-Type Activities. Business-type activities increased the Town's net position by $246,334, accounting for 44% of the total growth in the government's net position. Business-type activities reported for the Town are exclusively the Town's Water and Sewer Fund. The operations are self-supported by their respective user fees, which are determined using guidance from a professionally designed rate model.

- The prior fiscal year 2015 sewer utility rate increase of 6.87%, the equivalent of the increase in the consumer price index over the prior four years, will help maintain an average cash balance of 91% of expenditures as projected for the next five years.
- The water utility base fee was decreased last fiscal year in light of sufficient cash reserves to respond to routine maintenance and emergent conditions; operating cash is forecasted to be an average of 123% of expenditures for the next five years.
- Recent years' trends of natural conservation and other factors that contributed to falling billed usage appears to have stabilized for the 1417 households with water service and 951 households with sewer service. Operating revenues from water and sewer services adequately covered the operating expenses resulting in operating income and an increase in net position for both funds.
- The Water Fund increased its cash and cash equivalents balance by $98,949, resulting in ending cash balance of $848,011.

- The Sewer Fund increased its cash and cash equivalents balance by $80,470, resulting in an ending cash balance of $513,957.

Exhibits 8 and 9 provide this information in more detail.

Both enterprise operations experienced operating efficiencies through the diligent management of staff which was evidenced by savings in Contracted Services, Supplies & Materials, and Maintenance & Repair.

Water Fund:

- The Water Fund increased net position $105,108 from last year to $661,259 at year-end.
- Operating income was $137,868 down $3,697 from last year.
- No capital assets were acquired in the current year.
- Depreciation expense reduced net position in the amount of $102,858 compared to $102,574 last year.

Sewer Fund:

- The Sewer Fund increased net position $141,226 from last year to $603,723 at year-end. .
- Operating income was $169,984, down $23,564 from last year.
- Capital assets in the amount of $49,646 were acquired in the current year.
- Depreciation expense reduced net position in the amount of $89,602, compared to $86,761 last year.

The enterprise funds are self-supporting and user fees are adjusted, taking guidance from the aforementioned rate model to address the cost of operations and capital expenditures identified in the Capital Improvement Plans.

Financial Analysis of the Town's Funds

As noted earlier, the Town of River Bend uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

Total governmental fund balances were $2,141,990, an increase of $229,957 over the prior year. Included in this change is an increase in fund balance in the General Fund and an increase in fund balance in the Capital Reserve Funds. $21,057 represents the increase of committed funds retained in the Capital Reserve Fund. Conservative revenue budgeting, a moderate increase in sales tax revenue from the slowly recovering economy, a new distribution method for utility sales tax, and a change in motor vehicle tax collections method, combined with operating efficiencies by management and reduced use of contracted services, produced the remaining increase in fund balance.

The General Fund is the chief operating fund of the Town of River Bend. At the end of the current fiscal year, the Town's fund balance available in the General Fund was $1,238,556 and unassigned fund balance of the General Fund was $1,678,409, a 17% increase from prior year. Total fund balance reached $2,141,990. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

At year-end, unassigned General Fund balance represents 110% of total General Fund expenditures. The Town Council's policy states this ratio should be targeted at 50% of the completed fiscal year's actual General Fund expenditures. Total fund balance represents 140% of total General Fund expenditures and available fund balance represents 81% of that same amount.

The Department of State Treasurer reported the average fund balance of 73.14 percent for the group of non-electric cities with a population of 2,500 – 9,999 for the year ended June 30, 2015.

General Fund Budgetary Highlights. During the fiscal year, the Town revised the budget on two 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 become necessary to maintain services.

The budget was amended for:

- Street Maintenance in the amount of $50,000 for street maintenance. Funds were shifted from the Stormwater Management department as a result of a favorable contract price versus budgeted amount.
- Miscellaneous revenues in the amount of $575 for donations to Emergency Services (CERT) activities.
- Contingency funds were shifted to cover additional needs in the following departments: Governing Body, Administration, Finance, Public Buildings, and Leaf & Limb Services.
- Funds were returned to the Water Capital Reserve funds from the Water Fund operating budget for a project that was postponed until the next fiscal year.

Actual operating revenues for the General Fund were greater than the final budget by $73,619. State distributed electricity sales tax represents 35 percent of this, or $25,760. The Utility franchise tax distribution method was replaced by the electricity sales tax distribution method effective in fiscal year 2015 and produced a 44% and 5% increase in revenue over last two fiscal years. A favorable variance was realized in Ad Valorem taxes in the amount of $14,496. Sales tax revenues and the related hold harmless tax increased moderately over last fiscal year, $28,146, due to the recovering economy. The fiscal year revenues finished without the need for budgeted appropriated fund balance, $97,009.

The most recently completed reappraisal of real property by Craven County was effective in FY2011 resulted in an increase of real property in River Bend of 36.1% and a decrease in value of motor vehicles of 16.3%. The Town adopted an ad valorem tax rate of $0.265 per $100 of assessed value and reported a revenue neutral rate of $0.2169. Our growth in the tax base in the years since the last reappraisal averages less than 1%. The Town Council held the tax rate this year at $0.265. Craven County adopted a six-year revaluation schedule and then a four-year revaluation thereafter which would be 2016 and 2020, effective with the 2016-17 and 2020-21 tax levies.

Departmental expenditures were less than the final budgeted amounts by $153,440. Although each functional area contributed to this total amount, the most significant, $70,003, came from Environmental Protection department mainly due to favorable bid on a major project to replace the Plantation Drive bulkhead. Details of the budget and actual amounts for revenues and expenditures of the General Fund are presented in the Supplementary Information, Schedule 2, beginning on page 75. The Town complied with its budgetary requirements.

Proprietary Funds. The Town's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. These funds, which exclusively include the Town's Water and Sewer Funds, reported net position of $661,259 and $603,723, respectively, for a total of $1,264,982.

This represents an increase in the amount of $246,334 from last fiscal year. As stated before, a key element each year is depreciation; for this year in the Water Fund, $102,858, and the Sewer Fund, $89,602. Unrestricted net position of the Water Fund and Sewer Fund at the end of the fiscal year amounted to $1,510,835.

Other factors concerning the finances of these funds have been addressed in the discussion of the Town's business-type activities. The enterprise funds' users' fees are adjusted as needed to address the cost of operations, minor capital expenditures, and maintain a cash reserve for capital needs.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2016 totaled $4,871,893 (net of accumulated depreciation). These assets include buildings, land, improvements, equipment, vehicles, infrastructure, water and wastewater facilities, and construction in progress. The Town maintains a $5,000 capitalization threshold. Capital asset transactions during the year include the following additions (there were no significant demolitions or disposals.):

General Fund:

- $149,100, 2016 Street Paving Program.
- $72,363, Plantation Drive bulkhead.
- $5,418, 28' Sea Wall @ Captains Cove.
- $28,660, new police vehicle.

Water Fund:

- No capital outlay.

Sewer Fund:

- $15,835, Wastewater Treatment Plant upgrade design plans and wetlands delineation.
- $15,145, Wastewater Treatment Plant blower motor upgrade.
- $18,666, Gull Pointe lift station and Raft Road manhole improvements.

The Town of River Bend utilizes a well-planned and reasoned approach to major initiatives through the use of a Capital Improvement Plan (CIP), which is addressed in the Town's Financial and Budgetary Policies, Section VII, Capital Improvements Policy:

a. The Town will update and readopt annually a five-year capital improvement plan (CIP) which projects capital needs and details the estimated costs, description and anticipated funding sources for capital projects. A separate CIP will be developed for the General Fund, Water Fund, and Sewer Fund.

b. The annual update of the CIP will be conducted in conjunction with the annual operating budget process.

c. The first year of the five-year CIP will be the basis of formal fiscal year appropriations during the annual budget process.

d. A programming or cost estimation study is eligible for inclusion in the CIP for a project for which a future request is being considered. Such a study is encouraged in order to generate reliable cost estimates for the CIP.

e. The Town expects to see new capital items generally first appear in the last year of the CIP.

f. The Town acknowledges pay-as-you-go financing as a significant capital financing source, but will ultimately determine the most appropriate financing structure for each capital project both on an individual basis after examining all relevant factors of the project and in conjunction with the funding of the entire CIP.

Town of River Bend's Capital Assets

Figure 6

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	$ 929,320	$ 929,320	$ 183,357	$ 183,357	$ 1,112,677	$ 1,112,677
Construction in progress	-	-	220,070	-	220,070	-
Plant and distribution system	-	-	5,772,919	5,943,343	5,772,919	5,943,343
Furniture and equipment	-	-	264,798	264,798	264,798	264,798
Building and improvements	1,741,344	1,741,344	8,960	8,960	1,750,304	1,750,304
Equipment and vehicles	364,864	360,969	-	-	364,864	360,969
Infrastructure	1,639,978	1,413,197	-	-	1,639,978	1,413,197
Subtotal	4,675,506	4,444,830	6,450,104	6,400,458	11,125,610	10,845,288
Less accumulated depreciation	(2,107,136)	(2,010,706)	(4,146,581)	(3,954,121)	(6,253,717)	(5,964,827)
Capital assets, net	$ 2,568,370	$ 2,434,124	$ 2,303,523	$ 2,446,337	$ 4,871,893	$ 4,880,461

Additional information on the Town's capital assets can be found in Note 3 to the basic financial statements.

Long-Term Debt. As of June 30, 2016, the Town had total bonded debt outstanding of $2,525,000, all of which is backed by the full faith and credit of the Town.

Town of River Bend's Long-Term Debt

Figure 7

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	$ -	$ -	$ 2,525,000	$ 2,730,000	$ 2,525,000	$ 2,730,000
Unamortized premium on bonds	-	-	122,590	133,734	122,590	133,734
Compensated absences	27,755	25,310	14,114	11,479	41,869	36,789
Net pension liability (LGERS)	45,218	-	11,688	-	56,906	-
Total debt	$ 72,973	$ 25,310	$ 2,673,392	$ 2,875,213	$ 2,746,365	$ 2,900,523

In the process to advance refund the Series 2004 General Obligation bonds in 2013, the Town of River Bend received an upgrade in our Standard and Poor's rating to AA- and a stable A1 rating with Moody's Investor Service. In November of 2013, Standard and Poor's performed a routine evaluation of many of their ratings. As a result of this evaluation, the Town of River Bend received our third rating upgrade in four years, moving from AA- to AA+. This bond rating is a clear indication of consistently sound financial operations with ample reserves.

Additional information on the Town's long-term debt can be found in the notes to the basic financial statements. The Town's legal debt margin at June 30, 2016 was $25,700,000.

Economic Factors and Next Year's Budgets and Rates

The Town of River Bend is a small residential community in Craven County, home to approximately 3,104 people. Located several miles from the City of New Bern on Highway 17 South, residents are employed by industry and government within a wide radius of the Town, while a high percentage is retirees. Local area economy is experiencing a steady recovery; Craven County unemployment rate of 5.2% is closing in on the State seasonally adjusted rate of 4.9% and the national rate of 4.9% at the end of June 2016. Craven County unemployment rate at the end of June, 2015 was reported at 6.5%, the State average, 5.8%, and a national average of 5.3%.

Budget Highlights for the Fiscal Year Ending June 30, 2017

Governmental Activities. The budget represents the commitment of the Town Council to the mission statement established in the Town's Comprehensive Plan, and responds to the goals the Council established at their retreat in November 2015. These goals are the foundation upon which the budget is built. We invite you to review the annual budget report on our website www.riverbendnc.org/finance. This is the sixth year the Town has been awarded the Distinguished Budget Presentation Award by the Government Finance Officers Association.

The adopted tax rate of $0.3105 is revenue neutral for this revaluation tax year. The General Fund budget was formulated in compliance with the Financial and Budgetary Policies which stipulates a minimum contingency level of one percent of budgeted General Fund expenditures and a target of 50% unassigned fund balance at the end of the fiscal year. General Fund revenues and other financing sources are budgeted at $1,706,980, an 11.03% decrease from the 2016 fiscal year budgeted revenues and a 9.17% decrease compared to year-end revenues.

Diligent management of all Town resources, which includes a qualified professional staff, is critical in providing services to maintain the quality of life expected by the residents of our Town. The Town of River Bend budget supports eighteen full-time and two part-time employees. Personnel costs, including benefits, represent 38% of the total combined operating budget. Following the guidance of the Council, the budget reflects a .5% cost-of-living increase and 1% for longevity increases. An additional 1% merit pool is available to recognize outstanding performance of individual employees.

Included in the budget is an allocation of $10,000 to fund the Law Enforcement Officers' Separation Allowance. Our financial obligation for eligible retirees is $30,000 this year.

Each year our contracted engineer reviews an evaluation he performed on all our streets in order to determine the priority for our paving funds. We budget to follow the plan which includes paving two streets and providing patching on one street as well as new striping and reflective markers. The estimated cost is well above what we receive from the State through the Powell Bill appropriation so local revenue in the amount of $47,400 will be budgeted to complete this project.

Capital Improvement Plans (CIP) are used to plan for capital needs in each major fund area in order to sustain and improve infrastructure and operations within the financial capacity of the Town. Ongoing CIP budgeted funds for governmental activities, $175,050, include vehicle and information technology replacement plans, stormwater and canal maintenance, and the Wildwood facility replacement.

CIP budgeted expenditures this year in the amount of $52,000 will be for a public works truck, $22,000, and a provision for storm water maintenance, $30,000. Storm water maintenance is an ongoing focus for the Town and specific projects will be funded as they are prioritized and emergent issues addressed when necessary.

Included in the governmental CIP is a detailed plan for keeping our information technology equipment up to date. In fiscal year 2012 we migrated to "the cloud" which means our servers are maintained at a remote site by our IT contractor. This cost effective approach enabled us to reduce the amount of CIP funding for IT from $10,000 per year to $6,000 per year, while providing us with the necessary disaster recovery capability and efficient public e-mail retention. Due to reductions in the costs of our remaining hardware, particularly for mobile data terminals used by the police department, we were able to further reduce CIP funding to $2,000 in FY 2014.

Business-Type Activities. The adopted rate schedule reflects no rate changes in both the Water Fund and the Sewer Fund. Using the professionally designed utility rate model, revenues are projected and the necessary expenditures identified to maintain the infrastructure, pay debt service, and attain the appropriate level of cash reserves to sustain the quality of services provided by our community water and wastewater systems. Debt service accounts for 26% and 22% of the total expenditures for the Water Fund and the Sewer Fund, respectively. Based upon the proposed expenditures and revenue projects, the base fee for the water utility was decreased 16.4% or $3 per month for residential users (and by Equivalent Residential Units for other customers) in FY 2015. That base rate remains at this level for FY 2017. The cash balance in this utility is sufficient to respond to unknown conditions and there are no identified long term capital needs that require the continued building of cash reserves. It is projected that Water Fund cash reserves will be an average of 123% of expenditures for the next five years.

According to the Bureau of Labor Statistics, the consumer price index increased 6.87% since the last sewer rate increase in FY 2011. This factor was applied to the FY 2015 rates to arrive at the rates approved in the FY 2015 budget.

Business, commercial, and industrial rates are determined by Equivalent Residential Units and changed proportionately. The Sewer Fund cash reserves are projected to be at least 91% of expenditures for the next five years with that previous fiscal year rate change.

Water Capital Improvement Plan (CIP) annually budgeted funds of $63,000 have been reduced to $3,500 in this fiscal year. These funds support the vehicle replacement plan, well pump replacements, and all other planned or emergency cash-funded capital expenditures. As explained above, the Water Fund has sufficient cash reserves to address these needs. The CIP expenditures for the Water Fund this year, $77,500, include $42,000 for the estimated cost of interconnecting our water system with that of the City of New Bern. This project was carried forward from FY 2016. This interconnection would allow both utilities to have a back-up supply of water should either develop supply, treatment, or storage difficulties. The sharing of project costs and rates for purchase of water will be negotiated with the City before this project moves into planning and construction phases.

The Water CIP also provides for purchasing a new truck, with that cost being shared by the Sewer Fund $13,000 each, a Well meter replacement, $7,500, and filter material replacement at Well #3, $15,000.

Sewer Capital Improvement Plan (CIP) annually budgeted funds of $63,000 support the vehicle replacement plan and all other planned or emergency cash-funded capital expenditures. In fiscal year 2017, we plan to make repairs to the surge tank at the Wastewater Treatment Plant, $13,000, and share in the cost of a new truck, $13,000.

The FY 2015 project in the sewer enterprise was a contract for the design and permitting for renovation and upgrades to the wastewater treatment plant to continue to serve residents who are currently served by the collection and treatment systems. No plans are being made to change the permitted capacity of the treatment plant, rather, the Council is attempting to remain proactive in their approach to maintaining the life of the plant and to be ready for changes in nutrient limits that are likely to be part of our next permit renewal in 2018. The design and permitting phase of the project, costing $210,000, resulted in the Town being issued a construction permit from the State in January 2016 to allow us to renovate and upgrade the wastewater treatment plant. Once our wastewater treatment permit is renewed in 2018, the Council will determine if renovations are necessary to comply with the new permit. At that time further funding decisions will be addressed by the Council.

This budget reflects the Council's commitment to maintaining and improving this community and positioning it to be financially sound in the future.

Requests for Information

This report is designed to provide an overview of the Town'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 Margaret Theis, Finance Administrator, 45 Shoreline Drive, River Bend, North Carolina 28562-8970 or finance@riverbendnc.org. Get to know us on the Town of River Bend's web site: www.riverbendnc.org.

TOWN OF RIVER BEND

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NORTH CAROLINA

BASIC FINANCIAL STATEMENTS

TOWN OF RIVER BEND

1981

NORTH CAROLINA

TOWN OF RIVER BEND, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	$ 1,754,969	$ 1,347,476	$ 3,102,445
Taxes receivable, net	5,600	-	5,600
Accounts receivable, net	1,787	197,174	198,961
Prepaid items	-	-	-
Due from other governments	136,414	743	137,157
Total current assets	1,898,770	1,545,393	3,444,163
Non-current assets:			
Restricted cash and cash equivalents	278,654	14,492	293,146
Net pension asset - LEO Separation Allowance	29,898	-	29,898
Capital assets:			
Land and construction in progress	919,320	403,427	1,322,747
Other capital assets, net of depreciation	1,649,050	1,900,096	3,549,146
Total capital assets, net	2,568,370	2,303,523	4,871,893
Total non-current assets	2,876,922	2,318,015	5,194,937
Total assets	4,775,692	3,863,408	8,639,100
Deferred Outflows of Resources:			
Contributions to pension plan in current fiscal year	43,141	12,251	55,392
Pension deferrals	7,251	2,046	9,297
Deferred charge on refunding	-	98,214	98,214
Total Deferred Outflows of Resources:	50,392	112,511	162,903
Liabilities:			
Current liabilities:			
Accounts payable	24,109	13,506	37,615
Accrued expenses	130	-	130
Unavailable revenue - rents	5,595	-	5,595
Liabilities payable from restricted assets	-	14,492	14,492
Current portion of compensated absences	23,592	10,585	34,177
Current portion of long-term debt	-	226,144	226,144
Total current liabilities	53,426	264,727	318,153
Non-current liabilities:			
Non-current portion of compensated absences	4,162	3,529	7,691
Net pension liability	45,218	11,688	56,906
Non-current portion of long-term debt	-	2,421,446	2,421,446
Total long-term liabilities	49,380	2,436,663	2,486,043
Total liabilities	102,806	2,701,390	2,804,196
Deferred Inflows of Resources			
Pension deferrals	25,208	9,547	34,755
Total deferred inflows of resources	25,208	9,547	34,755
Net Position:			
Net investment in capital assets	2,568,370	(245,853)	2,322,517
Restricted for stabilization by State statute	138,198	-	138,198
Restricted for Streets	-	-	-
Unrestricted	1,991,502	1,510,835	3,502,337
Total net position	$ 4,698,070	$ 1,264,982	$ 5,963,052

The accompanying notes are an integral part of the financial statements.

TOWN OF RIVER BEND, NORTH CAROLINA **Exhibit B**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

		Program Revenues			Net Revenue (Expense) and Changes in Net Position		
					Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs:							
Primary Government:							
Governmental Activities:							
General government	$ 567,114	$ 71,544	$ -	$ -	$ (495,570)	$ -	$ (495,570)
Public safety	496,151	3,586	-	-	(492,565)	-	(492,565)
Transportation	211,497	-	90,502	-	(120,995)	-	(120,995)
Environmental protection	65,071	1,964	-	-	(63,107)	-	(63,107)
Cultural and recreational	45,448	-	-	-	(45,448)	-	(45,448)
Total governmental activities	1,385,281	77,094	90,502	-	(1,217,685)	-	(1,217,685)
Business-Type Activities:							
Water Fund	431,291	534,842	-	-	-	103,551	103,551
Sewer Fund	483,761	624,112	-	-	-	140,351	140,351
Total business-type activities	915,052	1,158,954	-	-	-	243,902	243,902
Total primary government	$ 2,300,333	$ 1,236,048	$ 90,502	$ -	(1,217,685)	243,902	(973,783)
	General Revenues:						
	Ad valorem taxes				892,127	-	892,127
	Local option sales taxes				411,712	-	411,712
	Franchise taxes				121,425	-	121,425
	Other taxes and licenses				89,738	-	89,738
	Interest earned on investments, unrestricted				3,689	2,377	6,066
	Special item - gain on sale of fixed assets				5,950	-	5,950
	Miscellaneous, unrestricted				2,381	55	2,436
	Total general revenues				1,527,022	2,432	1,529,454
	Change in net position				309,337	246,334	555,671
	Net Position:						
	Beginning of year - July 1				4,322,133	1,018,648	5,340,781
	Change in accounting principle				66,600	-	66,600
	Net Position, beginning, as restated				4,388,733	1,018,648	5,407,381
	End of year - June 30				**$ 4,698,070**	**$ 1,264,982**	**$ 5,963,052**

The accompanying notes are an integral part of the financial statements.

Exhibit C

TOWN OF RIVER BEND, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund
Assets:	
Cash and cash equivalents	$ 1,754,969
Restricted cash	278,654
Taxes receivable, net	5,600
Accounts receivable, net	1,787
Prepaid items	-
Due from other governments	136,414
Total assets	$ 2,177,424
Liabilities, Deferred Inflows of Resources, and Fund Balances:	
Liabilities:	
Accounts payable	$ 24,109
Accrued expenses	130
Unavailable revenue - rents	5,595
Total liabilities	29,834
Deferred Inflows of Resources:	
Unavailable revenue - property taxes	5,600
Fund Balances:	
Restricted for stabilization by State statute	138,198
Committed for general government capital outlay	278,654
Assigned	46,729
Unassigned	1,678,409
Total fund balances	2,141,990
Total liabilities, deferred inflows of resources, and fund balances	$ 2,177,424
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not current economic resources and, therefore, are not reported in the funds.	$ 2,568,370
Net pension assets	29,898
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position (Exhibit A)	43,141
Earned revenues considered deferred inflows of resources in fund statements.	5,600
Pension related deferrals	(17,957)
Net pension liability	(45,218)
Other long-term liabilities (compensated absences) are not due and payable in the current period and, therefore, are not reported in the funds.	(27,754)
Net position of governmental activities per Exhibit A	$ 4,698,070

The accompanying notes are an integral part of the financial statements.

Exhibit D

TOWN OF RIVER BEND, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2016

	General Fund
Revenues:	
Ad valorem taxes	$ 891,338
Other taxes and licenses	427,023
Unrestricted intergovernmental revenues	195,852
Restricted intergovernmental revenues	92,466
Permits and fees	7,227
Sales and services	67,903
Investment earnings	3,689
Miscellaneous	2,381
Total revenues	1,687,879
Expenditures:	
Current:	
General government	477,398
Public safety	500,640
Transportation	190,469
Environmental protection	66,053
Cultural and recreational	40,371
Capital Outlay	255,541
Total expenditures	1,530,472
Revenues over (under) expenditures	157,407
Other Financing Sources (Uses):	
Sale of fixed assets	5,950
Revenues and other sources over expenditures and other uses	163,357
Fund Balance:	
Beginning of year - July 1	1,912,033
Change in accounting principle	66,600
Fund balances, beginning, as restated	1,978,633
End of year - June 30	$ 2,141,990

The accompanying notes are an integral part of the financial statements.

TOWN OF RIVER BEND, NORTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different because:		
Net change in fund balances - total governmental funds (Exhibit D)		$ 163,357
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	255,541	
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(121,194)	
This is the amount by which capital outlays exceeded depreciation in the current period.		134,347
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities (Exhibit B).		43,141
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in deferred inflows for tax revenues		790
Expenses reported in the Statement of Activities (Exhibit B) that do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds statement.		
Compensated absences		(2,445)
Pension expense		(25,942)
Net pension asset - Law enforcement Separation Allowance		(3,911)
Change in net position of governmental activities, per Exhibit B		$ 309,337

The accompanying notes are an integral part of the financial statements.

TOWN OF RIVER BEND, NORTH CAROLINA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Over/Under
Revenues:				
Ad valorem taxes	$ 876,842	$ 876,842	$ 891,338	$ 14,496
Other taxes and licenses	402,380	402,382	427,023	24,641
Unrestricted intergovernmental revenues	168,827	168,827	195,852	27,025
Restricted intergovernmental revenues	92,800	92,800	92,466	(334)
Permits and fees	5,100	5,098	7,227	2,129
Sales and services	66,605	67,180	67,903	723
Investment earnings	501	521	3,079	2,558
Miscellaneous	-	-	2,381	2,381
Total revenues	1,613,055	1,613,650	1,687,269	73,619
Expenditures:				
General government	500,568	511,868	477,398	34,470
Public safety	488,214	547,449	500,640	46,809
Transportation	165,681	213,391	190,469	22,922
Environmental protection	184,056	70,837	66,053	4,784
Cultural and recreational	45,977	45,977	40,371	5,606
Capital Outlay	255,541	294,390	255,541	38,849
Total expenditures	1,640,037	1,683,912	1,530,472	153,440
Revenues over (under) expenditures	(26,982)	(70,262)	156,797	227,059
Other Financing Sources (Uses):				
Transfers from other funds	220,553	220,553	220,553	-
Transfers to other funds	(251,000)	(241,000)	(241,000)	-
Sale of fixed assets	7,900	7,900	5,950	(1,950)
Contingency	(27,500)	(14,200)	-	14,200
Appropriated fund balance	77,029	97,009	-	(97,009)
Total other financing sources (uses)	26,982	70,262	(14,497)	(84,759)
Revenues and other sources over (under) expenditures and other uses	$ -	$ -	142,300	$ 142,300
Fund balances, beginning, as previously reported			1,654,439	
Change in accounting principle			66,600	
Fund balances, beginning, as restated			1,721,039	
Fund balances, ending			$ 1,863,339	

The accompanying notes are an integral part of the financial statements.

TOWN OF RIVER BEND, NORTH CAROLINA

STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Major Enterprise Funds		
	Water Fund	Sewer Fund	Total
Assets:			
Current assets:			
Cash and cash equivalents	$ 841,499	$ 505,977	$ 1,347,476
Accounts receivable, net	94,991	102,926	197,917
Total current assets	936,490	608,903	1,545,393
Non-current assets:			
Restricted cash and cash equivalents	6,512	7,980	14,492
Capital assets, net:			
Land and construction in progress	118,171	285,256	403,427
Other capital assets, net of depreciation	988,019	912,077	1,900,096
Total capital assets, net	1,106,190	1,197,333	2,303,523
Total non-current assets	1,112,702	1,205,313	2,318,015
Total assets	2,049,192	1,814,216	3,863,408
Deferred Outflows of Resources:			
Contributions to pension plan in current fiscal year	6,027	6,224	12,251
Pension deferrals	930	1,116	2,046
Deferred charge on refunding	52,703	45,511	98,214
Total deferred outflows of resources	59,660	52,851	112,511
Liabilities:			
Current liabilities:			
Accounts payable	3,240	10,266	13,506
Liabilities payable from restricted assets - customer deposits	6,512	7,980	14,492
Compensated absences - current	5,186	5,399	10,585
Current portion of long-term debt	121,352	104,792	226,144
Total current liabilities	136,290	128,437	264,727
Non-current liabilities:			
Compensated absences	1,729	1,800	3,529
Net pention liability	4,860	6,828	11,688
Long-term debt	1,299,338	1,122,108	2,421,446
Total non-current liabilities	1,305,927	1,130,736	2,436,663
Total liabilities	1,442,217	1,259,173	2,701,390
Deferred Inflows of Resources:			
Pension deferrals	5,376	4,171	9,547
Total deferred inflows of resources	5,376	4,171	9,547
Net Position:			
Net investment in capital assets	(261,797)	15,944	(245,853)
Unrestricted	923,056	587,779	1,510,835
Total net position	$ 661,259	$ 603,723	$ 1,264,982

The accompanying notes are an integral part of the financial statements.

Exhibit H

TOWN OF RIVER BEND, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2016

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for services	$ 515,986	$ 610,585	$ 1,126,571
Water and sewer taps	2,820	2,500	5,320
Other operating revenues	16,036	11,027	27,063
Total operating revenues	534,842	624,112	1,158,954
Operating Expenses:			
Administration	229,414	242,411	471,825
Operations	65,891	123,141	189,032
Depreciation and amortization	101,669	88,576	190,245
Total operating expenses	396,974	454,128	851,102
Operating income (loss)	137,868	169,984	307,852
Non-Operating Revenues (Expenses):			
Investment earnings	1,557	820	2,377
Interest and fees	(34,317)	(29,633)	(63,950)
Other non-operating revenues	-	55	55
Total non-operating revenues (expenses)	(32,760)	(28,758)	(61,518)
Income (loss) before contributions and transfers	105,108	141,226	246,334
Transfers to other funds	-	-	-
Total income (loss) after contributions and transfers	105,108	141,226	246,334
Change in net position	105,108	141,226	246,334
Total net position, beginning	556,151	462,497	1,018,648
Total net position, ending	$ 661,259	$ 603,723	$ 1,264,982

The accompanying notes are an integral part of the financial statements.

TOWN OF RIVER BEND, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash Flows from Operating Activities:			
Cash received from customers	$ 521,106	$ 617,173	$ 1,138,279
Cash paid for goods and services	(172,015)	(236,693)	(408,708)
Cash paid to/on behalf of employees	(123,835)	(138,366)	(262,201)
Net customer deposits	423	727	1,150
Other operating revenues	16,036	11,082	27,118
Net cash provided (used) by operating activities	241,715	253,923	495,638
Cash Flows from Non-Capital Financing Activities:			
Net cash provided (used) by noncapital financing activities	-	-	-
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	(49,646)	(49,646)
Long-term debt issued	-	-	-
Principal paid on long-term debt	(110,006)	(94,994)	(205,000)
Interest and other costs paid on long-term debt	(34,317)	(29,633)	(63,950)
Net cash provided (used) by capital and related financing activities	(144,323)	(174,273)	(318,596)
Cash Flows from Investing Activities:			
Investment income received	1,557	820	2,377
Net increase (decrease) in cash and cash equivalents	98,949	80,470	179,419
Cash and Cash Equivalents:			
Balances, beginning	749,062	433,487	1,182,549
Balances, ending	$ 848,011	$ 513,957	$ 1,361,968
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	$ 137,868	$ 169,984	$ 307,852
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	102,858	89,602	192,460
Amortization	(1,189)	(1,026)	(2,215)
Change in assets and liabilities:			
(Increase) decrease in accounts receivables	2,299	4,088	6,387
(Increase) decrease in prepaid expenses	-	-	-
Decrease in net pension asset	9,140	9,972	19,112
Increase in deferred outflows of resources for pensions	(933)	(636)	(1,569)
Increase in pension liability	4,860	6,828	11,688
Decrease in deferred inflows of resources for pensions	(15,536)	(18,644)	(34,180)
Increase (decrease) in accounts payable	672	(8,353)	(7,681)
Increase (decrease) in customer deposits	423	727	1,150
Increase (decrease) in compensated absences	1,253	1,381	2,634
Total Adjustments	103,847	83,939	187,786
Net cash provided (used) by operating activities	$ 241,715	$ 253,923	$ 495,638
Noncash investing, capital, and financing activities:			
Net amortization of bond premium and deferred charges on refunding	$ 1,189	$ 1,026	$ 2,215

The accompanying notes are an integral part of the financial statements.

TOWN OF RIVER BEND

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NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

These notes are intended to communicate information necessary for a fair presentation of financial position and results of operations that are not readily apparent from or cannot be included in the financial statements themselves. The notes supplement the financial statements, are an integral part thereof, and are intended to be read in conjunction with the financial statements.

TOWN OF RIVER BEND

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NORTH CAROLINA

NOTE 1 - Summary of Significant Accounting Policies

The accounting policies of the Town of River Bend, North Carolina (the Town) 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 Town is a municipal corporation governed by an elected Mayor and five-members of the Town Council with a Manager-Council form of government. As required by generally accepted accounting principles, these financial statements present the Town.

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, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental and business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town'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: 1) fees and charges paid by the recipients of goods or services offered by the programs and 2) 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 Town's funds, including its fiduciary fund. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating items are ancillary activities, such as investment earnings.

The Town reports the following major governmental fund:

General Fund. The General Fund is the primary operating fund of the Town. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Reserve Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, it is consolidated in the General Fund.

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

The Town reports the following major enterprise funds:

Water Fund. This fund is used to account for the Town's water operations.

Sewer Fund. This fund is used to account for the Town's sewer operations.

C. Measurement Focus and Basis of Accounting

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

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund 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 Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, 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, entitlements, 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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as 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. As of September 1, 2013, State law altered 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 utilities franchise tax, collected and held by the State at year-end on behalf of the Town, are recognized as revenue. Sales taxes are considered a shared revenue for the Town of River Bend because the tax is levied by Craven 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 Town 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 Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are the allowances for doubtful accounts and asset depreciation lives.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Capital Reserve Fund, the enterprise funds and their respective capital reserve funds. All annual appropriations lapse at the fiscal year-end.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds. The Budget Officer is authorized to reallocate any appropriations within departments, to execute inter-fund and interdepartmental transfers in emergency situations, and to execute interdepartmental transfers in the same fund, including contingency appropriations, not to exceed $5,000. Notification of such transfers shall be made to the Town Council at its next meeting following the transfer. Any revisions that alter total expenditures of any fund must be approved by the governing board. During the year, two amendments to the original budget were necessary.

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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

1. Deposits and Investments

All deposits of the Town are made in Board-designated official depositories and are secured as required by G.S. 159-31. The Town may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town 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 Town 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 Town's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

2. Cash and Cash Equivalents

The Town pools monies from several funds, except the Pension Trust Fund, 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

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Restricted cash and cash equivalents at June 30, 2015 for customer deposits were $14,492. The Town also maintains a Capital Reserve Fund that is consolidated with the General Fund. The money held in the Capital Reserve Fund is presented as restricted cash in the General Fund. Restricted cash and cash equivalents at June 30, 2016 for the General Fund was $278,654.

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2015.

NOTE 1 - Summary of Significant Accounting Policies (Continued)

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Prepaid Items

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.

7. Capital Assets

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 date of donation. Minimum capitalization cost for the Town's assets are $5,000. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. 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 of the Town are depreciated on the straight-line basis over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings and systems	30 years
Maintenance and construction equipment	5 years
Furniture and office equipment	5 years
Medium and heavy motor vehicles	5 years
Automobiles and light trucks	5 years
Computer software and equipment	5 years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow 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 Town has three items that meets this criterion - contributions made to the pension plan in the current fiscal year, deferrals of pension expense that result from the implementation of GASB Statement 68, and a deferred charge on refunding of bonds that would have previously been classified as an asset. In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources.

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources (Continued)

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 Town has two items that meet the criterion for this category - property taxes receivable and deferrals of pension expense that result from the implementation of GASB Statement 68.

9. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

10. Compensated Absences

The vacation policies of the Town provide for the accumulation of up to 30 days of earned vacation leave, with such leave being fully vested when earned. For the Town's government-wide presentation, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The Town'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 Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

Net Position

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

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose 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.

Prepaid Items - portion of fund balance that is not an available resource, because it represents the year-end balance of prepaid items, which are not spendable resources.

***Restricted Fund Balance*:** This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute - represents the portion of fund balance that is restricted by State statute [G.S.159-8(a)]. Amount restricted at June 30, 2016 was $138,198.

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 the total unexpended Powell Bill funds.

Committed Fund Balance: This classification represents the portion of fund balance that can only be used for specific purposes imposed by majority vote of the Town of River Bend's Town Council (highest level of decision- making authority). The Town Council can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Any changes or removal of specific purpose requires majority vote by the members of the Town Council and through the adoption of an ordinance.

Committed for General Government Capital Outlay - portion of fund balance that has been set aside for future capital outlay by the members of the Town Council. At June 30, 2016, commitment for capital outlay was $278,654.

Assigned Fund Balance: Assigned fund balance is the portion of fund balance that the Town Council has budgeted to use for specific purposes. The Town Council has the authority to assign fund balance through a majority vote.

Law Enforcement Separation Allowance - portion of fund balance that is appropriated for the cash that was previously held in the Law Enforcement Separation Allowance Fund. At June 30, 2016, assigned fund balance for this purpose was $46,729.

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

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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

The Town has adopted a formal fund balance policy. The target goal of the Town for the General Fund unassigned fund balance shall be 50% of the actual expenditures of the then completed fiscal year. These funds will be utilized to avoid cash flow interruptions, generate interest income, eliminate the need for short-term borrowing, and maintain the Town's credit ratings. The fund balance may be purposefully drawn down below the target percentage for emergencies, economic influences, non-recurring expenditures, or major capital projects. If the fund balance falls below the target percentage for two consecutive years, the Town will replenish funds by direct appropriation in the next budget developed for the fiscal year after the occurrence is known. In that instance, the Town will annually appropriate 25% of the difference between the target percentage level and the actual balance until the target level is met. In the event appropriating 25% is not feasible, the Town will appropriate a lesser amount and shall reaffirm by Council resolution its commitment to fully replenish the fund balance over a longer period of time.

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	$ 2,141,990
Less:	
Stabilization by State statute	138,198
Streets	-
General Government Capital Reserve Fund	278,654
LEO Separation Allowance	46,729
Fund Balance policy	765,236
Remaining available fund balance	$ 913,173

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Reconciliation of the General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Exhibit F) to the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit D)

The Capital Reserve Fund is a legally budgeted fund that is consolidated into the General Fund for fund balance reporting purposes under the requirements of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Exhibit F presents only the General Fund and Exhibit D presents the General Fund and the Capital Reserve Fund consolidated as follows:

End of year (Exhibit F) - June 30	$ 1,863,339
Capital Reserve Fund:	
Revenues:	
Investment earnings	610
Expenditures:	
Transfers in - General Fund	241,000
Transfers out - General Fund	(220,553)
Fund balance:	
Beginning of year - July 1	257,594
End of year (Exhibit D) - June 30	$ 2,141,990

12. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of River Bend's employer contributions are recognized when due and the Town of River Bend 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.

NOTE 2 - Stewardship, Compliance, and Accountability

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

1. Noncompliance with North Carolina General Statutes
None.

2. Contractual Violations
None.

B. Deficit in Fund Balance or Net Position of Individual Funds
None.

C. Excess of Expenditures over Appropriations
None.

NOTE 3 - Detail Notes on All Funds

A. Assets

1. Deposits

All of the Town's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with the securities held by the Town's agent in the Town's 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 Town, these deposits are considered to be held by the Town's agent in its name.

The amount of the pledged collateral is based on an approved averaging method for noninterest 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 Town or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, 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 Town has no formal 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 Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2016, the Town's deposits had a carrying amount of $557,263 and a bank balance of $562,024. The Town only has deposits in institutions that collateralize under the Pooling Method. Of the bank balance, $250,000 was covered by federal depository insurance and $115,202 was covered by collateral held under the Pooling Method. The Town had petty cash of $600 at June 30, 2016.

2. Investments

At June 30, 2016, the Town had $2,837,732 invested with North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAm by Standard and Poor's. The Town's investment policy was updated by the Town Council, effective July 1, 2013, and is designed to invest public funds in a manner which provides the highest investment return with the maximum security while meeting the daily cash flow requirements of the Town. The Town's objectives in managing the investment portfolio, in order of priority, are safety, liquidity, and yield.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's investment policy established the following maturity limits:

- 60% of the portfolio maturities are no more than 3 years from the date of purchase.
- 80% of the portfolio maturities are no more than 5 years from the date of purchase.
- 95% of the portfolio maturities are no more than 10 years from the date of purchase.

NOTE 3 - Detail Notes on All Funds (Continued)

Additionally, the Town's policy requires purchases of investments to be laddered with staggered maturity dates and limits all investments to a final maturity of no more than 15 years. Credit Risk. Credit risk is the risk of loss due to the failure of the security issuer or backer. The Town will minimize this risk by pre-qualifying the financial institution and broker dealers, and establishing diversification limits by security type and by institution so that potential losses on individual securities will be minimized. It is the Town's policy to maintain a list of financial institutions that are authorized to provide investment services. Those institutions will be selected based on credit worthiness, and must maintain an office in the State of North Carolina, and show proof of National Association of Securities Dealers' certification. These may include "primary" dealers or regional dealers that qualify under SEC Rule 15C3-1. No other credit rating limitations other than this are imposed by the Town. The Town's investment policy sets forth a more restrictive list of investment types than that afforded by G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. As of June 30, 2016, the Town's investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's.

The Town does not have a formal policy on custodial credit risk.

3. Receivables -Allowances for Doubtful Accounts

Disaggregation information and allowance for doubtful accounts related to receivables reported at the government-wide level at June 30, 2016 were as follows:

	Accounts	Taxes	Total
Governmental Activities:			
General	$ -	$ 7,278	$ 7,278
Wildwood storage receivables	5,515	-	5,515
Other receivables	2,439	-	2,439
Due from other governments	136,414	-	136,414
Allowance for doubtful accounts	(6,168)	(1,678)	(7,846)
Total governmental activities	$ 138,200	$ 5,600	$ 143,800

	Water	Sewer	Total
Business-type Activities:			
Accounts	$ 49,322	$ 41,150	$ 90,472
Unbilled receivables	85,523	107,575	193,098
Due from other governments	-	-	-
Allowance for doubtful accounts	(39,854)	(45,799)	(85,653)
Total business-type activities	$ 94,991	$ 102,926	$ 197,917

Due from other governments consisted of the following:

	Governmental Activities	Business-Type Activities
Local option sales tax	$ 118,010	$ -
Sales tax refund receivable	9,592	-
Due from Craven County	8,812	-
Total	$ 136,414	$ -

NOTE 3 - Detail Notes on All Funds (Continued)

4. Capital Assets

Governmental Activities

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

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated				
Land	$ 929,320	$ -	$ -	$ 929,320
Total capital assets not being depreciated				
Capital assets being depreciated				
Buildings and improvements	1,741,344	-	-	1,741,344
Equipment and vehicles	360,969	28,660	24,765	364,864
Infrastructure	1,413,197	226,781	-	1,639,978
Total capital assets being depreciated	3,515,510	255,441	24,765	3,746,186
Less accumulated depreciation for				
Buildings and improvements	1,419,142	24,558	-	1,443,700
Equipment and vehicles	304,709	23,623	24,765	303,567
Infrastructure	286,856	73,013	-	359,869
Total accumulated depreciation	2,010,707	$ 121,194	$ 24,765	2,107,136
Total capital assets being depreciated, net	1,504,803			1,639,050
Governmental activities capital assets, net	$ 2,434,123			$ 2,568,370

Depreciation expense was charged to functions/programs of the primary government as follows:

General Government	$ 78,776
Public Safety	12,119
Transportation	24,239
Cultural & Recreational	6,060
Total depreciation expense	$ 121,194

NOTE 3 - Detail Notes on All Funds (Continued)

Capital Assets (Continued)

Business-Type Activities

Capital assets activity for the Water Fund for the year ended June 30, 2016 was as follows:

	June 30, 2015	Additions	Retirements	June 30, 2016
By Asset Type:				
Non-Depreciable Assets:				
Land	$ 118,171	$ -	$ -	$ 118,171
Depreciable Assets:				
Plant and distribution system	3,148,654	-	-	3,148,654
Buildings and improvements	4,480	-	-	4,480
Furniture and equipment	136,997	-	-	136,997
Total depreciable assets	3,290,131	-	-	3,290,131
Less Accumulated Depreciation:				
Plant and distribution system	2,061,697	102,746	-	2,164,443
Buildings and improvements	560	112	-	672
Furniture and equipment	136,997	-	-	136,997
Total accumulated depreciation	2,199,254	$ 102,858	$ -	2,302,112
Depreciable capital assets, net	1,090,877			988,019
Total Water capital assets, net	1,209,048			1,106,190

NOTE 3 - Detail Notes on All Funds (Continued)

Capital Assets (Continued)

Business-Type Activities (Continued)

Capital assets activity for the Sewer Fund for the year ended June 30, 2016 was as follows:

	June 30, 2015	Additions	Retirements	June 30, 2016
By Asset Type:				
Non-Depreciable Assets:				
Land	$ 65,186	$ -	$ -	$ 65,186
Construction in progress	-	220,070	-	220,070
Total non-depreciable assets	65,186	220,070	-	285,256
Depreciable Assets:				
Plant and collection system	2,794,689	33,811	204,235	2,624,265
Buildings and improvements	4,480	-	-	4,480
Furniture and equipment	127,801	-	-	127,801
Total depreciable assets	2,926,970	33,811	204,235	2,756,546
Less Accumulated Depreciation:				
Plant and distribution system	1,628,798	88,471	-	1,717,269
Buildings and improvements	560	112	-	672
Furniture and equipment	125,509	1,019	-	126,528
Total accumulated depreciation	1,754,867	$ 89,602	$ -	1,844,469
Depreciable capital assets, net	1,172,103			912,077
Total Sewer capital assets, net	1,237,289			1,197,333
Total business-type activities capital assets, net	$ 2,446,337			$ 2,303,523

NOTE 3 - Detail Notes on All Funds (Continued)

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2016 is composed of the following elements:

		Business-Type Activities		
	Governmental Activities	Water Fund	Sewer Fund	Total
Capital assets	$ 2,568,370	$ 1,106,190	$ 1,197,333	$ 4,871,893
Deferred outflows of resources- refunding	-	52,703	45,511	98,214
Less: Debt related to capital assets	-	(1,420,690)	(1,226,900)	(2,647,590)
Net investment in capital assets	$ 2,568,370	$ (261,797)	$ 15,944	$ 2,322,517

B. Liabilities

1. Accounts Payable

Payables at the government-wide level at June 30, 2016, were as follows:

	Vendors
Governmental Activities:	
General Government	$ 24,109
Business-Type Activities:	
Water Fund	3,240
Sewer Fund	10,266
Total	$ 13,506

2. Pension Plan and Other Post-Employment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town is a participating employer in the state-wide 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 government 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 consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members.

NOTE 3 - Detail Notes on All Funds (Continued)

Local Governmental Employees' Retirement System (Continued)

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

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

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 50, or have completed five years of creditable 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. Town of River Bend employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of River Bend's contractually required contribution rate for the year ended June 30, 2016, was 7.15% of compensation for law enforcement officers and 6.67% for general employees and firefighters, 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 Town of River Bend were $55,392 for the year ended June 30, 2016.

NOTE 3 - Detail Notes on All Funds (Continued)

Local Governmental Employees' Retirement System (Continued)

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

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

At June 30, 2016, the Town reported an asset of $56,906 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the Town's proportion was 0.013%, which was a decrease of 0.001% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Town recognized pension expense of $33,146. At June 30, 2016, the Town 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	$ -	$ 13,376
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	16,201
Changes in proportion and differences between Town contributions and proportionate share of contributions	9,297	-
Town contributions subsequent to the measurement date	55,392	5,178
Total	$ 64,689	$ 34,755

NOTE 3 - Detail Notes on All Funds (Continued)

Local Governmental Employees' Retirement System (Continued)

$55,392 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2017	$	(17,124)
2018		(17,124)
2019		(17,134)
2020		25,924
	$	(25,458)

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

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections.

NOTE 3 - Detail Notes on All Funds (Continued)

Local Governmental Employees' Retirement System (Continued)

Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	100%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2014 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of the net pension liability (asset)	$ 396,820	$ 56,906	$ (229,463)

NOTE 3 - Detail Notes on All Funds (Continued)

Local Governmental Employees' Retirement System (Continued)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

b. Law Enforcement Officers' Special Separation Allowance

Plan Description. The Town administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

The LEO Special Separation Allowance is accounted for as a Pension Trust Fund in the Town's Financial Statements. However, the Town has not established a trust that meets the specific criteria outlined by GASB Statements 67 and 68 which are: 1) the trust must be holding assets for the payment of benefits under this plan; 2) contributions to the plan must be irrevocable; and 3) the assets must be protected from the creditors of the unit.

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

Retirees receiving benefits	3
Terminated plan member entitled to but not yet receiving benefits	-
Active plan members	6
Total	9

A separate report was not issued for the Plan.

Summary of Significant Accounting Policies

Basis of Accounting. The Town 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.

NOTE 3 - Detail Notes on All Funds (Continued)

Law Enforcement Officers' Special Separation Allowance (Continued)

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers

Contributions. The Town 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 by making contributions based on actuarial valuations. For the current year, the Town contributed $10,000, or 3.7% of annual covered payroll. There were no contributions made by employees. The Town'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 annual required contribution for the current fiscal year was determined as part of the December 31, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year. The inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was market value. The remaining amortization period at December 31, 2014 was 16 years.

Three Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2014	$ 18,075	110.65%	$ (39,535)
2015	15,726	63.59%	(39,809)
2016	13,911	71.89%	(29,898)

Annual Pension Costs and Net Pension Obligation. The Town's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	$ 12,630
Interest on net penstion obligation	(1,690)
Adjustment to annual required contribution	2,971
Annual pension cost	13,911
Contributions made for fiscal year ending June 30, 2015	10,000
Increase (decrease) in net pension obligation	3,911
Net pension asset:	
Beginning of year - July 1	(33,809)
End of year - June 30	$ (29,898)

NOTE 3 - Detail Notes on All Funds (Continued)

Law Enforcement Officers' Special Separation Allowance (Continued)

The negative amount shown above as the net pension obligation represents asset amounts or prepaid expenses. At year-end, there was no net pension obligation.

Funded Status and Funding Progress. As of December 31, 2015, the most recent actuarial valuation date, the Plan was unfunded. The actuarial accrued liability for benefits was $161,530, the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $161,530. The covered payroll (annual payroll of active employees covered by the Plan) was $306,026, and the ratio of the UAAL to the covered payroll was 52.78%.

The Schedule of Funding Progress, presented as required supplementary information following the Notes to the Financial Statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2016 were $16,839, which consisted of $14,027 from the Town and $2,812 from the law enforcement officers.

3. Other Employment Benefits

The Town 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 months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of $25,000 and will not exceed $50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions.

NOTE 3 - Detail Notes on All Funds (Continued)

Other Employment Benefits (Continued)

The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

For the fiscal year ended June 30, 2016, the Town made contributions to the State for death benefits of $393. The Town's required contributions for law enforcement officers represented 0.14% of covered payroll.

The Town provides full-time employees with group-term life insurance in the amount of 1.5 times the employee's base salary rounded up to the nearest $1,000. Internal Revenue Service (IRS) regulations dictate that the cost of group-term life insurance provided to an employee by his employer for coverage that exceeds $50,000, which includes the LGERS death benefits, is taxable to the employee as a fringe benefit. The cost of the excess coverage also is included in the taxable wages for Social Security and FICA calculation purposes.

4. Deferred Compensation Plans

The Town also offers, to employees not engaged in law enforcement, a deferred compensation plan created in accordance with Internal Revenue Code Section 401 (k). Employee participation is discretionary and is limited to the amount allowable under the Internal Revenue Code. For each qualified employee, the Town contributes 5% of the employee's pre-tax annual compensation to the Plan. Contributions for the year ended June 30, 2016 were $43,566, which consisted of $26,487 from the Town and $17,079 from the employees. A separate report was not issued for the Plan because the required contributions are considered immaterial to the financial statements.

5. Deferred Outflows/Inflows of Resources and Unearned Revenues

The amount of deferred outflows of resources is an unamortized deferred charge on refunding for the Water and Sewer Funds' bond refunded in fiscal year 2013. The amount on the government-wide and fund financial statement is $98,214. The second item included in deferred outflows of resources is contributions to the pension plan in the current fiscal year and totals $9,297.

The balance in deferred inflows of resources (unavailable revenue) on the fund financial statement and unearned revenue on the government-wide statement at year-end is composed of the following elements:

Taxes receivable, net (General Fund)	$	5,600
Pension deferrals	$	34,755

NOTE 3 - Detail Notes on All Funds (Continued)

6. Risk Management

The Town 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 Town purchases commercial coverage from a private insurer. Through this coverage, the Town obtains general liability of $3 million, excess liability coverage of $2 million, auto liability of $1 million per occurrence, and blanket property damage coverage for replacement cost up to $7.6 million per year. Workers' compensation coverage up to the statutory limits is provided by a private insurer.

As the Town does not have structures within an area required by FEMA to carry flood insurance, we have elected not to carry flood insurance. The Finance Officer and Tax Collector are individually bonded for $60,000 and $10,000, respectively.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

7. Long-Term Obligations

a. General Obligation Indebtedness - Enterprise Funds

The Town's Water Fund and Sewer Fund issued general obligation bonds in 1995 to provide funds for the purchase of the water and sewer systems from a private company, Carolina Water Service. The remainder of the bond amount was used in 1999 for sewer upgrades and to extend water lines and install hydrants to afford fire protection throughout the Town. The 2004 bond refunding resulted in a savings of $2,484,429 and shortened the length of the original general obligation debt by twelve years. The bonds were refunded once again in 2013, which resulted in another savings of $274,678. The terms of the new debt remain unchanged from the 2004 Series, with maturity in 2027. These bonds, which are recorded in the Water and Sewer Funds, are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest payments are appropriated when due.

The Town's general obligation bonds payable at June 30, 2016 are comprised of the following:

Serviced by the Water Fund:

$1,588,336 General Obligation Refunding Bonds-Series 2013, due on June 1 in installments beginning June 1, 2014 through June 1, 2027; interest varying from 2% to 3%

$1,354,909

Serviced by the Sewer Fund:

$1,371,664 General Obligation Refunding Bonds-Series 2013, due on June 1 in installments beginning June 1, 2014 through June 1, 2027; interest varying from 2% to 3%

$1,170,091

NOTE 3 - Detail Notes on All Funds (Continued)

Long-Term Obligations (Continued)

Annual debt service requirements to maturity for the general obligation bonds are as follows:

Year Ending June 30	Serviced by the Water Fund		
	Principal	Interest	Total
2017	115,372	32,116	147,488
2018	115,372	29,809	145,181
2019	118,056	27,502	145,558
2020	120,739	25,140	145,879
2021	126,105	22,726	148,831
2022-2026	633,207	71,719	704,926
2027	126,058	3,783	129,841
Total	$ 1,354,909	$212,795	$ 1,567,704

Year Ending June 30	Serviced by the Sewer Fund		
	Principal	Interest	Total
2017	99,628	27,734	127,362
2018	99,628	25,741	125,369
2019	101,944	23,748	125,692
2020	104,261	21,710	125,971
2021	108,895	19,624	128,519
2022-2026	546,793	61,931	608,724
2027	108,942	3,267	112,209
Total	$ 1,170,091	$ 183,755	$ 1,353,846

b. Statutory Debt Limitation

The Town is subject to the Municipal Finance Law of North Carolina which limits the amount of net bonded debt (exclusive of revenue and special assessment bonds). The Town may have outstanding to 8% of the appraised value of property subject to taxation. At June 30, 2015, the Town's legal debt margin was approximately $25,700,000.

c. Deferred Bond Refunding Charges/Premium

The Town had $125,000 unamortized bond refunding charges and $156,022 premium from the 2013 advanced refunding issue. This amount is reported as a deferred outflow of resources on the Statement of Net Position. At June 30, 2016, the remaining unamortized balances for the refunding charge and premium were $98,214 and $122,590, respectively.

d. Changes in Long-Term Liabilities

The following is a summary of changes in the Town's governmental activities long-term debt:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016	Current Portion
Compensated Absences	$ 25,310	$ 2,445	$ -	$ 27,755	$ 23,592
Net pension liability (LGERS)	-	45,218	-	45,218	-
	$ 25,310	$ 47,663	$ -	$ 72,973	$ 23,592

NOTE 3 - Detail Notes on All Funds (Continued)

Changes in Long-Term Liabilities (Continued)

The following is a summary of changes in the Town's business-types actvities long-term debt:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016	Current Portion
General Obligation Bonds	$ 1,464,915	$ -	$ 110,006	$ 1,354,909	$ 115,372
Unamortized premium on bonds	71,761	-	5,980	65,781	5,980
Compensated Absences	5,662	1,253	-	6,915	5,186
Net pension liability (LGERS)	-	4,860	-	4,860	-
Total Water Fund	$ 1,542,338	$ 6,113	$ 115,986	$ 1,432,465	$ 126,538
General Obligation Bonds	$ 1,265,085	$ -	$ 94,994	$ 1,170,091	$ 99,628
Unamortized premium on bonds	61,973	-	5,164	56,809	5,164
Compensated Absences	5,817	1,382	-	7,199	5,399
Net pension liability (LGERS)	-	6,828	-	6,828	-
Total Sewer Fund	$ 1,332,875	$ 8,210	$ 100,158	$ 1,240,927	$ 110,191
Total Business-Type Activities	$ 2,875,213	$ 14,323	$ 216,144	$ 2,673,392	$ 236,729

Compensated absences and pension obligations typically have been liquidated in the General Fund. Compensated absences are accounted for on a FIFO (first-in, first-out) basis.

NOTE 4 - Federal and State Assisted Programs

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor 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.

NOTE 5 - Reimbursement of General Fund Expenditures

The Town's Water Fund and Sewer Fund receive the benefit of administrative services and other employees paid for by the General Fund. For the year ended June 30, 2016, the Water Fund and the Sewer Fund each reimbursed the General Fund $79,394 in accordance with the Town's indirect cost plan. The reimbursement was reported as expenses in the Water Fund and Sewer Fund and as a reduction of expenditures in the General Fund.

The Town's General Fund receives the benefit of the Water Fund and the Sewer Fund employees. For the year ended June 30, 2015, the General Fund reimbursed the Water Fund and the Sewer Fund $32,019 each, in accordance with the Town's indirect cost plan. The reimbursement was reported as expenditures in the General Fund and as a reduction of expenses in the Water Fund and the Sewer Fund.

NOTE 6 - Subsequent Events

The Town has evaluated events from the date of the balance sheet through the date the report is available to be issued which is the date of the independent auditors' report. The Town has not evaluated subsequent events after that date. There were no subsequent events during this period that require disclosure.

NOTE 7 - Change in Accounting Principle

In accordance with Governmental Accounting Standards Board (GASB) Statement 73, the Town reclassified the Law Enforcement Officers' Special Separation Allowance trust fund to the General Fund. As a result, net position for the governmental activities increased by $66,600.

NOTE 8 – Special Item – Sale of Fixed Assets

Management disposed of fixed assets, recorded at a net book value of $0, and received proceeds of $5,950.

NOTE 9 – Transfers

The General Fund transferred $241,000 to the Capital Reserve Fund, and the Capital Reserve Fund transferred $220,553 to the General Fund. These funds were allocated for capital acquisitions.

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REQUIRED SUPPLEMENTAL INFORMATION

This section contains additional information required by generally accepted accounting principles. Presentation conforms to requirements of Local Government Commission in North Carolina.

Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance

Schedule of Proportionate Share of Net Pension Asset for Local Government Employees' Retirement System

Schedule of Contributions to Local Government Employees' Retirement System

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TOWN OF RIVER BEND, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS FOR THE YEAR ENDED JUNE 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets A	Actuarial Accrued Liability (AAL) - Projected Unit Credit B	Unfunded AAL (UAAL) B - A	Funded Ratio A / B	Covered Payroll C	UAAL as a Percentage of Covered Payroll ((B - A) /C)
12/31/2015	$ -	$ 161,530	$ 161,530	0.00%	$ 306,026	52.78%
12/31/2014	81,590	180,260	98,670	45.26%	269,860	36.56%
12/31/2013	74,392	176,054	101,662	42.26%	282,202	36.02%
12/31/2012	56,488	215,534	159,046	26.21%	276,170	57.59%
12/31/2011	39,569	141,287	101,718	28.01%	231,482	43.94%
12/31/2010	31,561	111,014	79,470	28.43%	239,398	33.20%
12/31/2009	23,520	95,895	72,388	24.53%	233,647	30.98%
12/31/2008	15,404	68,636	53,232	22.44%	224,084	23.76%
12/31/2007	7,154	54,173	47,019	13.21%	218,836	21.49%
12/31/2006	-	45,773	45,773	0.00%	211,535	21.64%

TOWN OF RIVER BEND, NORTH CAROLINA

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST THREE FISCAL YEARS*

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	2016	2015	2014
River Bend's proportion of the net pension liability (asset) (%)	0.01268%	0.01409%	0.0128%
River Bend's proportion of the net pension liability (asset) ($)	$ 56,906	$ (83,096)	$ 154,289
River Bend's covered-employee payroll	$ 803,165	$ 777,738	$ 742,978
River Bend's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	7.09%	(10.68%)	20.77%
Plan fiduciary net position as a percentage of the total pension liability	98.09%	102.64%	94.35%

*The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

TOWN OF RIVER BEND, NORTH CAROLINA

SCHEDULE OF TOWN OF RIVER BEND CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST THREE FISCAL YEARS

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	2016	2015	2014
Contractually required contribution	$ 55,392	$ 57,802	$ 55,585
Contributions in relation to the contractually required contribution	55,392	57,802	$ 55,585
Contribution deficiency (excess)	$ -	$ -	$ -
Town of River Bend's covered-employee payroll	$ 810,291	$ 803,165	$ 777,738
Contributions as a percentage of covered-employee payroll	6.84%	7.20%	7.15%

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GENERAL FUND

The General Fund accounts for the resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

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TOWN OF RIVER BEND, NORTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Capital Reserve Fund	Eliminations	Total General Fund
Revenues:				
Ad valorem taxes	$ 891,338	$ -	$ -	$ 891,338
Other taxes and licenses	427,023	-	-	427,023
Unrestricted intergovernmental revenues	195,852	-	-	195,852
Restricted intergovernmental revenues	92,466	-	-	92,466
Permits and fees	7,227	-	-	7,227
Sales and services	67,903	-	-	67,903
Investments earnings	3,079	610	-	3,689
Miscellaneous	2,381	-	-	2,381
Total revenues	1,687,269	610	-	1,687,879
Expenditures:				
Current:				
General government	477,398	-	-	477,398
Public safety	529,300	-	-	529,300
Transportation	339,569	-	-	339,569
Environmental protection	143,834	-	-	143,834
Cultural and Recreation	40,371	-	-	40,371
Total expenditures	1,530,472	-	-	1,530,472
Revenue over (under) expenditures	156,797	610	-	157,407
Other Financing Sources (Uses):				
Transfers out	220,553	241,000	(461,553)	-
Transfers in	(241,000)	(220,553)	461,553	-
Sale of fixed assets	5,950	-	-	5,950
Total other financing sources (uses)	(14,497)	20,447	-	5,950
Net change in fund balance	142,300	21,057	-	163,357
Fund Balances:				
Beginning of year - July 1, as previously reported	1,654,439	257,597	-	1,912,036
Change in accounting principle	66,600	-	-	66,600
Beginning of year - July 1, as restated	1,721,039	257,597	-	1,978,636
End of year - June 30	$ 1,863,339	$ 278,654	$ -	$ 2,141,993

TOWN OF RIVER BEND, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	$ 876,842	$ 891,338	$ 14,496	$ 891,577
Other Taxes and Licenses:				
Local option sales tax	297,331	318,615	21,284	301,749
Hold harmless tax	86,235	93,097	6,862	92,459
Telecommunications sales tax	18,816	15,311	(3,505)	19,200
Total other taxes and licenses	402,382	427,023	24,641	413,408
Unrestricted Intergovernmental Revenues:				
Utility franchise tax	95,665	121,425	25,760	115,748
Video programming	60,927	60,861	(66)	62,865
Beer and wine tax	12,235	13,566	1,331	14,804
Total unrestricted intergovernmental revenues	168,827	195,852	27,025	193,417
Restricted Intergovernmental Revenues:				
Federal and State grants	-	-	-	478
Solid waste disposal tax	1,800	1,964	164	1,980
Powell Bill allocation	91,000	90,502	(498)	92,300
Total restricted intergovernmental revenues	92,800	92,466	(334)	94,758
Permits and Fees:				
Zoning permits	2,000	3,641	1,641	2,696
Animal licenses	2,400	2,780	380	2,971
Court cost fees	698	806	108	644
Total permits and fees	5,098	7,227	2,129	6,311
Sales and Services:				
Rents and concessions	54,580	58,577	3,997	55,417
Contributions and refunds	1,360	1,650	290	822
Miscellaneous	11,240	7,676	(3,564)	20,502
Total sales and services	67,180	67,903	723	76,741

TOWN OF RIVER BEND, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Final Budget	Actual	Variance Over/Under	Actual
Investments Earnings	521	3,079	2,558	347
Miscellaneous Revenue	-	2,381	2,381	-
Total revenues	1,613,650	1,687,269	73,619	1,676,559
Expenditures:				
General Government:				
Governing Body:				
Salaries and benefits	25,994	25,795	199	19,775
Other operating expenditures	11,509	11,366	143	11,180
Salaries allocated to Water and Sewer	(8,451)	(8,450)	(1)	(8,451)
Total governing body	29,052	28,711	341	22,504
Administration:				
Salaries and benefits	206,643	206,411	232	202,855
Other operating expenditures	68,436	66,273	2,163	63,173
Salaries allocated to Water and Sewer	(48,471)	(48,470)	(1)	(49,099)
Total administration	226,608	224,214	2,394	216,929
Finance:				
Salaries and benefits	87,400	88,080	(680)	84,079
Other operating expenditures	57,360	55,554	1,806	51,935
Salaries allocated to Water and Sewer	(43,200)	(43,200)	-	(42,106)
Total finance	101,560	100,434	1,126	93,908
Tax Listing:				
Contracted services	11,530	11,362	168	11,724
Legal:				
Professional services	30,000	12,926	17,074	21,698
Elections:				
Contracted services	7,137	4,591	2,546	-

TOWN OF RIVER BEND, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Final Budget	Actual	Variance Over/Under	Actual
Public Buildings:				
Salaries and benefits	15,135	14,422	713	14,211
Other operating expenditures	47,124	44,516	2,608	58,728
Total public buildings	62,259	58,938	3,321	72,939
Central Services - Planning:				
Salaries and benefits	57,520	57,057	463	55,504
Other operating expenditures	9,210	2,173	7,037	1,220
Salaries allocated to Water and Sewer	(23,008)	(23,008)	-	(22,494)
Total central services - planning	43,722	36,222	7,500	34,230
Total general government	511,868	477,398	34,470	473,932
Public Safety:				
Police:				
Salaries and benefits	452,715	447,405	5,310	441,624
Other operating expenditures	55,568	45,379	10,189	57,192
Salaries allocated to Water and Sewer	(4,172)	(4,172)	-	(4,098)
Capital outlay	30,772	28,660	2,112	-
Total police	534,883	517,272	17,611	494,718
Animal Control:				
Salaries and benefits	15,400	15,020	380	14,233
Other operating expenditures	315	156	159	296
Salaries allocated to Water and Sewer	(3,149)	(3,148)	(1)	(3,024)
Total animal control	12,566	12,028	538	11,505
Total public safety	547,449	529,300	18,149	506,223
Transportation:				
Powell Bill:				
Salaries and benefits	38,500	30,243	8,257	35,585
Other operating expenditures	20,500	24,145	(3,645)	6,126
Salaries allocated to Water and Sewer	(7,872)	(7,872)	-	(7,559)
Contracted services	7,500	7,300	200	14,175
Capital outlay	151,390	149,100	2,290	144,934
Total Powell Bill	210,018	202,916	7,102	193,261

TOWN OF RIVER BEND, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Final Budget	Actual	Variance Over/Under	Actual
Non-Powell Bill:				
Salaries and benefits	53,999	52,554	1,445	49,813
Other operating expenditures	59,708	54,952	4,756	11,867
Salaries allocated to Water and Sewer	(11,020)	(11,020)	-	(10,582)
Utilities	46,576	39,209	7,367	43,326
Contracted services	5,500	958	4,542	49,193
Total Non-Powell Bill	154,763	136,653	18,110	143,617
Total transportation	364,781	339,569	25,212	336,878
Environmental Protection:				
Salaries and benefits	23,100	22,528	572	21,349
Other operating expenditures	45,960	41,024	4,936	2,386
Salaries allocated to Water and Sewer	(4,723)	(4,724)	1	(4,535)
Contracted services	6,500	7,225	(725)	66,153
Capital outlay	143,000	77,781	65,219	72,769
Total environmental protection	213,837	143,834	70,003	158,122
Parks & Recreation:				
Salaries and benefits	23,100	24,359	(1,259)	26,110
Other operating expenditures	23,700	20,190	3,510	18,283
Salaries allocated to Water and Sewer	(4,723)	(4,724)	1	(4,535)
Contracted services	3,900	546	3,354	8,114
Total parks & recreation	45,977	40,371	5,606	47,972
Total expenditures	1,683,912	1,530,472	153,440	1,523,127
Revenue over (under) expenditures	(70,262)	156,797	(79,821)	153,432

TOWN OF RIVER BEND, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Final Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Transfers from other funds	220,553	220,553	-	76,345
Transfers to other funds	(241,000)	(241,000)	-	(105,000)
Sale of fixed assets	7,900	5,950	1,950	1,499
Contingency	(14,200)	-	(14,200)	-
Appropriated fund balance	97,009	-	97,009	-
Total other financing sources (uses)	70,262	(14,497)	84,759	(27,156)
Net change in fund balance	-	142,300	$ 4,938.00	126,276
Fund Balance:				
Beginning of year - July 1		1,654,439		1,528,163
Change in accounting principle		66,600		-
Fund balances, beginning, as restated		1,721,039		1,528,163
End of year - June 30		$ 1,863,339		$ 1,654,439

TOWN OF RIVER BEND, NORTH CAROLINA

CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment income	$ 100	$ 610	$ 510	$ 47
Other Financing Sources (Uses):				
Transfers out	(220,553)	(220,553)	-	(76,345)
Transfers in	241,000	241,000	-	105,000
Contingency	(20,547)	-	20,547	-
Total other financing sources (uses)	(100)	20,447	20,547	28,655
Net change in fund balance	$ -	21,057	$ 21,057	28,702
Fund Balance:				
Beginning of year - July 1		257,594		228,892
End of year - June 30		$ 278,651		$ 257,594

TOWN OF RIVER BEND

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ENTERPRISE FUNDS

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

The Town's Enterprise Funds are comprised of the Water and Sewer Funds which account for the operation of water and wastewater services provided throughout the Town.

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TOWN OF RIVER BEND, NORTH CAROLINA

ENTERPRISE FUND - WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating Revenues:				
Charges for services	$ 517,068	$ 515,986	$ (1,082)	$ 512,021
Water taps	1,250	2,820	1,570	3,035
Other operating revenues	18,867	16,036	(2,831)	16,212
Total operating revenues	537,185	534,842	(2,343)	531,268
Non-Operating Revenues:				
Interest earnings	488	1,557	1,069	121
Miscellaneous	-	-	-	383
Total non-operating revenues	488	1,557	1,069	504
Total revenues	537,673	536,399	(1,274)	531,772
Expenditures:				
Water Administration:				
Salaries and benefits	124,980	123,835	1,145	119,089
Allocated costs reimbursed by General Fund	(32,018)	(32,019)	1	(31,158)
Operating expenses	142,770	132,310	10,460	132,622
Repairs and maintenance	7,406	6,504	902	5,561
Total administration	243,138	230,630	12,508	226,114
Water Operations:				
Operating expenses	64,330	38,494	25,836	38,853
Repairs and maintenance	38,146	27,397	10,749	27,821
Capital outlay	-	-	-	12,150
Total operations	102,476	65,891	36,585	78,824
Debt Service:				
Principal repayment	110,006	110,006	-	110,006
Interest	34,317	34,317	-	36,517
Other costs	-	-	-	-
Total debt service	144,323	144,323	-	146,523
Total expenditures	489,937	440,844	49,093	451,461

TOWN OF RIVER BEND, NORTH CAROLINA

ENTERPRISE FUND - WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
Revenue over (under) expenditures	47,736	95,555	47,819	80,311
Other Financing Sources (Uses):				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Appropriated fund balance (contingency)	(47,736)	-	47,736	-
Total other financing sources (uses)	(47,736)	-	47,736	-
Revenue and other financing sources over (under) expenditures and other financing uses	$ -	95,555	$ 95,555	$ 80,311

Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:	
Reconciling items:	
Depreciation	(102,858)
Amortization	1,189
Capital outlay	-
Repayment of long-term debt principal	110,006
(Increase) decrease in compensated absences	(1,253)
Decrease in net pension asset	(9,140)
Increase in deferred outflows of resources - pensions	933
Increase in net pension liability	(4,860)
Decrease in deferred inflows of resources - pensions	15,536
Change in net position	$ 105,108

TOWN OF RIVER BEND, NORTH CAROLINA

ENTERPRISE FUND - SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating Revenues:				
Charges for services	$ 625,855	$ 610,585	$ (15,270)	$ 615,574
Sewer taps	1,250	2,500	1,250	-
Other operating revenues	10,722	11,027	305	8,070
Total operating revenues	637,827	624,112	(13,715)	623,644
Non-Operating Revenues:				
Interest earnings	253	820	567	69
Miscellaneous	-	55	55	359
Total non-operating revenues	253	875	622	428
Total revenues	638,080	624,987	(13,093)	624,072
Expenditures:				
Sewer Administration:				
Salaries and benefits	139,179	138,366	813	132,491
Allocated costs reimbursed by General Fund	(32,018)	(32,019)	1	(31,158)
Operating expenses	145,402	132,719	12,683	132,533
Repairs and maintenance	5,136	4,444	692	3,550
Total administration	257,699	243,510	14,189	237,416
Sewer Operations:				
Operating expenses	86,760	73,150	13,610	72,412
Repairs and maintenance	73,215	49,991	23,224	39,565
Capital outlay	104,006	49,646	54,360	230,862
Total operations	263,981	172,787	91,194	342,839
Debt Service:				
Principal repayment	94,994	94,994	-	94,994
Interest	29,633	29,633	-	31,533
Other costs	-	-	-	-
Total debt service	124,627	124,627	-	126,527
Total expenditures	646,307	540,924	105,383	706,782

TOWN OF RIVER BEND, NORTH CAROLINA

ENTERPRISE FUND - SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
Revenue over (under) expenditures	(8,227)	84,063	92,290	(82,710)
Other Financing Sources (Uses):				
Transfers from other funds:				
Transfers to other funds:				
Appropriated fund balance	8,227	-	(8,227)	-
Total other financing sources (uses)	8,227	-	(8,227)	-
Revenue and other financing sources over (under) expenditures and other financing uses	$ -	84,063	$ 84,063	$ (82,710)

Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:	
Reconciling items:	
Depreciation	(89,602)
Amortization	1,026
Capital outlay	49,646
Repayment of long-term debt principal	94,994
(Increase) decrease in compensated absences	(1,381)
Decrease in net pension assets	(9,972)
Increase in deferred outflows of resources - pensions	636
Increase in net pension liability	(6,828)
Decrease in deferred inflows of resources - pensions	18,644
Change in net position	$ 141,226

OTHER SUPPLEMENTARY INFORMATION

Other financial information includes additional detailed analysis of particular aspects of the Town's financial position and results of operations.

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

TOWN OF RIVER BEND

1981

NORTH CAROLINA

TOWN OF RIVER BEND, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2016

Fiscal Year June 30	Uncollected Balance July 1, 2015	Additions	Collections and Credits	Uncollected Balance June 30, 2016
2015-2016	$ -	$ 891,938	$ (889,917)	$ 2,021
2014-2015	903.00	-	(604)	299.00
2013-2014	542	-	(61)	481
2012-2013	767	-	-	767
2011-2012	746	-	-	746
2010-2011	549	-	-	549
2009-2010	606	-	-	606
2008-2009	486	-	-	486
2007-2008	832	-	-	832
2006-2007	497	-	(6)	491
2005-2006	541	-	(541)	-
Total	$ 6,469	$ 891,938	$ (891,129)	$ 7,278

Less: allowance for uncollectible ad valorem taxes receivable:	(1,678)
Ad valorem taxes receivable, net	$ 5,600

Reconciliation of Collections and Credits with Revenues:

Ad valorem taxes - General Fund	$ 891,338
Taxes written off, statute of limitations	541
Miscellaneous adjustments	(750)
Total collections and credits	$ 891,129

TOWN OF RIVER BEND, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY - GENERAL FUND PROPERTY TAX
FOR THE YEAR ENDED JUNE 30, 2016

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy	$ 336,063,823	$ 0.265	$ 890,584	$ 811,566	$ 79,018
Discoveries	642,762	0.265	1,703	1,703	-
Abatements	(131,736)	0.265	(349)	(349)	-
Total property valuation	336,574,849				
Net Levy			891,938	812,920	79,018
Uncollected taxes at June 30, 2014			(2,021)	(2,021)	-
Current Year's Taxes Collected			$ 889,917	$ 810,899	$ 79,018
Current Levy Collection Percentage			99.77%	99.75%	100.00%
Prior Year's Collection Percentage			99.90%	99.89%	99.97%

STATISTICAL SECTION

(UNAUDITED)

This part of the Town of River Bend's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends
These tables contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity
These tables contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity
These tables present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information
These tables offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information
These tables contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the financial statements for the relevant year.

TOWN OF RIVER BEND

1981

NORTH CAROLINA

TABLE 1
TOWN OF RIVER BEND, NORTH CAROLINA
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net Investment in Capital Assets	$ 1,639,703	$ 1,676,660	$ 1,797,362	$ 1,911,738	$ 2,064,362	2,082,418	2,192,207	2,327,727	2,434,124	2,568,370
Restricted	3,701	39,338	1,432	31,187	89,296	151,533	115,098	139,611	144,785	138,198
Unrestricted	889,176	1,027,172	937,840	953,263	1,060,670	1,321,972	1,582,190	1,627,704	1,743,224	1,991,502
Total Governmental Activities Net Position	2,532,580	2,743,170	2,736,634	2,896,188	3,214,328	3,555,923	3,889,495	4,095,042	4,322,133	4,698,070
Business-Type Activties										
Net Investment in Capital Assets	(722,830)	(730,288)	(713,360)	(724,167)	(730,646)	(495,050)	(791,348)	(687,217)	(417,397)	(245,853)
Restricted										
Unrestricted	794,858	897,251	820,790	774,247	995,724	932,910	1,287,220	1,460,573	1,436,045	1,510,835
Total Business-type Activities Net Position	72,028	166,963	107,430	50,080	265,078	437,860	495,872	773,356	1,018,648	1,264,982
Primary Government										
Net Investment in Capital Assets	916,873	946,372	1,084,002	1,187,571	1,333,716	1,587,368	1,400,859	1,640,510	2,016,727	2,322,517
Restricted	3,701	39,338	1,432	31,187	89,296	151,533	115,098	139,611	144,785	138,198
Unrestricted	1,684,034	1,924,423	1,758,630	1,727,510	2,056,394	2,254,882	2,869,410	3,088,277	3,179,269	3,502,337
Total Primary Government Net Position	2,604,608	2,910,133	2,844,064	2,946,268	3,479,406	3,993,783	4,385,367	4,868,398	5,340,781	5,963,052

TABLE 2

TOWN OF RIVER BEND, NORTH CAROLINA

CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities:										
General Government	$ 434,563	$ 483,896	$ 467,913	$ 501,046	$ 492,988	$ 531,899	$ 557,376	$ 617,455	$ 531,640	$ 567,114
Public Safety	332,366	359,958	384,117	404,431	418,392	643,318	472,581	522,568	494,107	496,151
Transportation	171,883	157,234	326,031	162,517	172,681	193,329	188,420	206,270	210,594	211,497
Environmental Protection	43,052	12,085	154,148	49,194	51,301	45,227	51,972	51,960	84,328	65,071
Cultural and Recreational	48,263	59,404	34,709	39,715	40,268	41,676	44,149	49,876	52,512	45,448
Interest on Long-Term Debt	10,807	8,591	6,668	2,795	525	-	-	-	-	-
Total Governmental Activities	1,040,934	1,081,168	1,373,586	1,159,698	1,176,155	1,455,449	1,314,499	1,448,129	1,373,181	1,385,281
Business-Type Activities:										
Water	469,701	476,270	632,884	583,940	505,453	499,053	537,884	439,060	426,220	431,291
Sewer	466,054	488,463	544,872	575,616	521,159	535,959	600,186	477,208	461,629	483,761
Total Business-Type Activities	935,755	964,733	1,177,756	1,159,556	1,026,612	1,035,012	1,138,070	916,268	887,849	915,052
Total Primary Government Expenses	$ 1,976,689	$ 2,045,901	$ 2,551,342	$ 2,319,254	$ 2,202,767	$ 2,490,461	$ 2,452,569	$ 2,364,397	$ 2,261,030	$ 2,300,333
Program Revenue										
Governmental Activities:										
Charges for Services										
General Government	111,578	120,814	138,440	112,903	86,110	78,215	81,018	86,957	80,935	71,544
Public Safety	14,748	7,551	6,033	200	117	234	480	1,266	3,615	3,586
Environmental protection	-	-	-	2,152	-	2,147	1,975	1,755	1,980	1,964
Operating Grants and Contributions										
General Government	-	-	-	-	-	-	-	-	-	-
Public Safety	-	2,886	-	-	-	199,652	636	367	338	-
Environmental protection	-	-	926	-	-	-	-	-	-	-
Transportation	95,154	107,886	97,215	86,525	87,854	90,479	93,318	93,909	92,300	90,502
Cultural and Recreational	10,000	10,000	10,000	2,000	6,000	-	-	-	-	-
Capital Grants and Contributions										
Cultural and Recreational	-	-	-	30,533	680	-	55,092	-	-	-
Public Safety	-	-	-	-	-	-	-	13,272	140	-
Total Governmental Activities Program Revenue	231,480	249,137	252,614	234,313	180,761	370,727	232,519	197,526	179,308	167,596
Business-Type Activities:										
Charges for Services - Water	519,346	546,270	579,459	573,250	609,163	603,094	611,303	591,985	531,268	534,842
Charges for Services - Sewer	535,734	492,489	531,017	522,666	630,247	601,786	596,143	597,489	623,644	624,112
Operating Grants and Contributions	-	-	-	5,491	1,488	2,489	5,410	-	-	-
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenue	1,055,080	1,038,759	1,110,476	1,101,407	1,240,898	1,207,369	1,212,856	1,189,474	1,154,912	1,158,954
Total Primary Government Revenues	$ 1,286,560	$ 1,287,896	$ 1,363,090	$ 1,335,720	$ 1,421,659	$ 1,578,096	$ 1,445,375	$ 1,387,000	$ 1,334,220	$ 1,326,550
Net (Expense) Revenue										
Governmental Activities	(809,454)	(832,031)	(1,120,972)	(925,385)	(995,394)	(1,084,722)	(1,081,980)	(1,250,603)	(1,193,873)	(1,217,685)
Business-Type Activities	119,325	74,026	(67,280)	(58,149)	214,286	172,357	74,786	273,206	267,063	243,902
Total Primary Government Net Expense	$ (690,129)	$ (758,005)	$ (1,188,252)	$ (983,534)	$ (781,108)	$ (912,365)	$ (1,007,194)	$ (977,397)	$ (926,810)	$ (973,783)

TABLE 2 continued

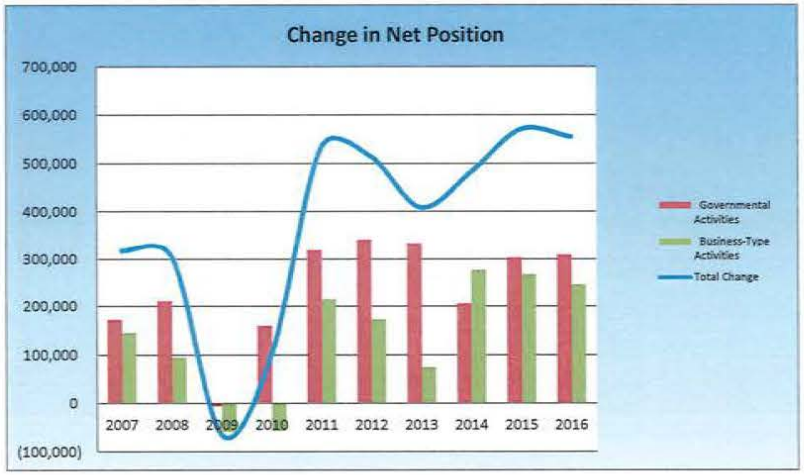
TOWN OF RIVER BEND, NORTH CAROLINA

CHANGES IN NET POSITION

Last Ten Fiscal Years

(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes, levied for general purpose	522,687	598,856	680,260	669,688	877,172	876,418	879,221	907,885	889,746	892,127
Local Option Sales Tax	268,183	261,467	253,044	289,062	278,696	373,886	369,175	371,846	394,208	411,712
Other Taxes and Licenses	139,015	151,370	168,304	124,666	156,511	175,331	166,530	176,176	212,617	211,163
Grants and Contributions not Restricted to Specific Programs										
Investment Earnings, unrestricted	41,009	26,561	11,928	1,523	1,155	682	626	243	394	3,689
Miscellaneous, unrestricted	10,825	4,367	900	-	-	-	-	-	-	8,331
Total Governmental Activities	981,719	1,042,621	1,114,436	1,084,939	1,313,534	1,426,317	1,415,552	1,456,150	1,496,965	1,527,022
Business-Type Activities:										
Investment Earnings, unrestricted	26,382	20,909	7,747	799	712	425	335	98	190	2,377
Miscellaneous, unrestricted	-	-	-	-	-	-	-	4,180	742	55
Total Business Type Revenues	26,382	20,909	7,747	799	712	425	335	4,278	932	2,432
Total Primary Government	$ 1,008,101	$ 1,063,530	$ 1,122,183	$ 1,085,738	$ 1,314,246	$ 1,426,742	$ 1,415,887	$ 1,460,428	$ 1,497,897	$ 1,529,454
Change in Net Position										
Governmental Activities	172,265	210,590	(6,536)	159,554	318,140	341,595	333,572	205,547	303,092	309,337
Business-Type Activities	145,707	94,935	(59,533)	(57,350)	214,998	172,782	75,121	277,484	267,995	246,334
Total Primary Government Change in Net Position	$ 317,972	$ 305,525	$ (66,069)	$ 102,204	$ 533,138	$ 514,377	$ 408,693	$ 483,031	$ 571,087	$ 555,671



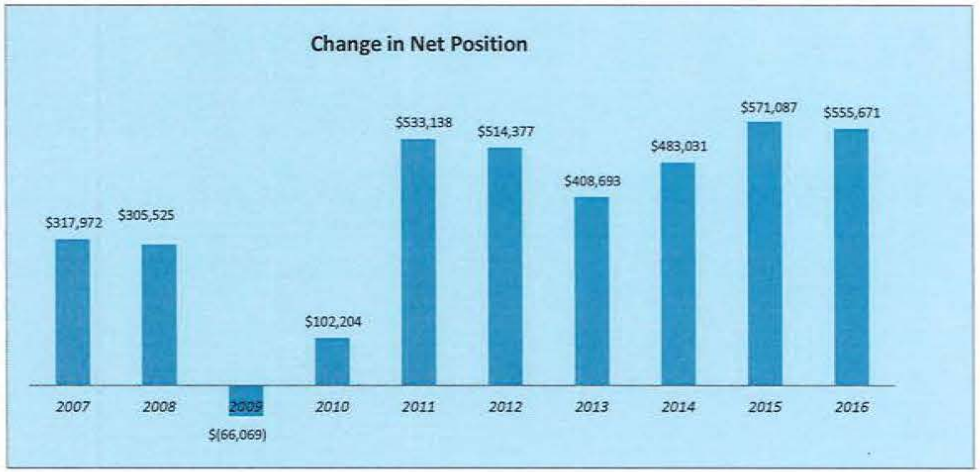


TABLE 3

TOWN OF RIVER BEND, NORTH CAROLINA

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014
General Fund								
Non-Spendable:								
Prepaid Items	-	-	8,935	10,988	10,292	9,315	2,958	3,619
Restricted:								
Streets	2,333	37,925	1	31,187	0	0	0	0
Stabilization by State Statute	78,462	90,131	81,331	81,071	89,296	151,533	115,098	139,611
Assigned:								
Subsequent years' expenditures	-	60,260	50,160	0	0	0	6,144	97,322
Unassigned	669,175	722,821	662,079	792,592	956,829	1,096,091	1,240,360	1,287,611
Total General Fund	669,175	783,081	712,239	792,592	1,056,417	1,256,939	1,364,560	1,528,163
Other Governmental Funds								
Committed								
General Government Capital Outlay	133,800	176,559	158,706	114,214	137,598	223,224	312,155	228,892
Total Other Governmental Funds	133,800	176,559	158,706	114,214	137,598	223,224	312,155	228,892
Total Governmental Funds	$ 802,975	$ 959,640	$ 870,945	$ 906,806	$ 1,194,015	$ 1,480,163	$ 1,676,715	$ 1,757,055

Amounts shown for Fiscal Years 2010 and prior have been reclassified to conform with GASB Statement 54.

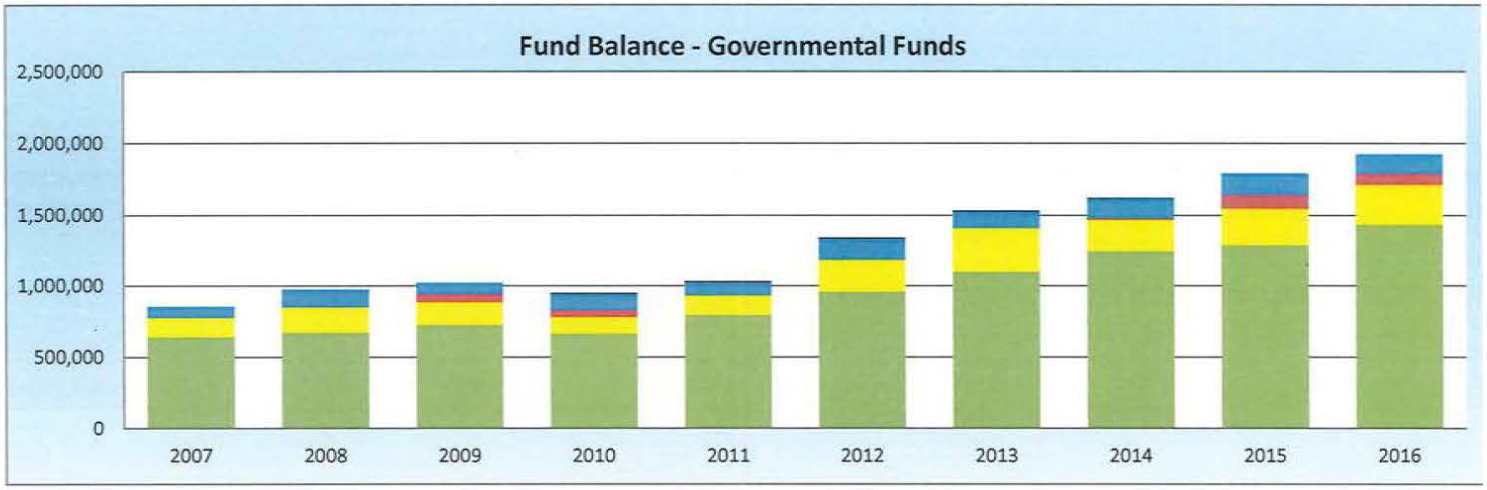


TABLE 4

TOWN OF RIVER BEND, NORTH CAROLINA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Ad Valorem Taxes	$ 521,713	$ 596,425	$ 681,014	$ 667,826	$ 875,264	882,943	874,300	918,326	891,577	891,338
Other Taxes and Licenses	290,997	283,652	289,347	289,924	296,192	374,978	380,440	387,091	413,408	427,023
Unrestricted Intergovernmental	116,201	129,185	132,001	123,804	139,015	174,239	155,265	160,931	193,417	195,852
Restricted Intergovernmental	105,154	120,772	108,141	121,210	94,534	276,458	150,557	109,303	94,758	92,466
Permits and Fees	40,378	7,551	6,033	4,557	5,802	8,843	4,304	7,189	6,311	7,227
Sales and Services	96,773	125,181	139,340	110,382	80,425	79,458	77,658	81,034	78,240	67,903
Investment Earnings	41,009	26,561	11,928	1,523	1,155	682	626	243	394	3,689
Miscellaneous	-	-	-	-	-	-	-	-	-	2,381
Total Revenues	1,212,225	1,289,327	1,367,804	1,319,226	1,492,387	1,797,601	1,643,150	1,664,117	1,678,105	1,687,879
Expenditures										
Current										
General Government	416,955	454,754	516,278	437,023	438,331	453,655	473,771	527,309	473,932	477,398
Public Safety	342,383	344,711	373,839	399,050	429,441	667,012	483,414	538,998	506,223	500,640
Tranportation	300,460	213,386	305,288	200,523	319,237	274,881	303,089	368,962	336,878	190,469
Environmental Protection	44,815	26,899	154,148	49,194	62,279	60,186	67,764	97,760	158,122	66,053
Cultural and Recreational	43,052	59,404	46,215	84,823	41,482	55,719	118,560	50,748	47,972	40,371
Capital Projects	-	-	-	-	-	-	-	-	-	255,541
Debt Service										
Principal	52,700	69,134	91,852	76,979	37,129	-	-	-	-	-
Interest	10,807	8,591	6,668	2,729	525	-	-	-	-	-
Total Expenditures	1,211,172	1,176,879	1,494,288	1,250,321	1,328,424	1,511,453	1,446,598	1,583,777	1,523,127	1,530,472
Revenues Over (Under) Expenditures	$ 1,053	$ 112,448	$ (126,484)	$ 68,905	$ 163,963	$ 286,148	$ 196,552	$ 80,340	$ 154,978	$ 157,407
Other Financing Sources (Uses)										
Transfers to Other Funds	(113,774)	(86,335)	(122,935)	(149,163)	(153,800)	(127,500)	(108,000)	(105,000)	(105,000)	(105,000)
Transfers from Other Funds	113,774	86,335	122,935	149,163	153,800	127,500	108,000	105,000	105,000	105,000
Installment Purchase Obligations Issued	27,885	91,478	-	-	-	-	-	-	-	-
Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	5,950
Total Other Financing Sources (Uses)	$ 27,885	$ 91,478	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,950
Net Change in Fund Balance	$ 28,938	$ 203,926	$ (126,484)	$ 68,905	$ 163,963	$ 286,148	$ 196,552	$ 80,340	$ 154,978	$ 163,357
Debt Service as a percentage of noncapital expenditures	6.72%	7.97%	7.83%	7.77%	3.53%	0.00%	0.00%	0.00%	0.00%	0.00%

TABLE 5

TOWN OF RIVER BEND, NORTH CAROLINA

ASSESSED VALUE OF TAXABLE PROPERTY

Last Ten Years

Fiscal Year	Assessed Value[1] Real Property	Personal Property[2]	Public Service Companies	Total	Property Tax Rate [3]	Percent Increase in Value [4]
2007	202,505,928	33,644,713	1,276,177	237,426,818	0.22	1.5%
2008	205,367,495	33,902,378	1,299,727	240,569,600	0.25	1.3%
2009	209,055,595	32,586,740	1,407,665	243,050,000	0.28	1.0%
2010	209,530,520	30,970,647	1,162,762	241,663,929	0.28	-0.6%
2011	299,654,043	29,153,944	1,580,323	330,388,310	0.265	36.7%
2012	299,057,633	29,643,132	1,611,985	330,312,750	0.265	-0.02%
2013	298,728,561	31,087,835	1,600,952	331,417,348	0.265	0.33%
2014	299,442,588	40,404,718	1,578,248	341,425,554	0.265	3.02%
2015	300,275,280	33,006,898	1,561,531	334,843,709	0.265	-1.93%
2016	301,092,296	33,931,156	1,551,397	336,574,849	0.265	0.52%

Notes:

(1) Assessed Value is established by Craven County Tax Department.

(2) Includes motor vehicles.

(3) All tax rates are expressed in dollars of tax per $100 of assessed valuation.

(4) A revaluation of all property is required at least every eight years by North Carolina General Statutes.
The last revaluation was on January 1, 2010 and was the basis for fiscal 2011 taxes.
The calculated tax revenue neutral rate was $.2169.
The eight-year revaluation of real property became effective with the 2010-11 tax levy. Craven County adopted a six-year revaluation schedule and then a four-year revaluation thereafter which would be 2016 and 2020, effective with fiscal 2016-17 and 2020-21 tax levys.

TABLE 6

TOWN OF RIVER BEND, NORTH CAROLINA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENT

Last Ten Fiscal Years

Fiscal Year	Tax Year	Town of River Bend	County of Craven	West New Bern II (Rhems) Fire District
2007	2006	0.22	0.61	0.0375
2008	2007	0.22	0.61	0.0425
2009	2008	0.25	0.61	0.0425
2010	2009	0.28	0.61	0.0475
2011	2010	0.265	0.4728	0.0314
2012	2011	0.265	0.4728	0.0414
2013	2012	0.265	0.47	0.0414
2014	2013	0.265	0.4675	0.0389
2015	2014	0.265	0.4675	0.0389
2016	2015	0.265	0.4675	0.0389

Notes:

All tax rates are expressed in dollars of tax per $100 of assessed valuation.

A revaluation of all property is required every eight years by state statute. The last revaluation occurred in tax year 2010.

The eight-year revaluation of real property became effective with the 2010-11 tax levy. Craven County adopted a six-year revaluation schedule and then a four-year revaluation thereafter which would be 2016 and 2020, effective with fiscal 2016-17 and 2020-21 tax levys.

TABLE 7

TOWN OF RIVER BEND, NORTH CAROLINA

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

		Fiscal Year 2016			Fiscal Year 2007		
Taxpayer	Type of Business	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Conjer Green, LLC	Country Club and Golf Course	$ 2,653,380	1	0.79%	$ 2,562,313	1	1.08%
Jonathan & Karen Segal Revocable Trust	Residence	2,433,860	2	0.72%	(1)		
Riverstone Assisted Living LLC (2)	Assisted Living Facility	2,017,800	3	0.60%	1,762,500	2	0.74%
Berit Peck	Residence	1,630,970	4	0.48%	639,920	9	0.27%
Duke Energy Progress, Inc. (3)	Electricity	1,333,733	5	0.40%	1,012,393	4	0.43%
Camille Hoffman	Residence	1,160,490	6	0.34%	738,160	5	0.31%
J. Frank Efird	Land Development	967,990	7	0.29%	(1)		
Roland S. & Susan Pridgen	Real Estate	935,950	8	0.28%	693,360	7	0.29%
Taybro LLC	Real Estate	930,910	9	0.28%	(1)		
RACS Development LLC (4)	Caro-San Maintenance Supplies Store	901,600	10	0.27%	703,685	6	0.30%
Robert L. Mattocks II	Land Development	(1)			1,232,850	3	0.52%
Roger F. & Freda B. Williams	Residence	(1)			687,010	8	0.29%
Jaybird Properties, LLC	Land Development	(1)			582,700	10	0.25%
		$ 14,966,683		4.45%	$11,269,591		4.47%

Notes:

Source: Craven County Tax Office

(1) Not within top ten ranking

(2) Formerly known as Pierce Management Group

(3) Formerly known as Progress Energy Carolinas, Carolina Power & Light Company.

(4) Formerly known as SBW Enterprises, LLC

TABLE 8

TOWN OF RIVER BEND, NORTH CAROLINA

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

			Collected within the Fiscal Year of the Levy		Total Collections to Date		
Fiscal Year	Tax Year	Taxes Levied for the Fiscal Year	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2007	2006	522,339	518,665	99.30%	3,183	521,848	99.91%
2008	2007	601,424	595,037	98.94%	5,555	600,592	99.86%
2009	2008	680,540	675,807	99.30%	4,247	680,054	99.93%
2010	2009	676,659	668,070	98.73%	7,983	676,053	99.91%
2011	2010	875,528	866,948	99.02%	8,031	874,979	99.94%
2012	2011	875,329	868,772	99.25%	5,811	874,583	99.91%
2013	2012	878,256	869,025	98.95%	8,464	877,489	99.91%
2014	2013	904,777	900,702	99.55%	3,594	904,296	99.95%
2015	2014	887,336	886,433	99.90%	604	887,037	99.97%
2016	2015	891,938	889,917	99.77%	(1)	889,917	99.77%

Notes:

Source: Craven County Tax Office

The eight-year revaluation of real property became effective with the 2010-11 tax levy. Craven County adopted a six-year revaluation schedule and then a four-year revaluation thereafter which will be 2016 and 2020, effective with fiscal 2016-17 and 2020-21 tax levys.

(1) Information not yet available

TABLE 9

TOWN OF RIVER BEND, NORTH CAROLINA

RATIOS OF OUTSTANDING DEBT BY TYPE [1]

Last Ten Years

	Governmental Activities			Business-Type Activties							
Fiscal Year	General Obligation Bonds	Installment Financing	Capital Leases	General Obligation Bonds	Installment Financing	Capital Leases	Total Primary Government	Population [3]	Per Capita	Median Household Income (MHI)[4]	Percentage of MHI
2007	-	183,615	-	3,940,000	-	-	4,123,615	3028	1,362	61,288	1.49%
2008	-	205,959	-	3,795,000	92,236	-	4,093,195	3075	1,331	63,862	1.56%
2009	-	114,107	-	3,645,000	59,420	-	3,818,527	3110	1,228	63,607	1.67%
2010	-	37,129	-	3,495,000	25,782	-	3,557,911	3162	1,125	48,547	1.36%
2011	-	-	-	3,335,000	-	-	3,335,000	3119	1,069	50,198	1.51%
2012	-	-	-	3,175,000	-	-	3,175,000	3144	1,010	51,031	1.61%
2013	-	-	-	3,135,000 [5]	-	-	3,135,000	3119	1,005	51,939	1.66%
2014	-	-	-	2,935,000	-	-	2,935,000	3119	941	52,251	1.78%
2015	-	-	-	2,730,000	-	-	2,730,000	3084	885	52,507	1.92%
2016	-	-	-	2,525,000	-	-	2,525,000	3063	824	[6]	[6]

Notes:

[1] The Town does not have any long-term debt that is backed by pledged revenues.

[2] General Obligation Bonds were refunded in 2004. Proceeds were used to pay off the bonds in December 2004. New General Obligation Debt of $4,900,000 was issued.

[3] N.C. State Demographer, Office of State Budget and Management.

[4] Median household income is adjusted annually after the Decennial Census calendar year by the annual Consumer Price Index - Southern urban consumers.

[5] Series 2004 G.O. bonds were advance refunded in 2013. Proceeds were placed in escrow to pay off the bonds in June 2014. New General Obligation Debt of $2,960,000 was issued.

[6] Information not yet available.

TABLE 10

TOWN OF RIVER BEND, NORTH CAROLINA

COMPUTATION OF LEGAL DEBT MARGIN

Last Ten Fiscal Years

Fiscal Year	Assessed Value	Debt Limit: 8% of Total Assessed Value	Total Net Debt Applicable to Limit	Legal Debt Margin
2007	237,426,818	18,994,145	2,009,348	$ 16,900,000
2008	240,569,600	19,245,568	2,056,737	$ 17,100,000
2009	243,050,000	19,444,000	1,862,561	$ 17,500,000
2010	241,663,929	19,333,114	1,682,438	$ 17,600,000
2011	330,388,310	26,431,065	1,545,385	$ 24,800,000
2012	330,312,750	26,425,020	1,471,101	$ 24,900,000
2013	331,417,348	26,513,388	1,452,756	$ 25,000,000
2014	341,425,554	27,314,044	1,360,079	$ 25,900,000
2015	332,276,611	26,582,129	1,265,085	$ 25,300,000
2016	336,574,849	26,925,988	1,170,091	$ 25,700,000

Net Debt Calculation for FY2016:

Gross debt:	
Installment financing	$ -
Water & Sewer General Obligation Bonds	2,525,000
Total gross debt	2,525,000
Less: Statutory Deductions	
Water GO Bonds	1,354,909
Amount of debt applicable to limit - net debt	$ 1,170,091

Note: NC Statute GS 159-55 limits the Town's outstanding debt to 8% of the appraised value of property subject to taxation. The legal debt margin is the difference between the debt limit and the Town's net debt outstanding applicable to the limit, and it represents the Town's legal borrowing authority.

TABLE 11

TOWN OF RIVER BEND, NORTH CAROLINA

COMPUTATION OF OVERLAPPING BONDED DEBT

Last Ten Fiscal Years

	Craven County						
Fiscal Year	General Obligation Bonds Outstanding [1]	Assessed Valuation [1]	River Bend Assessed Valuation [1]	Percentage Applicable to Town [2]	Bonded Debt Applicable to River Bend	Population	Per Capita
2007	37,943,982	6,340,906,231	237,426,818	3.74%	1,420,762	3028	469
2008	35,347,429	6,693,478,551	240,569,600	3.59%	1,270,418	3075	413
2009	32,785,876	6,937,167,570	243,050,000	3.50%	1,148,683	3110	369
2010	32,706,707	6,977,756,448	241,663,929	3.46%	1,132,747	3162	358
2011	29,915,363	9,582,126,280	330,388,310	3.45%	1,031,471	3119	331
2012	27,144,019	9,612,789,921	330,312,750	3.44%	932,717	3144	297
2013	24,402,675	9,738,049,583	331,417,348	3.40%	830,502	3119	266
2014	21,711,331	9,443,258,112	341,425,554	3.62%	784,984	3119	252
2015	19,059,987	9,904,145,988	334,843,709	3.38%	644,388	3084	209
2016	16,448,638	10,023,728,864	336,574,849	3.36%	552,309	3063	180

Notes:

[1] Provided by Craven County Finance Department.

[2] Determined by the ratio of assessed value of property subject to taxation in Craven County.

TABLE 12

TOWN OF RIVER BEND, NORTH CAROLINA

DEMOGRAPHIC STATISTICS

Last Ten Years

Fiscal Year	Population [1]	Personal Income (in thousands) [2]	Per Capita Personal Income [3]	Public School Enrollment [4]	Unemployment Rate [5]
2007	97,709	3,234,873	33,375	14,632	4.40%
2008	99,626	3,490,666	35,683	14,538	4.30%
2009	102,381	3,665,246	36,865	14,597	6.00%
2010	104,162	3,761,100	36,901	14,513	10.50%
2011	104,696	3,816,083	36,732	14,817	11.00%
2012	105,240	3,910,918	37,420	14,749	11.00%
2013	104,446	4,094,203	39,078	14,606	9.70%
2014	104,520	4,100,424	39,243	14,472	9.00%
2015	105,052	4,121,440	39,436	14,297	6.80%
2016	105,773	[6]	[6]	14,120	6.12%

Notes: Information not available for Town of River Bend. Craven County data presented.

[1] N.C. State Data Center. Estimates are as of the beginning of the fiscal year (July 1).

[2] U.S. Department of Commerce, Bureau of Economic Analysis.
Figures are as of the end of the calendar year ended during the fiscal year.

[3] Information is not available for Town of River Bend. County data is from the U.S. Department of Commerce, Bureau of Economic Analysis.

[4] N.C. Department of Public Instruction, First Month Average Daily Membership.

[5] N.C. Employment Security Commission, Annual Average as of the end of the calendar year ended during the fiscal year.

[6] Information not yet available.

TABLE 13

TOWN OF RIVER BEND, NORTH CAROLINA

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

	2016			2007		
Employer [1]	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Department of Defense [2]	5,173	1	13.34%	5,513	1	13.32%
CarolinaEast Health Systems	2,200	2	5.67%	1,799	3	4.35%
Craven County Schools	1,820	3	4.69%	1,814	2	4.38%
BSH Home Appliances	1,300	4	3.35%	1,178	5	2.85%
Moen Incorporated	1,000	5	2.58%	850	6	2.05%
State of North Carolina	773	6	1.99%	964	7	2.33%
Wal-Mart	703	7	1.81%	537	9	1.30%
Craven County	601	8	1.55%	608	8	1.47%
Craven Community College	562	9	1.45%	476	10	1.15%
City of New Bern	453	10	1.17%			
Hatteras Yachts				1,398	4	3.38%
	14,585		37.61%	15,137		36.58%

Notes: Information not available for Town of River Bend. Craven County data presented.

[1] County data is from the Craven County Economic Development Commission and N.C. Employment Security Commission.

[2] Excludes 9,061 active military personnel based in Craven County. It includes civilian employment at the Fleet Readiness Center East, Naval Health Clinic, 2nd MAW, and MCAS Cherry Point. The amount shown includes employees from all counties.

TABLE 14

TOWN OF RIVER BEND, NORTH CAROLINA

EMPLOYEE POSITION AUTHORIZATION BY DEPARTMENT

Last Ten Fiscal Years

	Full-time Equivalent Employees as of June 30									
Department	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government:										
Administration	3	3	3	3	3	3	3	3	3	3
Finance	1	1	1	1	1	1	1	1	1	1
Zoning		1	1	1	1	1	1	1	1	1
Public Works	2	2.5	2.5	2.5	2.5	2.5	2.5	3.5	3.5	3.5
Public safety- Police	5.11	5.17	5.26	5.40	5.48	5.39	5.36	6.48	6.48	6.45
Water/Sewer:										
Finance	1	1	1	1	1	1	1	1	1	1
Utility Operators	3.6	3.6	3.6	4	4	4	4	3	3	3
Total	15.71	17.27	17.36	17.90	17.98	17.89	17.86	18.98	18.98	18.95

Source: Town of River Bend Finance Department

TABLE 15

TOWN OF RIVER BEND, NORTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety - Police										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	3	3	3	3	3	3	3	3	3	4
Cultural and Recreational										
Recreation and Parks										
Number of Parks	3	3	3	3	3	3	5	5	5	5
Number of Picnic Shelters	2	2	2	2	2	2	2	2	2	2
Public Works and Utilities										
Miles of Paved Streets	16.48	16.48	16.48	16.48	16.48	16.48	16.48	16.48	16.48	16.48
Water										
Number of Hydrants	107	108	108	108	108	112	112	112	112	112
Water Mains (miles)	18	18	18	18	18	18.86	18.86	18.86	18.86	18.86
Number of Wells	3	3	3	3	3	3	3	3	3	3
Number of Water Towers	2	2	2	2	2	2	2	2	2	2
Sewer										
Sewer Lines (miles)	11	11	11	11	11	11	11	11	11	11
Number of Lift Stations	9	9	9	9	9	9	9	9	9	9
Number of Treatment Plants	2	2	2	2	2	2	2	2	2	2

Source: Town of River Bend Department Heads.

TABLE 16

TOWN OF RIVER BEND, NORTH CAROLINA

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police Activity										
Violent Crime	42	59	31	63	60	41	48	58	97	44
Property Crime	48	65	68	101	98	114	134	83	109	54
Arrests	74	76	51	73	76	95	235	252	178	225
Motor Vehicle	290	193	173	199	206	450	827	1,400	1,112	1,127
Agency Assist	346	417	313	425	490	506	1,144	691	903	647
Quality of Life	436	433	386	430	524	466	445	297	362	308
Community Policing	1,142	1,124	1,153	1,635	1,903	3,444	13,245	15,079	15,126	14,873
Total Activity	2,378	2,367	2,175	2,926	3,357	5,116	16,078	17,860	17,887	17,278
Roadway Maintenance										
Miles of Paved Road	16.48	16.48	16.48	16.48	16.48	16.48	16.48	16.48	16.48	16.48
Miles of Road Resurfaced	0.78	0.16	0.75	0.34	0.50	0.45	0.52	0.53	0.25	0.43
Zoning										
Permits Issued	87	112	59	49	69	89	26	54	42	26
New Residences	13	2	1	0	2	1	2	1	1	2
Water										
Treatment Capacity	337,625,000	337,625,000	337,625,000	337,625,000	337,625,000	337,625,000	337,625,000	337,625,000	337,625,000	337,625,000
Water Treated	102,798,000	84,634,000	71,429,000	78,267,000	74,885,000	75,801,000	78,471,000	90,976,000	87,865,000	85,674
Number of Water Customers	1,299	1,315	1,313	1,335	1,352	1409	1411	1412	1417	1418
Wastewater										
Treatment Capacity	120,450,000	120,450,000	120,450,000	120,450,000	120,450,000	120,450,000	120,450,000	120,450,000	120,450,000	120,450,000
Wastewater Treated	59,515,000	56,752,000	49,300,000	46,230,000	45,063,000	36,784,000	32,081,000	35,094,000	36,655,000	38,079
Number of Sewer Customers	915	919	912	924	930	936	950	952	951	948
Leaf and Limb										
Total Tons Collected [1]	309.11	186.83	349.63	249.41	241.82	149.01	257.50	222.93	343.63	317.69

Notes:

Source: Town of River Bend Department Heads.

[1] Does not include tonnage picked up after a storm event in which the Town received disaster assistance funds.

TABLE 17

TOWN OF RIVER BEND, NORTH CAROLINA

INSURANCE IN FORCE

July 1, 2015 - June 30, 2016

Type of Coverage	Details of Coverage	
Worker's Compensation	1,000,000	Bodily Injury by Accident- Each Accident
	1,000,000	Bodily Injury by Disease- Each Accident
	1,000,000	Bodily Injury by Disease- Coverage Limit
General Liability	1,000,000	Each Occurance
	3,000,000	General Aggregate
	1,000	Deductible
Umbrella Liability	2,000,000	Liability Limit Each Occurance
Law Enforcement Liability	1,000,000	Each Occurance
	3,000,000	General Aggregate
	1,000	Deductible
Public Officials Liability	1,000,000	Each Occurance
	3,000,000	General Aggregate
	2,500	Deductible
Public Employee Blanket Bond	20,000	Indemnification
	0	Deductible
Public Official Bond		
Tax Collector	100,000	Liability
Finance Officer	100,000	Liability
	0	Deductible
Real and Personal Property	7,556,060	Covered Cause of Loss
	1,000	Deductible per Occurance
		Includes Boiler & Machinery
Computer Equipment/Media	500,000	Limits of Coverage
	500	Deductible
Scheduled Equipment	51,800	Scheduled Equipment
	500	Deductible
Automobile Liability	1,000,000	Per Occurance
	1,000	Deductible
Automobile Comprehensive	N/A	Actual Cash Value Valuation
	100	Deductible
Automobile Collision	N/A	Actual Cash Value Valuation
	500	Deductible

Source: River Bend Finance Department

TABLE 18

TOWN OF RIVER BEND, NORTH CAROLINA

UTILITY RATE INFORMATION

Fiscal Year 2016 Approved Operating Budget Ordinance

WATER RATES

	METER SIZE			
	3/4"	1"	2"	4"
Customer Base Charge per month	15.24	30.90	88.32	276.24
Initial Connection (Tap Fee) [1]	1,250	1,500	3,500	5,000
Non-payment Fee	70	100	100	100
New Customer Capital Investment Fee (CIF)	2,700	6,750	21,600	67,600
Usage Charge per 1,000 gallons	$ 4.02			
Fire Hydrant Availability Annual Charge	$ 183.00			

SEWER RATES

	METER SIZE			
	3/4"	1"	2"	4"
Customer Base Charge per month	24.18	49.43	141.99	444.93
Initial Connection (Tap Fee) [1]	1,250	1,250	1,250	1,250
New Customer Capital Investment Fee (CIF)	1,900	4,750	15,200	49,400
Usage Charge per 1,000 gallons	$ 9.08			

[1] Minimum charge; applicant shall pay the actual cost if it exceeds the published fee.

TOWN OF RIVER BEND

1981

NORTH CAROLINA

COMPLIANCE SECTION

TOWN OF RIVER BEND

1981

NORTH CAROLINA

PM&P
PETWAY
MILLS &
PEARSON, PA
CERTIFIED PUBLIC ACCOUNTANTS

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Memberships:

North Carolina
Association of
Certified Public
Accountants

American Institute
Of Certified Public
Accountants

Medical Group
Management
Association

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

To the Honorable Mayor
and Members of the Town Council
Town of River Bend
River Bend, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of River Bend, North Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of River Bend's basic financial statements, and have issued our report thereon dated October 24, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of River Bend's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of River Bend's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of River Bend's financial statements are free from material misstatement, we 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our 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 our testing of internal control and compliance and the results 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.

Petway Mills & Pearson, PA

PETWAY MILLS & PEARSON, PA
Certified Public Accountants
Zebulon, North Carolina

October 24, 2016

TOWN OF RIVER BEND, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2016

SECTION I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____	yes	X	no
Significant deficiency(ies) identified that are not to be material weaknesses?	_____	yes	X	none reported
Noncompliance material to financial statements noted?	_____	yes	X	no

TOWN OF RIVER BEND, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2016

SECTION II. FINANCIAL STATEMENT FINDINGS

None.

TOWN OF RIVER BEND, NORTH CAROLINA

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2016

SECTION II. FINANCIAL STATEMENT FINDINGS

None Required

TOWN OF RIVER BEND, NORTH CAROLINA

SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

There were no prior year audit findings

TOWN OF RIVER BEND, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2016

Grantor/Pass-through/ Grantor-Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal Expenditures	State Expenditures
STATE AWARDS				
NC Department of Transportation				
Powell Bill		DOT-4	$ -	$ 202,916
TOTAL STATE AWARDS			-	202,916
TOTAL STATE ASSISTANCE			$ -	$ 202,916

TOWN OF RIVER BEND

1981

NORTH CAROLINA