



CAFR **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2019

TOWN OF RIVER BEND • NORTH CAROLINA

TOWN OF RIVER BEND, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

**PREPARED BY
FINANCE DEPARTMENT**

**IRVING J. VAN SLYKE, JR.
FINANCE OFFICER**

**MARGARET THEIS
FINANCE ADMINISTRATOR**

**MANDY GILBERT
FINANCE ASSISTANT**

**COVER DESIGNED BY:
KATHLEEN DEYOUNG, DEPUTY TOWN CLERK**

**PICTURE OF GULF FRITILLARY BUTTERFLY TAKEN AT THE
RIVER BEND COMMUNITY ORGANIC GARDEN AND EDUCATION CENTER**



**THE TOWN OF RIVER BEND, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year ended June 30, 2019**

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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

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October 23, 2019

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, 2019 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 of 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, 2019 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 unmodified opinion that the Town's basic financial statements for the year ended June 30, 2019 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

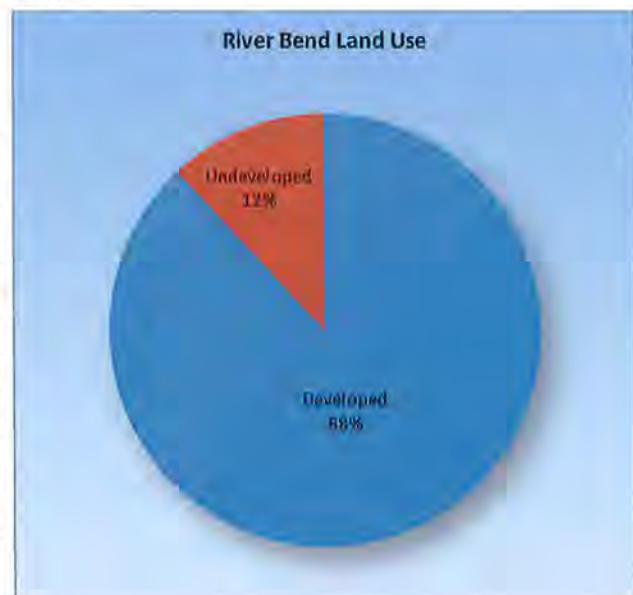
The Town of River Bend operates under the Council-Manager form of government. All five members of the Town Council (Council) are popularly elected to serve four-year terms. Terms of office are staggered so an election for at least a portion of the Council is held every two years.

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.

Land Use

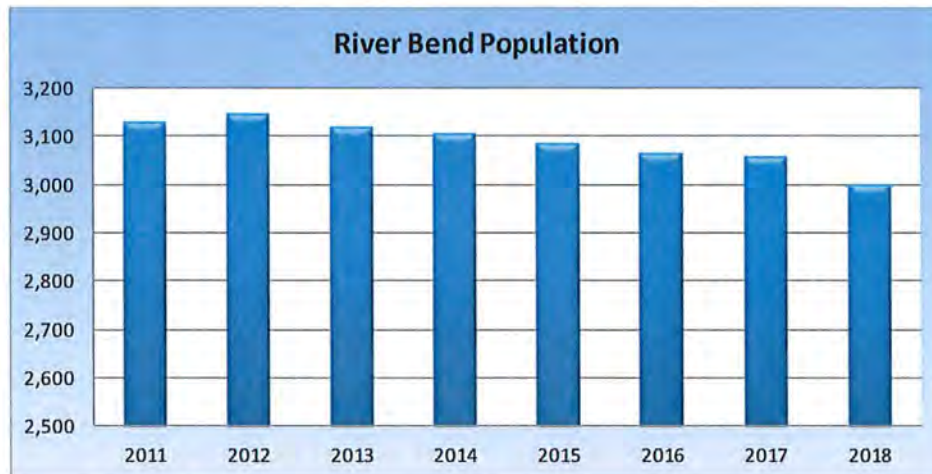
According to the US Census Bureau, the town has a total area of 2.8 square miles, of which 2.6 square miles is land and 0.2 square mile is water. The latest Craven County GIS data indicates land is divided into 1,752 parcels, of which 1,542 are developed and 210 undeveloped. There are approximately 29 acres of available commercial land, 18 acres of vacant institutional land, and 287 acres of vacant residential land. The Town owns 103 acres currently designated as a Wildlife Preserve and thus not available for development.



Population

The 2010 Census report for the population of River Bend provided an accurate count of 3,119 residents, which is a 6.7% increase from the 2000 Census count of 2,923. The next census will be 2020.

According to the latest estimate from the North Carolina Office of Budget and Management (OBM), the July 1, 2018 population of River Bend is 3,000. The chart below shows the change in population since 2011.

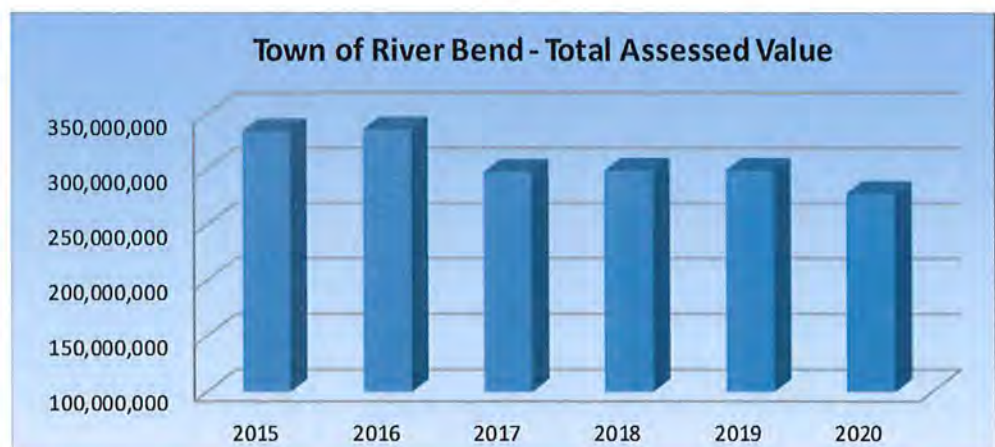


According to the OBM, there are 553 municipalities in North Carolina and the Town of River Bend is the 211th largest by population. The median age in River Bend is 57.8 years old. According to the 2010 Census, veterans make up 24.1% of our population, compared to a national percentage of 9.9%.

Housing

River Bend's occupancy rate, as reported in the 2010 Census, was 89.7% of the Town's housing units. 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.

Based on the six-year revaluation in 2016 by the Craven County Tax Department, the value of real property decreased 14.65%, which equated to a \$49,072,191 reduction in assessed value for FY 2017.



The chart above shows the Town's total assessed since FY 2015. The next revaluation is scheduled for 2021.

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. The enterprises are operated as businesses - all revenues and expenditures accounted for separately from other functions of the Town, and rates are established that cover all expenditures and debt service 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 2018 (calendar year), we treated 86,794,000 gallons with a daily average of 237,500 gallons. In 2017, we treated 72,192,000 gallons of water, an average of 197,800 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 1,438 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 that 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 that 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 2018, we treated 50.4 million gallons of wastewater compared to 47.8 million gallons in 2017. The daily average treatment rate was 138,160 gallons in 2018 and 130,904 gallons in 2017. The State standard for waste treatment capacity is 330 gallons per day per household, which in our case translates to 318,780 gallons per day. This standard shows that we should be using 97% of our permitted capacity. On average, in 2018, we used 43% 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, affect 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.

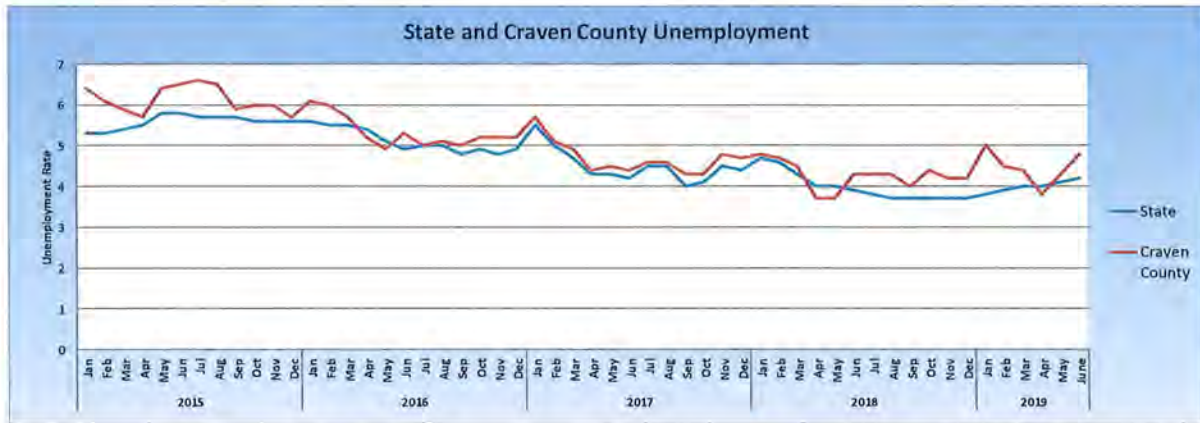
Economy

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 138 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 that includes a 6,000 square foot clubhouse with a banquet facility and a 260,000-gallon swimming pool.
- Riverstone is a 40-bed licensed assisted living facility and 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 and North Carolina have experienced a downward trend of rates over the last four years. The chart below tracks unemployment over the past four full years comparing the State and County rates. At the end of June 2019, the Craven County unemployment rate was 4.8% compared to the State seasonally adjusted rate of 4.2%, and the national rate of 3.7%.



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 capital 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.

The 2019-20 fiscal year budget development presented a unique challenge in the aftermath of Hurricane Florence which arrived in River Bend on September 14, 2019. Hundreds of homes were inundated with more than four feet of water. Nearly 500 homes were damaged due to the wind, rain, and storm surge flooding. This natural disaster created the largest debris removal operation in the Town's history. Approximately 24,000 cubic yards of vegetative debris and 3,600 tons of construction and demolition debris were collected and hauled away in 1,300 truckloads following the hurricane. The Town incurred over \$1,000,000 in hurricane related expenses, most of which was related to debris removal. Town properties and buildings were also damaged; the building that housed the Police and Public Works Departments received nearly 2 feet of flood water. Both departments were forced to relocate to temporary offices while repairs were made. Hundreds of homes were vacant for several months in the aftermath. Some homes remain vacant over one year later while others were reconstructed and put up for sale. The Town's property valuation used for the 2019 tax levy was down approximately \$14,623,000. Vacant homes also have an impact on the Town's water and sewer revenues. Clean up and recovery continues over one year after the storm and has provided a boost to the local economy and sales tax revenue. We mourn the loss of 59 lives in North Carolina, South Carolina, and Virginia due to Hurricane Florence.

Town Council and staff were mindful of the need to control costs while continuing to provide necessary services and maintain our infrastructure. We plan to continue our efforts to be good

custodians of our public facilities by making necessary repairs and modest improvements. After careful consideration during ten building utilization strategy (BUS) special meetings, the Town Council established a capital projects fund on September 19, 2019 to renovate the Town Hall and build a police department and community building for \$1,300,000. The renovation will address upgrading the restrooms to be ADA (Americans with Disabilities Act) compliant, replacing a failing sewer line, along with creating a new exterior entrance and lobby to the meeting hall and restrooms. The new building will provide office space for the professional needs of our police department and offer kitchen facilities and a large meeting area for community events as well as a command post for emergency operations. These projects will be funded by General Fund and Capital Reserve fund balance.

Each year our contracted engineer reviews the evaluation he performs on all our streets in order to determine the priority for our paving funds. We budget to follow the plan - paving one street and providing patching in miscellaneous areas, for a budgeted amount of \$134,800 this year, which includes engineering and project management fees. 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 \$88,000, so local revenue in the amount of \$46,800 will be budgeted to complete this project.

In this budget, we have allocated \$12,000 for storm water projects that may arise, but no specific areas were identified. 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, provides for \$5,800 in hardware upgrades 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.

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.

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. The Town Council voted for no change in the rates for this budget.

Plans for the water utility include routine maintenance of buildings and replacement of equipment for a total of \$11,000. All equipment maintenance contracts are funded. The Capital Improvement Plan for the Water Fund does not provide for any projects this budget year. Several buildings (shared office, work shop, equipment bay, well houses, lab, & storage building) were repaired in the aftermath of Hurricane Florence with funds being provided by insurance proceeds, FEMA public assistance, and Town 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. An appropriation from Water Fund reserves, \$95,887, will be necessary to balance this budget. It is projected that Water Fund cash reserves will be at 61% of expenditures at the end of FY 2022.

Wastewater treatment system budget provides for the purchase of a mobile generator at a budgeted cost of \$21,000. As with the Water Fund, all equipment preventative maintenance contracts are funded. Likewise, equipment and shared buildings that were damaged by Hurricane Florence have been restored and repaired. No plans are being made to change the permitted capacity of the treatment plant, but rather to maintain the life of the plant. Our permit renewal in 2018 for the wastewater treatment plant required no major changes from the application submitted. Sewer Fund cash reserves are projected to be at least 73% of expenditures for the next five years.

One major consideration during the budget preparation this year was the tax rate. After lowering the tax rate last year by \$.05 to \$0.24 per 100 dollars of valuation, the Council voted on a \$.02 tax increase for a rate of \$0.26 per 100 dollars of valuation. The Council chose to balance the General Fund budget by using \$96,111 from fund balance which will rebuild as we receive the requested disaster assistance funds from Hurricane Florence.

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:

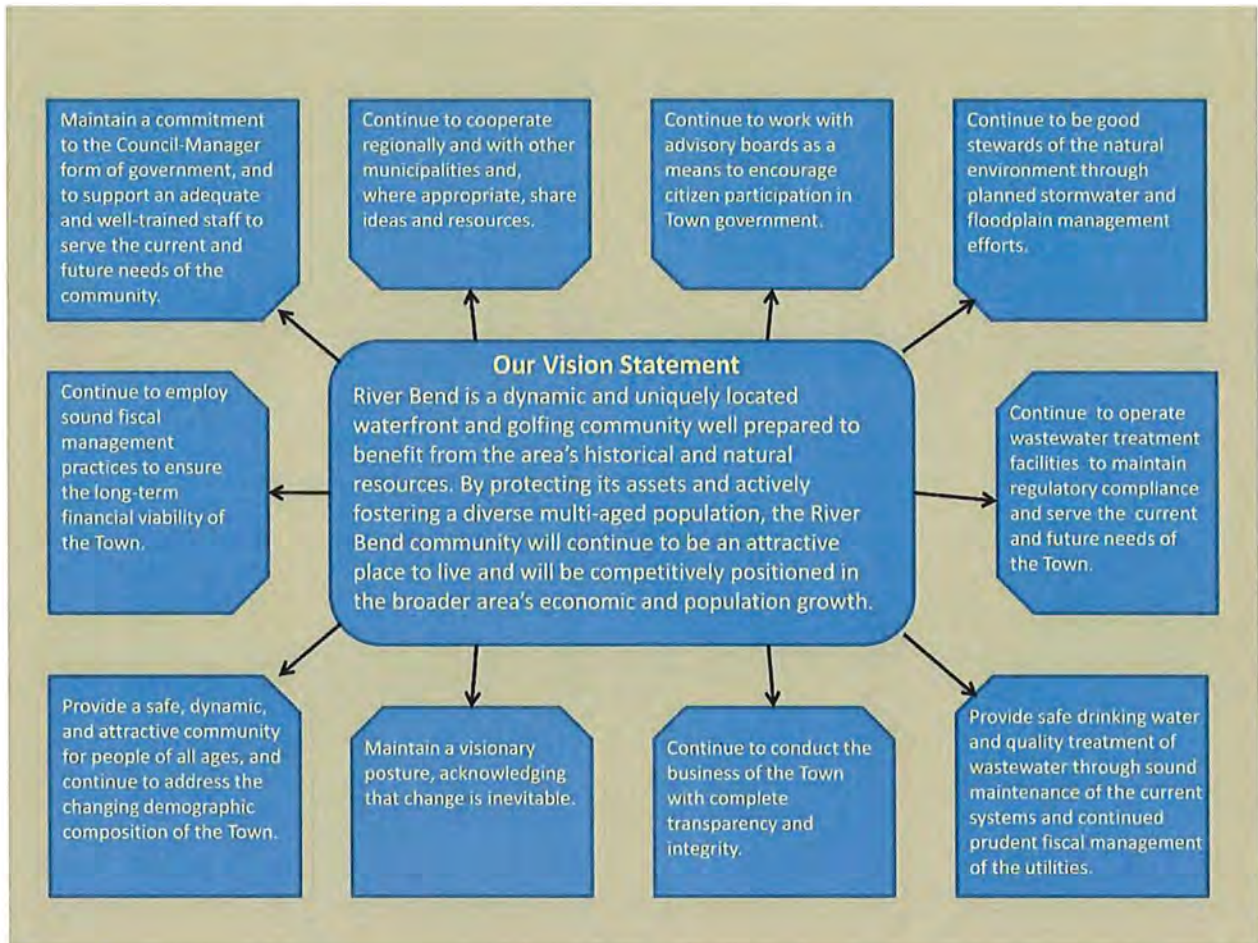
- To link long-term financial planning with short-term daily operations and decision-making.
- To maintain and improve the Town's financial position.
- To maintain and improve the Town's credit ratings by meeting or exceeding the requirements of rating agencies through sound financial policies.
- To 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 no less 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 2019, we received a confirmation of their A1 rating. Here is an excerpt from their rating rationale:

"The Town's financial position is very strong and is a notable strength relative to the A1 rating assigned. The fund balance as a percent of operating revenues (158.4%) far exceeds the US median, and saw an impressive increase from 2014 to 2018. In addition, the cash balance as a percent of operating revenues (152.8%) is far superior to other Moody's-rated cities nationwide."

These favorable reviews 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

Long-range planning and budgeting efforts focus 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.

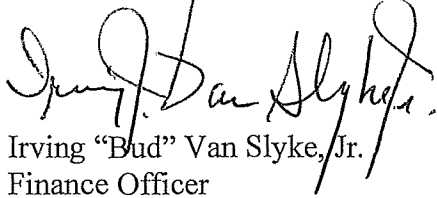
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for the Excellence in Financial Reporting to the Town of River Bend for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This was the eighth year that 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 Michael Allen. 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.
Finance Officer


Margaret Theis
Finance Administrator


C. Delane Jackson
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, 2018

Christopher P. Morill

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, 2018

Christopher P. Morill

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, 2018. 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 2018 award was our ninth 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, 2019

MAYOR

John Kirkland

TOWN COUNCIL

William Camp

Donald Fogle

Hary "Bud" McClard

Morris "Buddy" Sheffield

Irving "Bud" Van Slyke, Jr.*

*also serves as Mayor Pro Tem and Finance Officer

ADMINISTRATIVE STAFF

Delane Jackson

Town Manager

Margaret Theis

Finance Administrator

Ann Katsuyoshi

Town Clerk

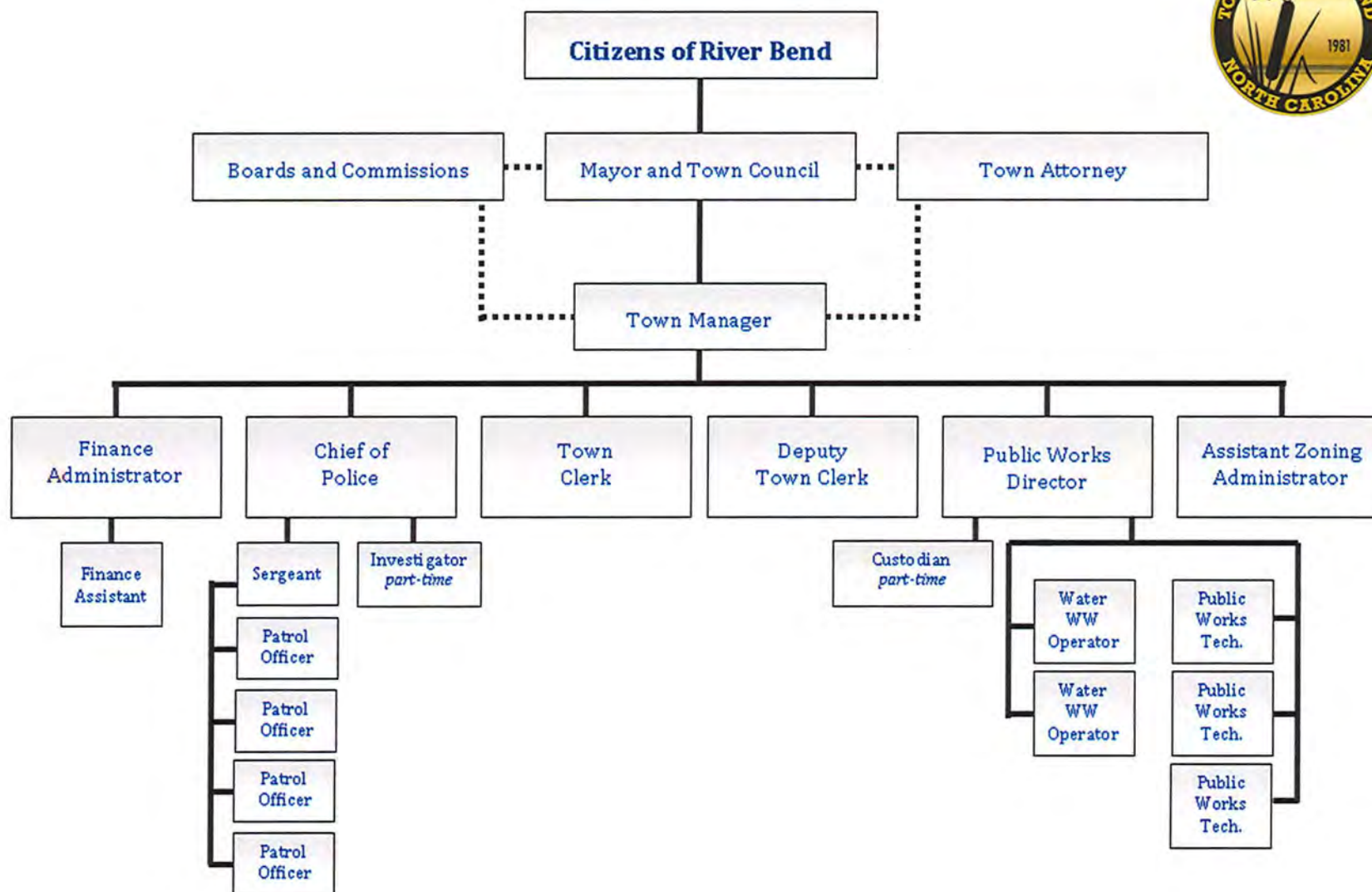
Sean Joll

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.



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



**REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**



**PETWAY
MILLS &
PEARSON, PA**

CERTIFIED PUBLIC ACCOUNTANTS

C. Briggs Petway, Jr.
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Zebulon, NC 27597
919.269.7405
919.269.8728 FaxRaleigh Office
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Suite 200
Raleigh, NC 27615
919.781.1047

www.pmpcpa.com

Memberships:North Carolina
Association of
Certified Public
AccountantsAmerican Institute
of Certified Public
AccountantsTo 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, 2019, 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, 2019, 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 37 through 51, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions on pages 99 and 100, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 101 and 102, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2019, 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 9, 2019



MANAGEMENT'S DISCUSSION & ANALYSIS



**Management Discussion and Analysis
Town of River Bend**

**Town of River Bend
Management's Discussion and Analysis
June 30, 2019**

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, 2019. 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 \$6,680,522 (*net position*) at the close of the fiscal year.
- For governmental type activities, the Town's net position showed a decrease of 6.9% at the close of the fiscal year at \$4,795,544. Net position for business-type activities, which exclusively include the Water and Sewer Enterprise Funds, were \$854,884 and \$1,030,094, respectively, for a total of \$1,884,978. This represents a decrease of \$13,564 in the value of net position in the Water Fund, and an increase of \$108,893 in the value of net position in the Sewer Fund. On-going depreciation of the infrastructure, a total of \$202,941, continues to be a significant expense. The government's total net position increased by \$261,491.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$3,219,541, an increase of \$509,815. Approximately 5% of this amount, or \$162,507, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,437,822 or 100% of total General Fund expenditures for the fiscal year. The Town Council's policy is that this ratio should be no less than 50% of the completed fiscal year's actual expenditures. For the year ending June 30, 2019, this amounted to \$1,214,180; therefore, the available fund balance for the General Fund was \$1,223,642.
- The Town's total General Obligation bond debt decreased by \$220,000 (10.5%) during the current fiscal year. The key factor in this decrease is the timely payments of debt service expenditures.
- The Town holds an 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 maintains a stable A1 bond rating from Moody's Investor Service.

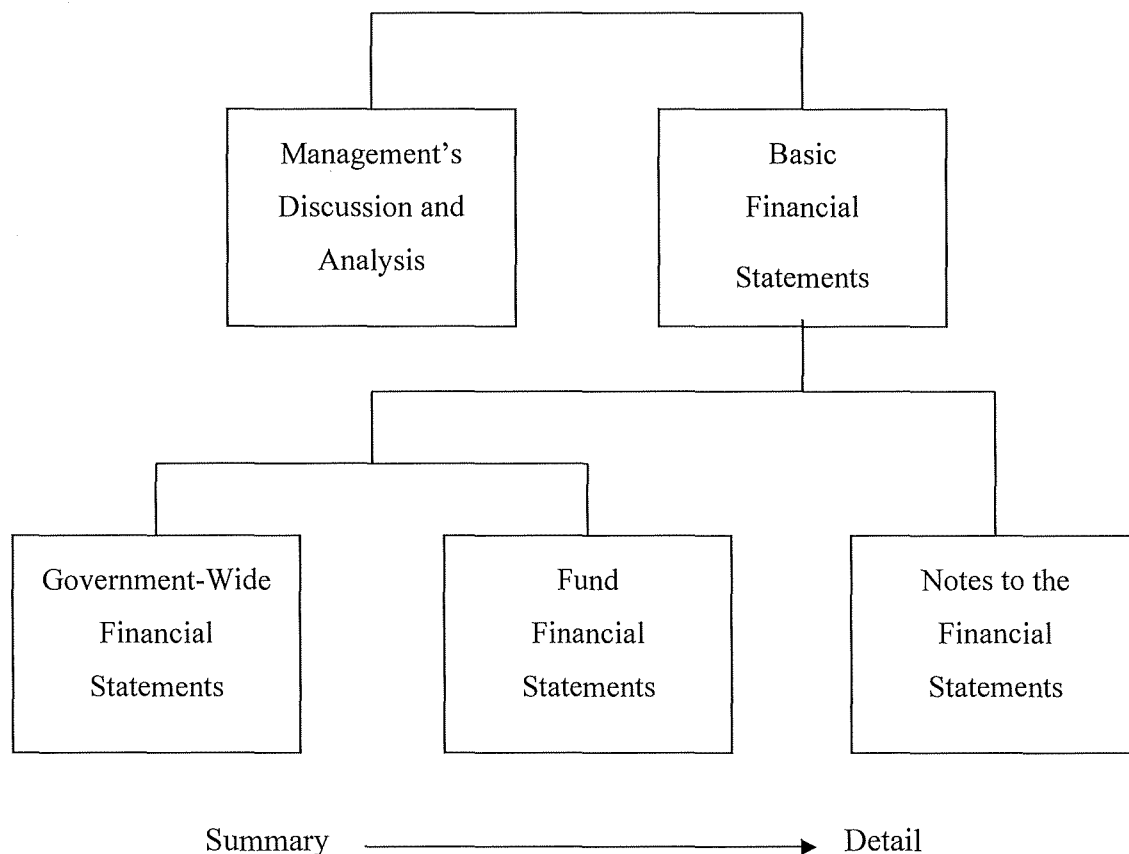
Overview of the Financial Statements

This discussion and analysis serves 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 with 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.

**Management Discussion and Analysis
Town of River Bend**

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) 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 3 through 9) 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 is the **Required Supplemental Information** containing funding information about the Town's pension benefits. **Supplemental Information** provides detail about the Town's individual funds. Budgetary information required by the General Statutes is located in this part of the statements.

Management Discussion and Analysis

Town of River Bend

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 changes in the Town's net position. 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 1 and 2 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 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 utilizes the same format, language, and classifications as the legal budget document.

Management Discussion and Analysis

Town of River Bend

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 9 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 100 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 and deferred inflows by \$6,680,522 as of June 30, 2019. The Town's net position decreased by \$261,491 for the fiscal year ended June 30, 2019. The largest portion (58%) of total net position is the Town's unrestricted net position, \$3,910,781 that is 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 \$162,507 represents resources that are subject to external restrictions on how they may be used.

Management Discussion and Analysis
Town of River Bend

Town of River Bend's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	\$ 3,280,293	\$ 2,767,686	\$ 2,086,897	\$ 2,022,250	\$ 5,367,190	\$ 4,789,936
Net pension asset - Separation Allowance	-	-	-	-	-	-
Net pension asset - LGERS	-	-	-	-	-	-
Capital assets, net	2,719,369	2,644,862	1,780,596	1,955,858	4,499,965	4,600,720
Total assets	5,999,662	5,412,548	3,867,493	3,978,108	9,867,155	9,390,656
Deferred Outflows of Resources:						
Contributions to pension plan, current year - LGERS	56,502	45,746	16,169	14,781	72,671	60,527
Contributions to pension plan, current year - LEO	21,810	31,558	-	-	21,810	31,558
Pension deferrals	130,410	85,551	40,835	25,707	171,245	111,258
Deferred charges on refunding	-	-	71,427	80,355	71,427	80,355
Total deferred outflows of resources	208,722	162,855	128,431	120,843	337,153	283,698
Liabilities:						
Current liabilities	1,042,500	81,982	301,335	283,591	1,343,835	365,573
Long-term liabilities	295,554	283,754	1,804,576	2,022,400	2,100,130	2,306,154
Total liabilities	1,338,054	365,736	2,105,911	2,305,991	3,443,965	2,671,727
Deferred Inflows of Resources:						
Pension deferrals	74,786	57,303	5,035	3,311	79,821	60,614
Net Position:						
Net investment in capital assets	2,719,369	2,644,862	(112,135)	(159,089)	2,607,234	2,485,773
Restricted	162,507	146,368	-	-	162,507	146,368
Unrestricted	1,913,668	2,361,134	1,997,113	1,948,738	3,910,781	4,309,872
Total net position	\$ 4,795,544	\$ 5,152,364	\$ 1,884,978	\$ 1,789,649	\$ 6,680,522	\$ 6,942,013

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

- Hurricane Florence made landfall on the east coast of North Carolina on 09/14/18 as a slow-moving Category 1 storm, with heavy winds and rains that created major flooding. The Town incurred over \$1,000,000 in related expenditures, the majority was debris removal. The North Carolina Office of Recovery and Resiliency (NCORR) provided the Town with a zero-interest, one-million-dollar loan. The loan is paid back when in receipt of federal and state public assistance funds.
- The North Carolina Office of Recovery and Resiliency (NCORR) provided the Town with a \$300,000 three-year grant to aid in hurricane clean-up and recovery. Federal, state, and county disaster assistance and grant funds received this fiscal year totaled \$56,983.
- The Town Council adopted a tax rate of \$0.24 per hundred dollars of valuation, a decrease of \$0.05. Property tax revenue, including motor vehicles, was down \$142,316 from FY18; fund balance in the amount of \$147,270 was originally budgeted to balance the FY19 budget.
- General Fund departmental expenditures to budget ended favorably, \$365,890, of which \$183,125 is from the Emergency Management Department. Some projects, in the amount of \$59,526, were completed in the next fiscal year.
- The annual comprehensive study of the operations and capital needs of the Water and Sewer systems, using a professionally designed rate model, confirmed that our current utility rates would enable the enterprise funds to cover operating costs, fund capital improvements and maintain cash reserves this

Management Discussion and Analysis
Town of River Bend

fiscal year as budgeted. Water and sewer rates remained unchanged this fiscal year, however, water rates were reduced last fiscal year.

- Hurricane Florence created an impact on water and sewer revenues and expenses because of residential flooding and leaks, but no major water or wastewater infrastructure damage was sustained. Insurance and disaster assistance funds were applied for and received for the majority of repairs.

Town of River Bend's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program revenues:						
Charges for services	\$ 60,410	\$ 69,097	\$ 1,017,505	\$ 1,183,727	\$ 1,077,915	\$ 1,252,824
Operating grants and contributions	443,028	89,226	-	-	443,028	89,226
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	725,978	870,529	-	-	725,978	870,529
Other taxes	659,572	655,363			659,572	655,363
Investment earnings, unrestricted	50,173	26,544	37,921	19,889	88,094	46,433
Miscellaneous, unrestricted	46,933	-	25,218	2,800	72,151	2,800
Total revenues	<u>1,986,094</u>	<u>1,710,759</u>	<u>1,080,644</u>	<u>1,206,416</u>	<u>3,066,738</u>	<u>2,917,175</u>
Expenses:						
General government	695,858	687,079	-	-	695,858	687,079
Public safety	1,329,186	426,631	-	-	1,329,186	426,631
Transportation	208,321	190,723	-	-	208,321	190,723
Environmental protection	59,928	59,221	-	-	59,928	59,221
Cultural and recreational	49,621	51,850	-	-	49,621	51,850
Water	-	-	470,606	446,522	470,606	446,522
Sewer	-	-	514,709	478,317	514,709	478,317
Total expenses	<u>2,342,914</u>	<u>1,415,504</u>	<u>985,315</u>	<u>924,839</u>	<u>3,328,229</u>	<u>2,340,343</u>
Increase in net position	(356,820)	295,255	95,329	281,577	(261,491)	576,832
Net Position:						
Beginning of year - July 1	5,152,364	4,857,109	1,789,649	1,508,072	6,942,013	6,365,181
End of year - June 30	<u>\$ 4,795,544</u>	<u>\$ 5,152,364</u>	<u>\$ 1,884,978</u>	<u>\$ 1,789,649</u>	<u>\$ 6,680,522</u>	<u>\$ 6,942,013</u>

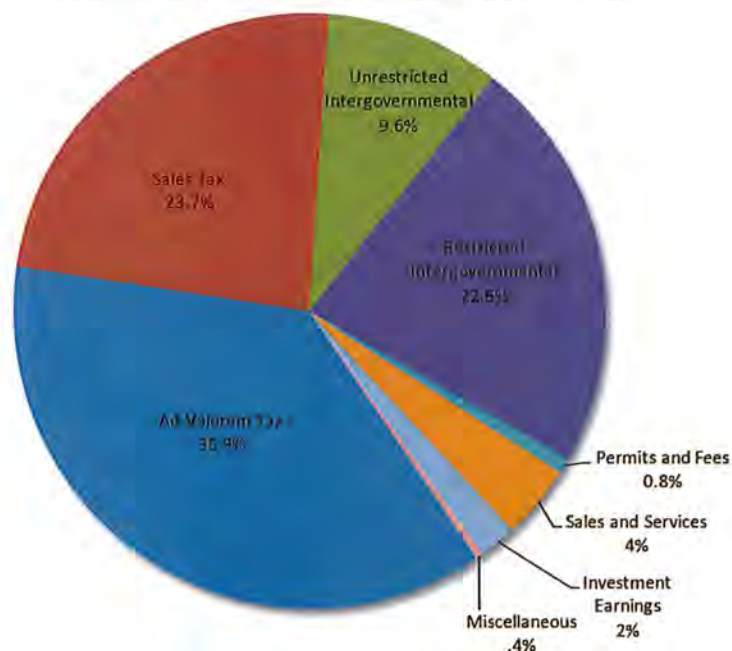
Management Discussion and Analysis

Town of River Bend

Governmental Activities. The total net position of the Town decreased by \$261,491; governmental activities accounted for \$356,820 of a decrease to the Town's net position. Key elements that affected net position are as follows:

- Hurricane Florence made the most significant impact on the Town's finances with the cost of debris removal, repairs to our infrastructure, labor costs, and replacement of equipment totaling over \$1,000,000. The North Carolina Office of Recovery and Resiliency (NCORR) provided the Town with a one-million-dollar loan. The loan is paid back when in receipt of federal and state public assistance funds. NCORR also provided a \$300,000 grant for hurricane recovery to cover additional labor cost.
- Ad valorem taxes made up 37% of the governmental activity revenue, but normally run around 50%. Craven County's six-year revaluation, effective FY 2016-17, resulted in a 14.65% reduction in the value of taxable property. The revenue neutral tax rate, in accordance with North Carolina General Statute 159.11, was \$0.3114 and the Town then adopted a tax rate of \$0.3105 per hundred dollars of valuation. This fiscal year the adopted rate was \$0.24 with a total property tax valuation of \$302,649,329; Craven County collection rate was 99.61%. As stated above, \$147,270 of fund balance was originally budgeted to cover the reduced tax revenue.
- 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 slightly from last fiscal year but because the Town Council budgets conservatively, this revenue was greater than budgeted amount by \$27,235.
- Although the Town waved zoning permit fees for almost eleven weeks after Hurricane Florence, zoning permit revenue performed better than the budgeted amount by \$10,319.
- 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 to the Town's net position for the fiscal year. Capital outlays increased capital assets for \$216,176; the General Fund Capital Improvement Plan contributed \$117,470 from Capital Reserves for capital outlay.

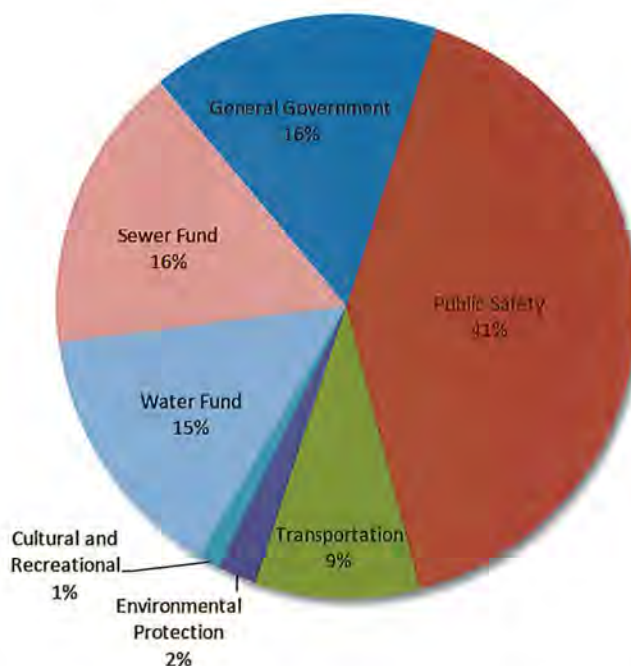
Town of River Bend
Figure 4. Revenue Sources - Governmental Activities - Fiscal Year 2019



Management Discussion and Analysis

Town of River Bend

Town of River Bend
Figure 5. Functional Expenses - Fiscal Year 2019



Business-Type Activities. Business-type activities increased the Town's net position by \$95,329. 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 last sewer utility rate increase of 6.87% was in fiscal year 2015. That increase will help maintain a cash balance projected to be at 73% of expenditures at the end of the next five years.
- The water utility base fee was decreased in fiscal year 2019 in light of sufficient cash reserves to respond to routine maintenance and emergent conditions; operating cash is forecast to be at least 61% of expenditures at the end of the next three years.
- Hurricane Florence impacted billed usage for the enterprise funds. The Town provides 1438 households with water service and 958 households with sewer service; of those, nearly 500 were damaged. Revenues were down over 7% or \$77,000 from FY2018. In addition, Water Fund revenues were reduced by approximately \$90,000 from a budgeted water rate reduction.
- Operating revenues from sewer services adequately covered the operating expenses, resulting in operating income and an increase in net position of \$108,893. Water fund net position decreased by \$13,564.
- The Water Fund cash and cash equivalents decreased by \$19,108, resulting in ending cash balance of \$955,511.
- The Sewer Fund increased its cash and cash equivalents balance by \$90,905, resulting in an ending cash balance of \$901,407.

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 and Maintenance & Repair.

Management Discussion and Analysis

Town of River Bend

Water Fund:

- The Water Fund decreased net position \$13,564 from last year to \$854,884 at year-end.
- Operating loss was \$14,704, mainly due to a rate reduction, compared to \$124,309 income last year.
- No capital assets were acquired in the current year. The cash-funded capital improvement plan provides for an annual appropriation of \$3,500.
- Depreciation expense reduced net position in the amount of \$107,897, compared to \$107,316 last year.

Sewer Fund:

- The Sewer Fund increased net position \$108,893 from last year to \$1,030,094 at year-end.
- Operating income was \$98,144, down \$91,985 from last year.
- No capital assets were acquired in the current year. The cash-funded capital improvement plan provides for an annual appropriation of \$63,000.
- Depreciation expense reduced net position for \$95,064, compared to \$93,762 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 \$3,219,541, an increase of \$509,815 over the prior year. Included in this change is an increase of \$16,807 in fund balance in the Capital Reserve Funds. The Town received a \$300,000, three-year grant from the North Carolina Office of Recovery and Resiliency (NCORR) to hire two employees and purchase a vehicle to assist in the clean-up after Hurricane Florence. Also received was a zero-percent NCORR loan for \$1,000,000 to bridge the gap between Hurricane Florence disaster response and recovery expenses and the receipt of FEMA public assistance. The loan is paid back when in receipt of public assistance funds; payments for \$50,154 were made in fiscal year 2019.

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 \$2,275,315 and unassigned fund balance of the General Fund was \$2,437,822 a 18.8% increase from prior year. Total fund balance reached \$3,219,541. 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 100% of total General Fund expenditures. The Town Council's policy states this ratio should be no less than 50% of the completed fiscal year's actual General Fund expenditures. Total fund balance represents 133% of total General Fund expenditures and available fund balance represents 94% of that same amount.

Management Discussion and Analysis

Town of River Bend

The Department of State Treasurer reported the average fund balance of 81.60 percent for the group of non-electric cities with a population of 2,500 – 9,999 for the year ended June 30, 2018.

General Fund Budgetary Highlights. During the fiscal year, the Town amended the budget on six 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:

- Fund balance was appropriated for various incomplete projects rolled over from FY17-18, \$34,884.
- Funds were appropriated from General Fund balance for additional architectural fees, \$6,000, and Hurricane Florence purchases of emergency goods and services, \$979,089.
- Appropriated fund balance was reduced by \$8,517 resulting from an update of the annual Law Enforcement Separation Allowance payout.
- Contingency funds used to cover the replacement of a sidewalk at Town Hall, \$3,500, a six-month lease for Police Department office space, \$4,900, and funding for merit bonuses, \$13,636.
- Architecture design fees for the Police Community building, \$58,328, were funded by the Capital Reserve Fund.
- Additional revenue was recognized from insurance settlements after Hurricane Florence, \$33,870, County grant funds for mosquito spraying supplies, \$5,012, investment interest, \$18,936, and NCORR grant revenue to offset expenditures, \$52,500.
- Departmental budgets were increased for a December 2018 pay increase for twelve employees, \$37,165, and yoga instructors' payroll, \$4,333.

Excluding restricted intergovernmental revenues, actual operating revenues for the General Fund were greater than the final budget by \$57,196. Ad Valorem tax collections represent 20% of this, or \$11,477. A favorable variance of \$29,470 was realized in Sales tax revenues and the related hold harmless tax as it continues to increase moderately due to the recovering economy. The Town's outdoor storage facilities revenue increased as we reached nearly 100% capacity. Included in Rents revenue are charges to the Enterprise funds for use of facilities. Investment earnings increased and ended with \$4,491 over budget.

Departmental expenditures were less than the final budgeted amounts by \$365,890. Although each functional area contributed to this total amount, the most significant, \$202,284, came from Public Safety due to hurricane disaster response. Total general government also contributed \$77,473.

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 106. 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 \$854,888 and \$1,030,094, respectively, for a total of \$1,884,978. This represents an increase of \$95,329 from last fiscal year. As stated before, a key element each year is depreciation, for this year in the Water Fund, \$107,877, and the Sewer Fund, \$95,064. Unrestricted net position of the Water Fund and Sewer Fund at the end of the fiscal year amounted to \$1,997,113.

Management Discussion and Analysis

Town of River Bend

Other factors concerning the finances of these funds are 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, 2019 totaled \$4,499,965 (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:

- \$14,540, vinyl seawall off Plantation Drive
- \$59,021, two Dodge Durangos
- \$7,623, Town Hall audio system
- \$134,992 2019 Street Paving Program

Water Fund:

- \$9,156, Wells 1 & 2 improvements

Sewer Fund:

- \$5,603, transfer switch at the wastewater treatment plant
- \$12,940, two diverter boxes on sludge filter at wastewater treatment plant

The Town of River Bend utilizes a well-planned and reasoned approach to major initiatives with a Capital Improvement Plan (CIP), as outlined 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.

Management Discussion and Analysis
Town of River Bend

- 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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 929,320	\$ 929,320	\$ 183,357	\$ 183,357	\$ 1,112,677	\$ 1,112,677
Construction in progress	43,500	43,500	220,070	220,070	263,570	263,570
Plant and distribution system	-	-	5,800,615	5,772,919	5,800,615	5,772,919
Furniture and equipment	-	-	278,749	278,749	278,749	278,749
Building and improvements	1,306,821	1,306,821	8,960	8,960	1,315,781	1,315,781
Equipment and vehicles	421,869	377,943	-	-	421,869	377,943
Infrastructure	<u>2,018,998</u>	<u>1,869,466</u>	<u>-</u>	<u>-</u>	<u>2,018,998</u>	<u>1,869,466.00</u>
Subtotal	<u>4,720,508</u>	<u>4,527,050</u>	<u>6,491,751</u>	<u>6,464,055</u>	<u>11,212,259</u>	<u>10,991,105</u>
Less accumulated depreciation	<u>(2,001,139)</u>	<u>(1,882,188)</u>	<u>(4,711,156)</u>	<u>(4,508,197)</u>	<u>(6,712,295)</u>	<u>(6,390,385)</u>
Capital assets, net	<u>\$ 2,719,369</u>	<u>\$ 2,644,862</u>	<u>\$ 1,780,596</u>	<u>\$ 1,955,859</u>	<u>\$ 4,499,965</u>	<u>\$ 4,600,720</u>

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

Long-Term Debt. As of June 30, 2019, the Town had total bonded debt outstanding of \$1,875,000, all of which is backed by the full faith and credit of the Town.

Town of River Bend's Long-Term Debt

Figure 7

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General obligation bonds	\$ -	\$ -	\$ 1,875,000	\$ 2,095,000	\$ 1,875,000	\$ 2,095,000
Unamortized premium on bonds	-	-	89,158	100,302	89,158	100,302
Compensated absences	42,960	36,320	23,979	17,036	66,939	53,356
Net pension liability (LGERS)	225,027	167,079	70,567	53,983	295,594	221,062
Total pension liability (LEO)	<u>64,083</u>	<u>111,227</u>	<u>-</u>	<u>-</u>	<u>64,083</u>	<u>111,227</u>
Total debt	<u>\$ 332,070</u>	<u>\$ 314,626</u>	<u>\$ 2,058,704</u>	<u>\$ 2,266,321</u>	<u>\$ 2,390,774</u>	<u>\$ 2,580,947</u>

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. Because 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.

Management Discussion and Analysis

Town of River Bend

Additional information on the Town's long-term debt is found starting on page 92 in the notes to the basic financial statements. The Town's legal debt margin at June 30, 2019 was \$23,300,000.

Economic Factors

The Town of River Bend is a small residential community in Craven County, home to approximately 3,000 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 4.8% is close to the State seasonally adjusted rate of 4.2%, along with the national rate of 3.7% at the end of June 2019. Craven County unemployment rate at the end of June 2018 was reported at 4.4%, the State average, 4.2%, and a national average of 4.0%.

Budget Highlights and Rates for the Fiscal Year Ending June 30, 2020

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 Work Session in January 2019. 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 eighth year the Town has been awarded the Distinguished Budget Presentation Award by the Government Finance Officers Association.

The General Fund budget is formulated in compliance with the Financial and Budgetary Policies, which stipulate a minimum contingency level of one percent of budgeted General Fund expenditures and a target of no less than 50% unassigned fund balance at the end of the fiscal year. General Fund revenues and other financing sources are budgeted at \$1,740,903, a 3.78% decrease from the 2019 fiscal year-end budgeted revenues, (after deducting \$1,000,000 for hurricane expenses) and a 13.44% decrease compared to year-end revenues. Included in this amount is NCORR Recovery Grant revenue, \$93,700, for the corresponding department expenditures.

The Council adopted a tax rate of \$0.26, up slightly from the prior year's rate of \$0.24. Appropriated fund balance was used to balance the budget in the amount of \$96,111. We anticipate receiving \$912,211 in requested public assistance funds this fiscal year. As of this date, we have received \$668,975. These funds pay down the zero-percent NCORR loan our financial reports show outstanding, \$949,846 at June 30, 2019.

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 twenty full-time, three part-time employees and several recreation instructors. Personnel costs, including benefits, represent 45% of the total combined operating budget. Following the guidance of the Council, the budget reflects a 1.5% cost-of-living increase and 1% for longevity increases. An additional 2% merit pool is available to recognize outstanding performance of individual employees.

Included in the budget is an allocation for \$13,500 to fund the Law Enforcement Officers' Separation Allowance. Our financial obligation for eligible retirees is \$15,177 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 one street and providing patching on several other streets. The estimated cost is well above what we receive from the State through the Powell Bill appropriation so local revenue of \$46,800 will be budgeted to complete this project.

Management Discussion and Analysis

Town of River Bend

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. No funds were budgeted to set aside in the Capital Reserve Fund for this year.

The only CIP budgeted expenditures this year is for the replacement of information technology hardware, \$5,800. 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. Swale drainage in several areas of the Town that were flooded from Hurricane Florence are included in a project funded by public assistance.

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 reduce CIP funding to \$2,000 in FY 2014.

After careful consideration during ten building utilization strategy (BUS) special meetings, the Town Council established a capital projects fund on September 19, 2019 to renovate the Town Hall and build a police department and community building for \$1,300,000. The renovation will address upgrading the restrooms to be ADA (Americans with Disabilities Act) compliant, replacing a failing sewer line, along with a creating a new exterior entrance and lobby to the meeting hall and restrooms. The new building will provide office space for the professional needs of our police department and offer kitchen facilities and a large meeting area for community events as well as a command post for emergency operations. These projects will be funded by General Fund and Capital Reserve fund balance.

Business-Type Activities. The adopted rate schedule reflects no rate changes in the Water Fund and 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 21% of the total expenditures for the Water Fund and the Sewer Fund, respectively. Based upon the proposed expenditures and revenue projections, the cash balance in this utility is sufficient to respond to unknown conditions; there are no identified long-term capital needs that require the continued building of cash reserves. At the end of the next three years, it is projected that Water Fund cash reserves will be 61% of expenditures.

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. At the end of the next five years, it is projected that the Sewer Fund cash reserves will be at 73% of expenditures.

Water Capital Improvement Plan (CIP) annually budgeted funds remains at \$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. There are no CIP expenditures planned for the Water Fund this fiscal year.

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 2020,

Management Discussion and Analysis

Town of River Bend

we plan to purchase a mobile back-up generator, \$21,000 and upgrade the digesters' coating at the wastewater treatment plant, \$5,000.

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 have been 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 may occur in the permit renewal process. The design and permitting phase of the project, costing \$210,000, resulted in the Town obtaining a construction permit from the State in January 2016 to allow us to renovate and upgrade the wastewater treatment plant. On October 11, 2018, we received notification that our approved NPDES discharge permit for the wastewater treatment plant includes no major changes from the application submitted. The Council will address further funding decisions each year during the budget process.

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.



BASIC FINANCIAL STATEMENTS



TOWN OF RIVER BEND, NORTH CAROLINA

STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,421,930	\$ 1,896,918	\$ 4,318,848
Taxes receivables (net)	4,614	-	4,614
Accounts receivable (net)	5,575	174,284	179,859
Prepaid items	199	-	199
Due from other governments	156,733	-	156,733
Total current assets	2,589,051	2,071,202	4,660,253
Noncurrent assets:			
Restricted cash and cash equivalents	691,242	15,695	706,937
Capital assets:			
Land and construction in progress	972,820	403,427	1,376,247
Other capital assets, net of depreciation	1,746,549	1,377,169	3,123,718
Total capital assets (net)	2,719,369	1,780,596	4,499,965
Total noncurrent assets	3,410,611	1,796,291	5,206,902
Total assets	5,999,662	3,867,493	9,867,155
DEFERRED OUTFLOWS OF RESOURCES			
Contributions to pension plan in current fiscal year - LGERS	56,502	16,169	72,671
Contributions to pension plan in current fiscal year - LEO	21,810	-	21,810
Pension deferrals	130,410	40,835	171,245
Deferred charge on refunding	-	71,427	71,427
Total deferred outflows of resources	208,722	128,431	337,153
LIABILITIES			
Current liabilities:			
Accounts payable	53,178	31,512	84,690
Accrued expenses	324	-	324
Unearned revenue - rents	2,636	-	2,636
Liabilities payable from restricted assets	-	15,695	15,695
Current portion of compensated absences	36,516	17,984	54,500
Current portion of long-term debt	949,846	236,144	1,185,990
Total current liabilities	1,042,500	301,335	1,343,835
Non-current liabilities:			
Non-current portion of compensated absences	6,444	5,995	12,439
Net pension liability - LGERS	225,027	70,567	295,594
Total pension liability - LEO	64,083	-	64,083
Non-current portion of long-term debt	-	1,728,014	1,728,014
Total long-term liabilities	295,554	1,804,576	2,100,130
Total liabilities	1,338,054	2,105,911	3,443,965
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	74,786	5,035	79,821
Total deferred inflows of resources	74,786	5,035	79,821
NET POSITION			
Net investment in capital assets	2,719,369	(112,135)	2,607,234
Restricted for stabilization by State Statute	162,507	-	162,507
Restricted for Streets	-	-	-
Unrestricted	1,913,668	1,997,113	3,910,781
Total net position	\$ 4,795,544	\$ 1,884,978	\$ 6,680,522

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

TOWN OF RIVER BEND, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 695,858	\$ 44,020	\$ -	\$ -	\$ (651,838)	\$ -	\$ (651,838)
Public safety	1,329,186	3,071	356,983	-	(969,132)	-	(969,132)
Transportation	208,321	-	86,045	-	(122,276)	-	(122,276)
Environmental protection	59,928	13,319	-	-	(46,609)	-	(46,609)
Cultural and recreational	49,621	-	-	-	(49,621)	-	(49,621)
Total governmental activities	2,342,914	60,410	443,028	-	(1,839,476)	-	(1,839,476)
Business-type activities:							
Water fund	470,606	428,400	-	-	-	(42,206)	(42,206)
Sewer fund	514,709	589,105	-	-	-	74,396	74,396
Total business-type activities	985,315	1,017,505	-	-	-	32,190	32,190
Total primary government	\$ 3,328,229	\$ 1,077,915	\$ 443,028	\$ -	(1,839,476)	32,190	(1,807,286)
General revenues:							
Ad valorem taxes					725,978	-	725,978
Local option sales taxes					359,236	-	359,236
Franchise taxes					119,954	-	119,954
Other taxes					180,382	-	180,382
Interest earned on investments, unrestricted					50,173	37,921	88,094
Special item - gain on sale of capital assets					3,150	-	3,150
Miscellaneous, unrestricted					43,783	25,218	69,001
Total general revenues					1,482,656	63,139	1,545,795
Change in net position					(356,820)	95,329	(261,491)
Net position:							
Beginning of year - July 1					5,152,364	1,789,649	6,942,013
End of year - June 30					\$ 4,795,544	\$ 1,884,978	\$ 6,680,522

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

TOWN OF RIVER BEND, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 2,421,930
Restricted cash	691,242
Taxes receivable ,net	4,614
Accounts receivable, net	5,575
Prepaid items	199
Due from other governments	156,733
Total assets	<u>\$ 3,280,293</u>
LIABILITIES	
Accounts payable	\$ 53,178
Accrued expenses	324
Unearned revenue - rents	2,636
Total liabilities	<u>56,138</u>
DEFERRED INFLOWS OF RESOURCES	
Property taxes receivable	<u>4,614</u>
FUND BALANCES	
Restricted for stabilization by State Statute	162,507
Committed for general government capital outlay	432,035
Assigned	187,177
Unassigned	2,437,822
Total fund balances	<u>3,219,541</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,280,293</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) 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.	2,719,369
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position (Exhibit 1).	78,312
Earned revenues considered deferred inflows of resources in fund statements.	4,614
Long-term loan from the North Carolina Department of Recovery and Resiliency	(949,846)
Pension related deferrals	55,624
Net pension liability	(225,027)
Total pension liability	(64,083)
Other long-term liabilities (compensated absences) are not due and payable in the current period and therefore are not reported in the funds.	(42,960)
Net position of governmental activities per Exhibit 1	<u>\$ 4,795,544</u>

TOWN OF RIVER BEND, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>
REVENUES	
Ad valorem taxes	\$ 728,213
Other taxes and licenses	468,267
Unrestricted intergovernmental	189,185
Restricted intergovernmental	445,147
Permits and fees	16,390
Sales and services	79,278
Investment earnings	50,173
Miscellaneous	8,526
Total revenues	<u>1,985,179</u>
EXPENDITURES	
Current:	
General government	556,085
Public safety	1,366,425
Transportation	184,803
Environmental protection	61,131
Cultural and recreational	43,740
Capital outlay	216,176
Total expenditures	<u>2,428,360</u>
Revenues over (under) expenditures	(443,181)
Other financing sources (uses)	
Loan proceeds	1,000,000
Principal payment	(50,154)
Sale of capital assets	3,150
Total other financing sources	<u>952,996</u>
Revenues and other sources over expenditures and other uses	509,815
Fund balances, beginning	2,709,726
Fund balances, ending	<u><u>\$ 3,219,541</u></u>

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

TOWN OF RIVER BEND, NORTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

Amounts reported for governmental activities in the Statement of Activities (Exhibit 2)
are different because:

Net changes in fund balances - total governmental funds	\$ 509,815
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.	216,176
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	<u>(141,669)</u>
This is the amount by which capital outlays exceeded depreciation in the current period.	74,507
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities (Exhibit 2).	78,312
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities (Exhibit 2).	2,027
Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.	
Change in deferred inflows for tax revenues	(2,236)
Some expenses reported in the Statement of Activities (Exhibit 2) do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds statement.	
Long-term loan	(949,846)
Compensated absences	(6,640)
Pension expense	<u>(62,759)</u>
Change in net position of governmental activities, per Exhibit 2	<u>\$ (356,820)</u>

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

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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over/Under
Revenues:				
Ad valorem taxes	\$ 716,736	\$ 716,736	\$ 728,213	\$ 11,477
Other taxes and licenses	440,600	440,600	468,267	27,667
Unrestricted intergovernmental	192,600	192,600	189,185	(3,415)
Restricted intergovernmental	90,100	147,612	445,147	297,535
Permits and fees	5,900	5,900	16,390	10,490
Sales and services	39,448	73,318	79,278	5,960
Investment earnings	16,469	35,405	39,896	4,491
Miscellaneous	8,000	8,000	8,526	526
Total revenues	<u>1,509,853</u>	<u>1,620,171</u>	<u>1,974,902</u>	<u>354,731</u>
Expenditures:				
General government	531,420	633,031	556,085	76,946
Public safety	542,598	1,567,802	1,366,425	201,377
Transportation	202,828	207,388	184,803	22,585
Environmental protection	84,294	99,434	61,131	38,303
Cultural and recreational	43,472	54,195	43,740	10,455
Capital Outlay	175,500	232,400	216,176	16,224
Total expenditures	<u>1,580,112</u>	<u>2,794,250</u>	<u>2,428,360</u>	<u>365,890</u>
Revenues over (under) expenditures	<u>(70,259)</u>	<u>(1,174,079)</u>	<u>(453,458)</u>	<u>720,621</u>
Other financing sources (uses):				
Transfers from other funds	72,642	130,970	117,470	(13,500)
Transfers to other funds	(137,500)	(137,500)	(124,000)	13,500
Sale of capital assets	3,700	3,700	3,150	(550)
Loan Proceeds	-	-	1,000,000	1,000,000
Principal Payment	-	-	(50,154)	(50,154)
Contingency	(38,675)	(16,639)	-	16,639
Appropriated fund balance	170,092	1,193,548	-	(1,193,548)
Total other financing sources (uses)	<u>70,259</u>	<u>1,174,079</u>	<u>946,466</u>	<u>(227,613)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	493,008	<u>\$ 493,008</u>
Fund balances, beginning			2,294,498	
Fund balances, ending			<u>\$ 2,787,506</u>	

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

TOWN OF RIVER BEND, NORTH CAROLINA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Major Enterprise Funds		
	Water Fund	Sewer Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 995,511	\$ 901,407	\$ 1,896,918
Accounts receivable, net	81,026	93,258	174,284
Prepaid items	-	-	-
Total current assets	1,076,537	994,665	2,071,202
Noncurrent assets:			
Restricted cash and cash equivalents	6,607	9,088	15,695
Capital assets:			
Land and construction in progress	118,171	285,256	403,427
Other capital assets, net of depreciation	702,274	674,895	1,377,169
Total capital assets, net	820,445	960,151	1,780,596
Total noncurrent assets	827,052	969,239	1,796,291
Total assets	1,903,589	1,963,904	3,867,493
DEFERRED OUTFLOWS OF RESOURCES			
Contributions to pension plan in current fiscal year	7,645	8,524	16,169
Pension deferrals	19,297	21,538	40,835
Deferred charge on refunding	38,329	33,098	71,427
Total deferred outflows of resources	65,271	63,160	128,431
LIABILITIES			
Current liabilities:			
Accounts payable	5,937	25,575	31,512
Liabilities payable from restricted assets	6,607	9,088	15,695
Compensated absences - current	8,813	9,171	17,984
Current portion of long-term debt	126,719	109,425	236,144
Total current liabilities	148,076	153,259	301,335
Non-current liabilities:			
Other noncurrent liabilities:			
Compensated absences	2,938	3,057	5,995
Net pension liability	33,351	37,216	70,567
Long-term debt	927,231	800,783	1,728,014
Total noncurrent liabilities	963,520	841,056	1,804,576
Total liabilities	1,111,596	994,315	2,105,911
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	2,380	2,655	5,035
Total deferred inflows of resources	2,380	2,655	5,035
NET POSITION			
Net investment in capital assets	(195,176)	83,041	(112,135)
Unrestricted	1,050,060	947,053	1,997,113
Total net position	\$ 854,884	\$ 1,030,094	\$ 1,884,978

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

TOWN OF RIVER BEND, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Major Enterprise Funds		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 407,796	\$ 580,444	\$ 988,240
Water and sewer taps	2,800	1,250	4,050
Other operating revenues	17,804	7,411	25,215
Total operating revenues	<u>428,400</u>	<u>589,105</u>	<u>1,017,505</u>
OPERATING EXPENSES			
Administration	262,199	275,276	537,475
Operations	74,197	121,647	195,844
Depreciation and amortization	106,708	94,038	200,746
Total operating expenses	<u>443,104</u>	<u>490,961</u>	<u>934,065</u>
Operating income (loss)	<u>(14,704)</u>	<u>98,144</u>	<u>83,440</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	21,002	16,919	37,921
Interest and other charges	(27,502)	(23,748)	(51,250)
Other non-operating revenues (expenses)	7,640	17,578	25,218
Total nonoperating revenue (expenses)	<u>1,140</u>	<u>10,749</u>	<u>11,889</u>
Income (loss) before contributions and transfers	(13,564)	108,893	95,329
Transfers to other funds	-	-	-
Total income (loss) after contributions and transfers	<u>(13,564)</u>	<u>108,893</u>	<u>95,329</u>
Change in net position	(13,564)	108,893	95,329
Total net position, beginning	<u>868,448</u>	<u>921,201</u>	<u>1,789,649</u>
Total net position, ending	<u>\$ 854,884</u>	<u>\$ 1,030,094</u>	<u>\$ 1,884,978</u>

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

TOWN OF RIVER BEND, NORTH CAROLINA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Major Enterprise Funds		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 425,507	\$ 582,666	\$ 1,008,173
Cash paid for goods and services	(192,155)	(229,235)	(421,390)
Cash paid to or on behalf of employees for services	(143,432)	(159,521)	(302,953)
Net customer deposits	(760)	(679)	(1,439)
Other operating revenues	25,444	24,989	50,433
Net cash provided (used) by operating activities	<u>114,604</u>	<u>218,220</u>	<u>332,824</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(9,156)	(18,542)	(27,698)
Principal paid on long-term debt	(118,056)	(101,944)	(220,000)
Interest and other costs paid on long-term debt	(27,502)	(23,748)	(51,250)
Net cash provided (used) by capital and related financing activities	<u>(154,714)</u>	<u>(144,234)</u>	<u>(298,948)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income received	<u>21,002</u>	<u>16,919</u>	<u>37,921</u>
Net increase (decrease) in cash and cash equivalents	(19,108)	90,905	71,797
Balances, beginning	<u>1,014,619</u>	<u>810,502</u>	<u>1,825,121</u>
Balances, ending	<u>\$ 995,511</u>	<u>\$ 901,407</u>	<u>\$ 1,896,918</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income	<u>\$ (14,704)</u>	<u>\$ 98,144</u>	<u>\$ 83,440</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	107,897	95,064	202,961
Amortization	(1,189)	(1,026)	(2,215)
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	17,263	5,582	22,845
Decrease in deferred outflows of resources - pensions	(164)	(183)	(347)
(Decrease) in net pension liability	1,230	8,706	9,936
Increase (decrease) in deferred inflows of resources - pensions	815	909	1,724
Increase (decrease) in accounts payable	809	8,167	8,976
Increase (decrease) in customer deposits	(760)	(679)	(1,439)
Increase (decrease) in compensated absences	3,407	3,536	6,943
Total Adjustments	<u>129,308</u>	<u>120,076</u>	<u>249,384</u>
Net cash provided by operating activities	<u>\$ 114,604</u>	<u>\$ 218,220</u>	<u>\$ 332,824</u>
Noncash investing, capital, and financing activities:			
Net amortization of bond premium and deferred charges on refunding	<u>\$ 1,189</u>	<u>\$ 1,026</u>	<u>\$ 2,215</u>

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



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, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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. Separate statements for each fund category – *governmental and proprietary* - 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 nonmajor 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.

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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.

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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, six amendments to the original budget were necessary.

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT- Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

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

3. Restricted Assets

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, 2019 for customer deposits were \$15,694. 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. The money held in the General Fund received from the NCDORR Recovery Grant is presented as restricted cash. Restricted cash and cash equivalents at June 30, 2019 for the General Fund was \$691,242.

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, 2018.

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.

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - Summary of Significant Accounting Policies (continued)

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. 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.

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - Summary of Significant Accounting Policies (continued)

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.

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, 2019 was \$162,507.

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - Summary of Significant Accounting Policies (continued)

Fund Balances (continued)

Restricted Fund Balance (continued)

North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. RSS is calculated at the end of each fiscal year for all annually budgeted funds. Per GASB guidance, RSS is considered a resource upon which a restriction is “imposed by law through constitutional provisions or enabling legislation.”

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, 2019, commitment for capital outlay was \$432,035.

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.

Subsequent year's expenditures – A portion of fund balance is appropriated in the FY 2019-20 budget to balance the budget, \$173,970.

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, 2019, assigned fund balance for this purpose was \$13,207.

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. As the chief operating fund of a government, it is reasonable for the general fund to report total fund balance in excess of the four components listed above and the surplus would be labeled *unassigned fund balance*. Resources could not properly be reported in a fund other than the general fund unless they were at least assigned to the purpose of that fund. If that governmental fund were to have nonspendable, restricted, and committed fund balance in excess of total fund balance, the difference would be reported as *negative unassigned balance*.

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - Summary of Significant Accounting Policies (continued)

Fund Balances (continued)

Unassigned Fund Balance (continued)

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	\$ 3,219,541
Less:	
Stabilization by State statute	162,507
Streets	-
General Government Capital Reserve Fund	432,035
LEO Separation Allowance	13,207
FY 2019-20 fund Balance Appropriated	173,970
Fund Balance policy	<u>1,214,180</u>
Remaining available fund balance	<u>\$ 1,223,642</u>

Reconciliation of the General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Exhibit 6) to the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit 4)

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 6 presents only the General Fund and Exhibit 4 presents the General Fund and the Capital Reserve Fund consolidated as follows:

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - Summary of Significant Accounting Policies (continued)

Fund Balances (continued)

Fund Balance Reporting and Governmental Fund Type Definitions. Exhibit 6 presents only the General Fund and Exhibit 4 presents the General Fund and the Capital Reserve Fund consolidated as follows:

End of year (Exhibit 6) - June 30	\$ 2,787,506
Capital Reserve Fund:	
Revenues:	
Investment earnings	10,277
Expenditures:	
Transfers in - General Fund	124,000
Transfers out - General Fund	(117,470)
Fund balance:	
Beginning of year - July 1	<u>415,228</u>
End of year (Exhibit 4) - June 30	<u>\$ 3,219,541</u>

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.

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The 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, 2019, the Town's deposits had a carrying amount of \$405,801 and a bank balance of \$447,166. 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 \$197,166 was covered by collateral held under the Pooling Method. The Town had petty cash of \$1,100 at June 30, 2019.

2. Investments

At June 30, 2019, the Town had \$4,618,884 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding 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, 2019 were as follows:

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - Detail Notes on All Funds (continued)

Receivables (continued)

	<u>Accounts</u>	<u>Taxes</u>	<u>Total</u>
Governmental Activities:			
General	\$ -	\$ 7,512	\$ 7,512
Wildwood storage receivables	9,540	-	9,540
Other receivables	2,203	-	2,203
Due from other governments	156,733	-	156,733
Allowance for doubtful accounts	(6,168)	(2,898)	(9,066)
Total governmental activities	<u>\$ 162,308</u>	<u>\$ 4,614</u>	<u>\$ 166,922</u>

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Business-Type Activities:			
Accounts	\$ 66,506	\$ 53,317	\$ 119,823
Unbilled receivables	65,358	95,178	160,536
Due from other governments	-	-	-
Allowance for doubtful accounts	(50,838)	(55,237)	(106,075)
Total business-type activities	<u>\$ 81,026</u>	<u>\$ 93,258</u>	<u>\$ 174,284</u>

Due from other governments consisted of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Local option sales tax	\$ 128,804	\$ -
Sales tax refund receivable	14,328	-
Due from Craven County	13,601	-
Total	<u>\$ 156,733</u>	<u>\$ -</u>

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - Detail Notes on All Funds (continued)

4. Capital Assets

Governmental Activities

Capital assets activity for the year ended June 30, 2019 was as follows:

	<u>June 30, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2019</u>
By Asset Type:				
Non-Depreciable Assets:				
Land	\$ 929,320	\$ -	\$ -	\$ 929,320
Construction in progress	43,500	-	-	43,500
Total non-depreciable assets	<u>972,820</u>	<u>-</u>	<u>-</u>	<u>972,820</u>
Depreciable Assets:				
Buildings and improvements	1,306,821	-	-	1,306,821
Equipment and vehicles	377,943	66,644	22,718	421,869
Infrastructure	<u>1,869,466</u>	<u>149,532</u>	<u>-</u>	<u>2,018,998</u>
Total depreciable assets	<u>3,554,230</u>	<u>216,176</u>	<u>22,718</u>	<u>3,747,688</u>
Less Accumulated Depreciation:				
Buildings and improvements	1,034,890	25,622	-	1,060,512
Equipment and vehicles	316,598	23,818	22,718	317,698
Infrastructure	<u>530,700</u>	<u>92,229</u>	<u>-</u>	<u>622,929</u>
Total accumulated depreciation	<u>1,882,188</u>	<u>\$ 141,669</u>	<u>\$ 22,718</u>	<u>2,001,139</u>
Depreciable capital assets, net	<u>1,672,042</u>			<u>1,746,549</u>
Total capital assets, net	<u>\$ 2,644,862</u>			<u>\$ 2,719,369</u>

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

Governmental Activities:

General government	\$ 92,085
Public safety	14,167
Transportation	28,334
Cultural and recreational	<u>7,083</u>
Total	<u>\$ 141,669</u>

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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, 2019 was as follows:

	<u>June 30, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2019</u>
By Asset Type:				
Non-Depreciable Assets:				
Land	\$ 118,171	\$ -	\$ -	\$ 118,171
Depreciable Assets:				
Plant and distribution system	3,148,653	9,156	-	3,157,809
Buildings and improvements	4,480	-	-	4,480
Furniture and equipment	143,973	-	-	143,973
Total depreciable assets	<u>3,297,106</u>	<u>9,156</u>	<u>-</u>	<u>3,306,262</u>
Less Accumulated Depreciation:				
Plant and distribution system	2,369,935	102,776	-	2,472,711
Buildings and improvements	896	112	-	1,008
Furniture and equipment	125,260	5,009	-	130,269
Total accumulated depreciation	<u>2,496,091</u>	<u>\$ 107,897</u>	<u>\$ -</u>	<u>2,603,988</u>
Depreciable capital assets, net	<u>801,015</u>			<u>702,274</u>
Total Water capital assets, net	<u>\$ 919,186</u>			<u>\$ 820,445</u>

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - Detail Notes on All Funds (continued)

Capital Assets (continued)

Capital assets activity for the Sewer Fund for the year ended June 30, 2019 was as follows:

	<u>June 30, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2019</u>
By Asset Type:				
Non-Depreciable Assets:				
Land	\$ 65,186	\$ -	\$ -	\$ 65,186
Construction in progress	<u>220,070</u>	<u>-</u>	<u>-</u>	<u>220,070</u>
Total non-depreciable assets	<u>285,256</u>	<u>-</u>	<u>-</u>	<u>285,256</u>
Depreciable Assets:				
Plant and collection system	2,624,264	18,542	-	2,642,806
Buildings and improvements	4,480	-	-	4,480
Furniture and equipment	<u>134,777</u>	<u>-</u>		<u>134,777</u>
Total depreciable assets	<u>2,763,521</u>	<u>18,542</u>	<u>-</u>	<u>2,782,063</u>
Less Accumulated Depreciation:				
Plant and distribution system	1,895,142	89,944		1,985,086
Buildings and improvements	896	112		1,008
Furniture and equipment	<u>116,066</u>	<u>5,008</u>		<u>121,074</u>
Total accumulated depreciation	<u>2,012,104</u>	<u>\$ 95,064</u>	<u>\$ -</u>	<u>2,107,168</u>
Depreciable capital assets, net	<u>751,417</u>			<u>674,895</u>
Total Sewer capital assets, net	<u>\$ 1,036,673</u>			<u>\$ 960,151</u>
Total business-type activities				
capital assets, net	<u>\$ 1,955,859</u>			<u>\$ 1,780,596</u>

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2019 is composed of the following elements:

	<u>Governmental</u>	<u>Business-Type Activities</u>		
	<u>Activities</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
		<u>Fund</u>	<u>Fund</u>	
Capital assets	\$ 2,719,369	\$ 820,445	\$ 960,151	\$ 4,499,965
Deferred outflows of resources- refunding	-	38,329	33,098	71,427
Less: Debt related to capital assets	<u>-</u>	<u>(1,053,950)</u>	<u>(910,208)</u>	<u>(1,964,158)</u>
Net investment in capital assets	<u>\$ 2,719,369</u>	<u>\$ (195,176)</u>	<u>\$ 83,041</u>	<u>\$ 2,607,234</u>

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - Detail Notes on All Funds (continued)

B. Liabilities

1. Accounts Payable

Payables at the government-wide level at June 30, 2019, were as follows:

	<u>Vendors</u>
Governmental Activities:	
General Government	<u>\$ 53,178</u>
Business-Type Activities:	
Water Fund	\$ 5,937
Sewer Fund	<u>25,575</u>
Total	<u>\$ 31,512</u>

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. 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.

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - Detail Notes on All Funds (continued)

Local Governmental Employees' Retirement System (continued)

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, 2019, was 8.50% of compensation for law enforcement officers and 7.75% 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 \$72,671 for the year ended June 30, 2019.

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, 2019, the Town reported a liability of \$295,594 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability 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, 2018, the Town's proportion was 0.012%, which was a decrease of 0.002% from its proportion measured as of June 30, 2017.

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - Detail Notes on All Funds (continued)

Local Governmental Employees' Retirement System (continued)

For the year ended June 30, 2019, the Town recognized pension expense of \$80,720. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 45,603	\$ 1,530
Changes of assumptions	78,439	-
Net difference between projected and actual earnings on pension plan investments	40,576	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	2,741	19,775
Town contributions subsequent to the measurement date	72,671	-
Total	<u>\$ 240,030</u>	<u>\$ 21,305</u>

\$72,671 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 74,171
2020	47,679
2021	4,404
2022	19,800
2023	-
Thereafter	-
	<u>\$ 146,054</u>

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - Detail Notes on All Funds (continued)

Local Governmental Employees' Retirement System (continued)

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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

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

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

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - Detail Notes on All Funds (continued)

Local Governmental Employees' Retirement System (continued)

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

Sensitivity of the 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 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 710,042	\$ 295,594	\$ (148,345)

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

1. 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 under the age of 62 who have completed at least 30 years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - Detail Notes on All Funds (continued)

Law Enforcement Officers' Special Separation Allowance (continued)

The Separation Allowance covers all full-time Town law enforcement officers. At December 31, 2017, the Separation Allowance's membership consisted of:

Retirees receiving benefits	4
Terminated plan members entitled to, but not yet receiving benefits	-
Active plan members	<u>4</u>
Total	<u><u>8</u></u>

2. 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.

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

3. Actuarial Assumptions

The entry age actuarial cost method was in the December 31, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount	3.64 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - Detail Notes on All Funds (continued)

Law Enforcement Officers' Special Separation Allowance (continued)

4. 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 on a pay as you go basis through appropriations made in the General Fund operating budget. For the current year, the Town contributed \$21,810, or 6.5% 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 Town paid \$29,814 as benefit came due for the reporting period.

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

At June 30, 2019, the Town reported a total pension liability of \$64,083. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing procedures incorporating the actuarial assumption. For the year ended June 30, 2019 the Town recognized pension expense of (\$2,032).

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 25,363
Changes of assumptions	3,886	2,360
Town benefit payments and plan administrative expense made subsequent to the measurement date	21,810	-
Total	<u>\$ 25,696</u>	<u>\$ 27,723</u>

\$21,810 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Future amortization:

Year ended June 30:

2020	\$ 2,100
2021	1,786
2022	-
2023	0
2024	0
Thereafter	0
	<u>\$ 3,886</u>

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - Detail Notes on All Funds (continued)

Law Enforcement Officers' Special Separation Allowance (continued)

\$29,814 paid as benefits came due subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 3.64 percent, as well as the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Town's proportionate share of the net pension liability (asset)	\$ 69,468	\$ 64,083	\$ 59,204

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

	2019
Beginning balance	\$ 111,227
Service cost	3,821
Interest on the total pension liability	3,044
Changes of benefit terms	-
Difference between expected and actuarial experience	(21,674)
Changes of assumptions and other inputs	(2,521)
Benefit payments	(29,814)
Other	-
Ending balance of the total pension liability	<u>\$ 64,083</u>

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - Detail Notes on All Funds (continued)

Law Enforcement Officers' Special Separation Allowance (continued)

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 80,720	\$ (2,032)	\$ 78,688
Pension Liability	295,594	64,083	359,677
Proportionate share of the net pension liability	0.01447%	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	45,603	-	45,603
Changes of assumptions	78,439	3,886	82,325
Net difference between projected and actual earnings on plan investments	40,576	-	40,576
Changes in proportion and differences between contributions and proportionate share of contributions	2,741	-	2,741
Benefit payments and administrative costs paid subsequent to the measurement date	72,671	21,810	94,481
Deferred Inflows of Resources			
Differences between expected and actual experience	1,530	25,363	26,893
Changes of assumptions	-	2,360	2,360
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	19,775	-	19,775

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.

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - Detail Notes on All Funds (continued)

Supplemental Retirement Income Plan for Law Enforcement Officers (continued)

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.

The Town made contributions of \$14,886 for the reporting year. No amounts were forfeited.

3. Other Employment Benefits

The Town has elected to provide death benefits to law enforcement 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. 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, 2019, the Town made contributions to the State for death benefits of \$1,272. 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, 2019 were \$45,468, which consisted of \$30,582 from the Town and \$14,886 from the employees. A separate report was not issued for the Plan because the required contributions are considered immaterial to the financial statements.

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - Detail Notes on All Funds (continued)

5. Deferred Outflows/Inflows of Resources and Unavailable 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 \$71,427. The second item included in deferred outflows of resources is contributions to the pension plan in the current fiscal year and totals \$94,481. The final item included in deferred outflows of resources is pension deferrals and totals \$171,245. Of that amount \$3,886 are benefit payments made for the LEOSSA subsequent to the measurement date. The remaining \$167,359 are pension deferrals related to LGERS.

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

Taxes receivable, net (General Fund)	\$ 4,614
Pension deferrals	\$ 79,821

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 \$7.8 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, the Town has elected not to carry flood insurance. The exception to this now are the two buildings (Public Works and the Water Fund Lab) that flooded during Hurricane Florence; we received FEMA funding for repairs and subsequently purchased flood insurance for those structures.

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.

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - Detail Notes on All Funds (continued)

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 remains 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, 2019 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%

\$1,006,109

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%

\$868,891

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

Year Ending June	Serviced by the Water Fund			Serviced by the Sewer Fund		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 120,739	\$ 25,140	\$ 145,879	\$ 104,261	\$ 21,710	\$ 125,971
2021	126,105	22,726	148,831	108,895	19,624	128,519
2022	128,788	20,204	148,992	111,212	17,446	128,658
2023	128,788	17,628	146,416	111,212	15,222	126,434
2024	126,105	15,052	141,157	108,895	12,998	121,893
2025-2027	375,584	22,618	398,202	324,416	19,532	343,948
Total	<u>\$ 1,006,109</u>	<u>\$ 123,368</u>	<u>\$ 1,129,477</u>	<u>\$ 868,891</u>	<u>\$ 106,532</u>	<u>\$ 975,423</u>

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, 2019, the Town's legal debt margin was approximately \$23,300,000.

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - Detail Notes on All Funds (continued)

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. The unamortized bond refunding charges are reported as a deferred outflow of resources on the Statement of Net Position, and the advanced refunding is including in long-term debt. At June 30, 2019, the remaining unamortized balances for the refunding charge and premium were \$71,427 and \$89,158, respectively.

d. Indebtedness - Governmental Fund

On March 6, 2019 the Town entered into a direct borrowing for a \$1,000,000 interest free loan from the North Carolina Office of Recovery and Resiliency for hurricane relief. The loan will be paid off as expenses are approved and refunded by the Federal Emergency Management Agency. The Town paid off \$50,154 during 2019 with the remaining balance being \$949,846.

e. Changes in Long-Term Liabilities

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

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion
Direct borrowing NCORR	\$ -	\$ 1,000,000	\$ 50,154	\$ 949,846	\$ 949,846
Compensated Absences	36,320	38,488	31,848	42,960	36,516
Net pension liability (LGERS)	167,079	57,948	-	225,027	-
Total pension liability (LEO)	111,227	-	47,144	64,083	-
	<u>\$ 314,626</u>	<u>\$ 1,096,436</u>	<u>\$ 129,146</u>	<u>\$ 1,281,916</u>	<u>\$ 986,362</u>

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

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion
Direct placement general obligation bond:	\$ 1,124,165	\$ -	\$ 118,056	\$ 1,006,109	\$ 120,739
Unamortized premium on bonds	53,821	-	5,980	47,841	5,980
Compensated Absences	8,344	6,534	3,127	11,751	8,813
Net pension liability (LGERS)	25,510	7,841	-	33,351	-
Total Water Fund	<u>1,211,840</u>	<u>14,375</u>	<u>127,163</u>	<u>1,099,052</u>	<u>135,532</u>
Direct placement general obligation bond:	970,835	-	101,944	868,891	104,261
Unamortized premium on bonds	46,481	-	5,164	41,317	5,164
Compensated Absences	8,692	6,798	3,262	12,228	9,171
Net pension liability (LGERS)	28,473	8,743	-	37,216	-
Total Sewer Fund	<u>1,054,481</u>	<u>15,541</u>	<u>110,370</u>	<u>959,652</u>	<u>118,596</u>
Total Business-Type Activities	<u>\$ 2,266,321</u>	<u>\$ 29,916</u>	<u>\$ 237,533</u>	<u>\$ 2,058,704</u>	<u>\$ 254,128</u>

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - Detail Notes on All Funds (continued)

Changes in Long-Term Liabilities (continued)

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, 2019, the Water Fund and the Sewer Fund each reimbursed the General Fund \$84,521 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, 2019, the General Fund reimbursed the Water Fund and the Sewer Fund \$34.902 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.

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 7 – Continuing Obligations

The Town entered into a contract with K.A. Jones and Design Management for mowing and landscaping services. The contract agrees that the Town will pay \$7,100 annually for landscaping and \$20,200 annually for mowing services until February 29, 2020.

The Town entered into a contract with Cintas Corporation for uniform services. The contract agrees that the Town will pay an average cost of \$8,000 per year until May 1, 2020.

The Town entered into a contract with 100 Business Plaza, LLC for office space for the Police Department. The contract agrees that the Town will pay \$750 per month until December 31, 2019 with an option for another six month renewal.

The Town entered into a 60-month contract effective August 1, 2019 with VC3, Inc. for cloud based Virtual Office services and security. The contract agrees that the Town will pay approximately \$43,000 per year.

The Town entered into a contract with VC3, Inc. for voice solutions. The Town will pay \$5,500 per year until January 31, 2023.

NOTE 8 – Transfers

The General Fund transferred \$124,000 to the Capital Reserve Fund, and the Capital Reserve Fund transferred \$117,470 to the General Fund. These funds were allocated for capital acquisitions.



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



TOWN OF RIVER BEND, NORTH CAROLINA

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

LOCAL GOVERNMENT EMPLOYEE'S RETIREMENT SYSTEM

	2019	2018	2017	2016	2015
River Bend's proportion of the net pension liability (asset) (%)	0.01246%	0.01447%	0.01430%	0.01268%	0.01409%
River Bend's proportion of the net pension liability (asset) (\$)	\$ 295,594	\$ 221,062	\$ 303,494	\$ 56,906	\$ (83,096)
River Bend's covered payroll	\$ 783,565	\$ 798,855	\$ 810,291	\$ 803,165	\$ 777,738
River Bend's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	37.72%	27.67%	37.45%	7.09%	(10.68%)
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	94.18%	91.47%	98.09%	102.64%

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

**This will be the same percentage for all employers in the LGERS plan.

TOWN OF RIVER BEND, NORTH CAROLINA**SCHEDULE OF TOWN OF RIVER BEND CONTRIBUTIONS
REQUIRED SUPPLEMENTAL INFORMATION
LAST FIVE FISCAL YEARS****LOCAL GOVERNMENT EMPLOYEE'S RETIREMENT SYSTEM**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 72,671	\$ 60,527	\$ 59,842	\$ 55,392	\$ 57,802
Contributions in relation to the contractually required contribution	72,671	60,527	59,842	55,392	57,802
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
River Bend's covered payroll	\$ 908,407	\$ 783,565	\$ 798,855	\$ 810,291	\$ 803,165
Contributions as a percentage of covered payroll	8.00%	7.72%	7.49%	6.84%	7.20%

TOWN OF RIVER BEND, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2019

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	2019	2018	2017
Beginning balance	\$ 111,227	\$ 143,109	\$ 161,530
Service cost	3,821	5,367	5,907
Interest on the total pension liability	3,044	4,934	5,269
Changes on benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(21,674)	(19,705)	-
Changes of assumptions or other inputs	(2,521)	8,086	(1,730)
Benefit payments	(29,814)	(30,564)	(27,867)
Other changes	-	-	-
Ending balance of the total pension liability	<u>\$ 64,083</u>	<u>\$ 111,227</u>	<u>\$ 143,109</u>

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

TOWN OF RIVER BEND, NORTH CAROLINA

SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
 REQUIRED SUPPLEMENTARY INFORMATION
 LAST TEN FISCAL YEARS

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total pension liability	\$ 64,083	\$ 111,227	\$ 143,109	161,530	180,260	176,054	215,534	141,287	111,014	95,895
Covered payroll	189,509	293,489	306,026	306,026	269,860	282,202	276,170	231,482	239,398	233,647
Total pension liability as a percentage of covered payroll	33.82%	37.90%	46.76%	52.78%	66.80%	62.39%	78.04%	61.04%	46.37%	41.04%

Notes to the required schedules:

The Town of River Bend has no assets accumulated in a trust that meets the criteria in paragraph four of the GASB Statement 73 to pay related benefits.

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.



TOWN OF RIVER BEND, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund	Capital Reserve Fund	Eliminations	Total General Fund
Revenues:				
Ad valorem taxes	\$ 728,213	\$ -	\$ -	\$ 728,213
Other taxes and licenses	468,267	-	-	468,267
Unrestricted intergovernmental	189,185	-	-	189,185
Restricted intergovernmental	445,147	-	-	445,147
Permits and fees	16,390	-	-	16,390
Sales and services	79,278	-	-	79,278
Investment earnings	39,896	10,277	-	50,173
Miscellaneous	8,526	-	-	8,526
Total revenues	<u>1,974,902</u>	<u>10,277</u>	<u>-</u>	<u>1,985,179</u>
Expenditures:				
General government	563,708	-	-	563,708
Public safety	1,425,446	-	-	1,425,446
Transportation	319,795	-	-	319,795
Environmental protection	75,671	-	-	75,671
Cultural and recreational	43,740	-	-	43,740
Total expenditures	<u>2,428,360</u>	<u>-</u>	<u>-</u>	<u>2,428,360</u>
Revenues over (under) expenditures	<u>(453,458)</u>	<u>10,277</u>	<u>-</u>	<u>(443,181)</u>
Other Financing Sources (Uses):				
Transfers from other funds	117,470	124,000	(241,470)	-
Transfers to other funds	(124,000)	(117,470)	241,470	-
Loan Proceeds	(50,154)	-	-	(50,154)
Principal Payment	1,000,000	-	-	1,000,000
Sale of capital assets	3,150	-	-	3,150
Total other financing sources (uses)	<u>946,466</u>	<u>6,530</u>	<u>-</u>	<u>952,996</u>
Net change in fund balance	<u>493,008</u>	<u>16,807</u>	<u>-</u>	<u>509,815</u>
Fund Balances:				
Beginning of year - July 1	2,294,498	415,228	-	2,709,726
End of year - June 30	<u>\$ 2,787,506</u>	<u>\$ 432,035</u>	<u>\$ -</u>	<u>\$ 3,219,541</u>

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, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 716,736	\$ 728,213	11,477	\$ 870,529
Other Taxes and Licenses:				
Local option sales tax	332,000	359,235	27,235	349,934
Piped natural gas tax	-	52	52	-
Hold harmless tax	93,400	95,635	2,235	101,416
Telecommunications sales tax	15,200	13,345	(1,855)	13,580
Total other taxes and licenses	440,600	468,267	27,667	464,930
Unrestricted Intergovernmental Revenues:				
Utility franchise tax	119,000	119,954	954	118,750
Video programming	60,100	56,187	(3,913)	58,438
Beer and wine tax	13,500	13,044	(456)	13,245
Total unrestricted intergovernmental revenues	192,600	189,185	(3,415)	190,433
Restricted Intergovernmental Revenues:				
Federal and State grants	57,512	356,983	299,471	-
Solid waste disposal tax	2,100	2,119	19	2,089
Powell Bill allocation	88,000	86,045	(1,955)	89,226
Total restricted intergovernmental revenues	147,612	445,147	297,535	91,315
Permits and Fees:				
Zoning permits	3,000	13,319	10,319	3,881
Animal licenses	2,400	2,761	361	3,297
Court cost fees	500	310	(190)	409
Total permits and fees	5,900	16,390	10,490	7,587
Sales and Services:				
Rents and concessions	38,248	44,020	5,772	45,347
Contributions and refunds	1,200	879	(321)	1,125
Miscellaneous	33,870	34,379	509	12,949
Total sales and services	73,318	79,278	5,960	59,421
Investments Earnings	35,405	39,896	4,491	21,267
Miscellaneous Revenue	8,000	8,526	526	-
Total revenues	1,620,171	1,974,902	354,731	1,705,482

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, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Expenditures:				
General Government:				
Governing Body:				
Salaries and benefits	21,800	21,231	569	24,155
Other operating expenditures	16,235	9,715	6,520	8,407
Salaries allocated to Water and Sewer	(9,904)	(9,904)	-	(8,450)
Total governing body	28,131	21,042	7,089	24,112
Administration:				
Salaries and benefits	234,580	229,070	5,510	214,495
Other operating expenditures	73,728	67,065	6,663	67,983
Salaries allocated to Water and Sewer	(53,712)	(53,712)	-	(51,164)
Total administration	254,596	242,423	12,173	231,314
Finance:				
Salaries and benefits	93,750	93,398	352	91,401
Other operating expenditures	61,601	58,839	2,762	54,468
Salaries allocated to Water and Sewer	(46,875)	(46,875)	-	(44,998)
Total finance	108,476	105,362	3,114	100,871
Tax Listing:				
Contracted services	10,246	9,518	728	11,191
Legal:				
Professional services	24,000	21,157	2,843	28,710
Elections:				
Contracted services	-	-	-	4,631
Public Buildings:				
Salaries and benefits	15,172	14,148	1,024	13,566
Other operating expenditures	145,476	100,901	44,575	112,963
Capital outlay	8,150	7,623	527	24,776
Total public buildings	168,798	122,672	46,126	151,305

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, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Central Services - Planning:				
Salaries and benefits	63,282	62,071	1,211	51,455
Other operating expenditures	6,435	2,247	4,188	3,676
Salaries allocated to Water and Sewer	(22,783)	(22,784)	1	(21,182)
Total central services - planning	46,934	41,534	5,400	33,949
 Total general government	 641,181	 563,708	 77,473	 586,083
 Public Safety:				
Police:				
Salaries and benefits	475,280	475,224	56	348,077
Other operating expenditures	54,168	46,656	7,512	100,817
Salaries allocated to Water and Sewer	(4,195)	(4,194)	(1)	(4,222)
Capital outlay	32,750	31,021	1,729	-
Total police	558,003	548,707	9,296	444,672
 Emergency Management:				
Salaries and benefits	36,400	14,308	22,092	-
Other operating expenditures	100,750	44,440	56,310	-
Contracted Services	867,440	762,717	104,723	-
Total emergency management	1,004,590	821,465	183,125	-
 Recovery Grant NCORR-FDLG-004:				
Salaries and benefits	22,500	13,309	9,191	-
Other operating expenditures	2,000	1,328	672	-
Capital outlay	28,000	28,000	-	-
Total recovery grant NCORR-FDLG-004	52,500	42,637	9,863	-
 Animal Control:				
Salaries and benefits	16,216	15,681	535	11,482
Other operating expenditures	400	114	286	3,167
Salaries allocated to Water and Sewer	(3,157)	(3,158)	1	(3,012)
Total animal control	13,459	12,637	822	11,637
 Total public safety	 1,628,552	 1,425,446	 203,106	 456,309

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, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Transportation:				
Powell Bill:				
Salaries and benefits	40,542	39,218	1,324	36,211
Other operating expenditures	14,300	6,795	7,505	12,651
Salaries allocated to Water and Sewer	(7,893)	(7,892)	(1)	(7,530)
Contracted services	1,500	17	1,483	5,611
Capital outlay	133,500	134,992	(1,492)	98,768
Total Powell Bill	181,949	173,130	8,819	145,711
Non-Powell Bill:				
Salaries and benefits	56,858	54,898	1,960	50,701
Other operating expenditures	66,151	60,074	6,077	17,842
Salaries allocated to Water and Sewer	(11,050)	(11,050)	-	(10,542)
Utilities	40,000	38,902	1,098	38,184
Contracted services	6,980	3,841	3,139	23,731
Capital outlay	-	-	-	42,929
Total Non-Powell Bill	158,939	146,665	12,274	162,845
Total transportation	340,888	319,795	21,093	308,556
Environmental Protection:				
Salaries and benefits	24,325	23,533	792	21,724
Other operating expenditures	12,200	3,719	8,481	33,092
Salaries allocated to Water and Sewer	(4,736)	(4,736)	-	(4,518)
Contracted services	67,645	38,615	29,030	10,002
Capital outlay	30,000	14,540	15,460	6,951
Total environmental protection	129,434	75,671	53,763	67,251
Parks & Recreation:				
Salaries and benefits	28,658	28,114	544	28,766
Other operating expenditures	18,175	12,241	5,934	16,978
Salaries allocated to Water and Sewer	(4,736)	(4,736)	-	(4,518)
Contracted services	12,098	8,121	3,977	4,660
Total parks & recreation	54,195	43,740	10,455	45,886
Total expenditures	2,794,250	2,428,360	365,890	1,464,085
Revenue over (under) expenditures	(1,174,079)	(453,458)	720,621	241,397

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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	<u>2019</u>			<u>2018</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Other Financing Sources (Uses):				
Transfers from other funds	130,970	117,470	(13,500)	85,693
Transfers to other funds	(137,500)	(124,000)	13,500	(139,110)
Sale of capital assets	3,700	3,150	(550)	-
Loan Proceeds	-	1,000,000	1,000,000	-
Principal Payment	-	(50,154)	(50,154)	-
Contingency	(16,639)	-	16,639	-
Appropriated fund balance	<u>1,193,548</u>	<u>-</u>	<u>(1,193,548)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,174,079</u>	<u>946,466</u>	<u>(227,613)</u>	<u>(53,417)</u>
Net change in fund balance	<u>\$ -</u>	<u>493,008</u>	<u>\$ 493,008</u>	<u>187,980</u>
Fund Balance:				
Beginning of year - July 1		<u>2,294,498</u>		<u>2,106,518</u>
End of year - June 30		<u>\$ 2,787,506</u>		<u>\$ 2,294,498</u>

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, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Investment income	\$ 6,000	\$ 10,277	\$ 4,277	\$ 5,277
Other Financing Sources (Uses):				
Transfers out	(117,470)	(117,470)	-	(60,693)
Transfers in	124,000	124,000	-	114,110
Contingency	(12,530)	-	12,530	-
Total other financing sources (uses)	(6,000)	6,530	12,530	53,417
Net change in fund balance	\$ -	16,807	\$ 16,807	58,694
Fund Balance:				
Beginning of year - July 1		415,228		356,534
End of year - June 30		\$ 432,035		\$ 415,228



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.



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, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating Revenues:				
Charges for services	\$ 428,972	\$ 407,796	\$ (21,176)	\$ 520,427
Water taps	1,250	2,800	1,550	2,500
Other operating revenues	15,746	17,804	2,058	18,095
Total operating revenues	445,968	428,400	(17,568)	541,022
Non-Operating Revenues:				
Interest earnings	18,250	21,002	2,752	11,744
Miscellaneous	-	7,640	7,640	-
Total non-operating revenues	18,250	28,642	10,392	11,744
Total revenues	464,218	457,042	(7,176)	552,766
Expenditures:				
Water Administration:				
Salaries and benefits	141,561	143,432	(1,871)	132,077
Allocated costs reimbursed by General Fund	(34,902)	(34,902)	-	(33,405)
Operating expenses	158,122	152,885	5,237	129,339
Repairs and maintenance	1,500	784	716	9,000
Capital outlay	-	-	-	11,001
Total administration	266,281	262,199	4,082	248,012
Water Operations:				
Operating expenses	96,516	80,509	16,007	32,226
Repairs and maintenance	12,500	5,116	7,384	25,615
Capital outlay	9,200	9,156	44	-
Total operations	118,216	94,781	23,435	57,841
Debt Service:				
Principal repayment	118,056	118,056	-	115,372
Interest	27,502	27,502	-	29,809
Total debt service	145,558	145,558	-	145,181
Total expenditures	530,055	502,538	27,517	451,034

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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	<u>2019</u>			<u>2018</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenue over (under) expenditures	<u>(65,837)</u>	<u>(45,496)</u>	<u>20,341</u>	<u>101,732</u>
Other Financing Sources (Uses):				
Sale of capital assets	-	-	-	1,400
Transfers from (to) other funds	-	-	-	-
Designated/future capital outlay	(29,508)		29,508	
Appropriated fund balance (contingency)	<u>95,345</u>	<u>-</u>	<u>(95,345)</u>	<u>-</u>
Total other financing sources (uses)	<u>65,837</u>	<u>-</u>	<u>(65,837)</u>	<u>1,400</u>
Revenue and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(45,496)</u>	<u>\$ (45,496)</u>	<u>\$ 103,132</u>

**Reconciliation from Budgetary Basis
(Modified Accrual) to Full Accrual:**

Reconciling items:

Depreciation	(107,897)
Amortization	1,189
Capital outlay	9,156
Repayment of long-term debt principal	118,056
(Increase) decrease in compensated absences	(3,407)
Increase in deferred outflows of resources - pensions	7,809
Increase in net pension liability	7,841
(Increase) in deferred inflows of resources - pensions	(815)
Change in net position	<u>\$ (13,564)</u>

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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	<u>2019</u>		<u>2018</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
			<u>Actual</u>
Revenues:			
Operating Revenues:			
Charges for services	\$ 632,089	\$ 580,444	\$ (51,645)
Sewer taps	1,400	1,250	(150)
Other operating revenues	7,585	7,411	(174)
Total operating revenues	<u>641,074</u>	<u>589,105</u>	<u>(51,969)</u>
Non-Operating Revenues:			
Interest earnings	15,056	16,919	1,863
Miscellaneous	-	17,578	17,578
Total non-operating revenues	<u>15,056</u>	<u>34,497</u>	<u>19,441</u>
Total revenues	<u>656,130</u>	<u>623,602</u>	<u>(32,528)</u>
Expenditures:			
Sewer Administration:			
Salaries and benefits	161,775	159,521	2,254
Allocated costs reimbursed by General Fund	(34,902)	(34,902)	-
Operating expenses	156,490	149,931	6,559
Repairs and maintenance	750	725	25
Capital outlay	-	-	-
Total administration	<u>284,113</u>	<u>275,275</u>	<u>8,838</u>
Sewer Operations:			
Operating expenses	138,925	126,359	12,566
Repairs and maintenance	23,264	8,294	14,970
Capital outlay	21,000	18,542	2,458
Total operations	<u>183,189</u>	<u>153,195</u>	<u>29,994</u>
Debt Service:			
Principal repayment	101,944	101,944	-
Interest	23,748	23,748	-
Total debt service	<u>125,692</u>	<u>125,692</u>	<u>-</u>
Total expenditures	<u>592,994</u>	<u>554,162</u>	<u>38,832</u>

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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	<u>2019</u>			<u>2018</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenue over (under) expenditures	<u>63,136</u>	<u>69,440</u>	<u>6,304</u>	<u>162,019</u>
Other Financing Sources (Uses):				
Sale of capital assets	-	-	-	1,400
Transfers from (to) other funds	-	-	-	-
Designated/future capital outlay	<u>(63,136)</u>	<u>-</u>	<u>63,136</u>	
Total other financing sources (uses)	<u>(63,136)</u>	<u>-</u>	<u>63,136</u>	<u>1,400</u>
Revenue and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>69,440</u>	<u>\$ 69,440</u>	<u>\$ 163,419</u>

**Reconciliation from Budgetary Basis
(Modified Accrual) to Full Accrual:**

Reconciling items:

Depreciation	(95,064)
Amortization	1,026
Capital outlay	18,542
Repayment of long-term debt principal	101,944
(Increase) decrease in compensated absences	(3,536)
Increase in deferred outflows of resources - pensions	8,707
Increase in net pension liability	8,743
(Increase) in deferred inflows of resources - pensions	<u>(909)</u>

Change in net position \$ 108,893

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, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2019

Fiscal Year June 30	Uncollected Balance July 1, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2018-2019	\$ -	\$ 727,923	\$ 725,369	\$ 2,554
2017-2018	4,383	-	2,869	1,514
2016-2017	247	-	6	241
2015-2016	195	-	4	191
2014-2015	190	-	27	163
2013-2014	460	-	21	439
2012-2013	744	-	-	744
2011-2012	729	-	89	640
2010-2011	445	-	-	445
2009-2010	588	-	7	581
2008-2009	469	-	469	-
Total	\$ 8,450	\$ 727,923	\$ 728,861	\$ 7,512

Less: allowance for uncollectible ad valorem taxes receivable: (2,898)

Ad valorem taxes receivable, net \$ 4,614

Reconciliation of Collections and Credits with Revenues:

Ad valorem taxes - General Fund	\$ 728,213
Taxes written off, statute of limitations	469
Miscellaneous adjustments	<u>179</u>
Total collections and credits	\$ <u>728,861</u>

TOWN OF RIVER BEND, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY - GENERAL FUND PROPERTY TAX
FOR THE YEAR ENDED JUNE 30, 2019

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy	\$ 302,649,329	\$ 0.24	\$ 726,358	\$ 646,375	\$ 79,983
Discoveries	724,908	0.24	1,740	1,740	-
Abatements	(322,296)	0.24	(774)	(774)	-
Total property valuation	<u>\$ 303,051,941</u>				
Net Levy			727,324	647,341	79,983
Uncollected taxes at June 30, 2014			(2,554)	(2,554)	-
Current Year's Taxes Collected			<u>\$ 724,770</u>	<u>\$ 644,787</u>	<u>\$ 79,983</u>
Current Levy Collection Percentage			<u>99.65%</u>	<u>99.61%</u>	<u>100.00%</u>
Prior Year's Collection Percentage			<u>99.50%</u>	<u>99.44%</u>	<u>100.00%</u>

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.



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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net Investment in Capital Assets	\$ 1,911,738	\$ 2,064,362	2,082,418	2,192,207	2,327,727	2,434,124	2,568,370	2,612,284	2,644,862	2,719,369
Restricted	31,187	89,296	151,533	115,098	139,611	144,785	138,198	129,245	146,368	162,507
Unrestricted	953,263	1,060,670	1,321,972	1,582,190	1,627,704	1,743,224	1,991,502	2,115,580	2,361,134	1,913,668
Total Governmental Activities Net Position	2,896,188	3,214,328	3,555,923	3,889,495	4,095,042	4,322,133	4,698,070	4,857,109	5,152,364	4,795,544
Business-Type Activities										
Net Investment in Capital Assets	(724,167)	(730,646)	(495,050)	(791,348)	(687,217)	(417,397)	(245,853)	(197,227)	(159,089)	(112,135)
Restricted										
Unrestricted	774,247	995,724	932,910	1,287,220	1,460,573	1,436,045	1,510,835	1,705,299	1,948,738	1,997,113
Total Business-type Activities Net Position	50,080	265,078	437,860	495,872	773,356	1,018,648	1,264,982	1,508,072	1,789,649	1,884,978
Primary Government										
Net Investment in Capital Assets	1,187,571	1,333,716	1,587,368	1,400,859	1,640,510	2,016,727	2,322,517	2,415,057	2,485,773	2,607,234
Restricted	31,187	89,296	151,533	115,098	139,611	144,785	138,198	129,245	146,368	162,507
Unrestricted	1,727,510	2,056,394	2,254,882	2,869,410	3,088,277	3,179,269	3,502,337	3,820,879	4,309,872	3,910,781
Total Primary Government Net Position	2,946,268	3,479,406	3,993,783	4,385,367	4,868,398	5,340,781	5,963,052	6,365,181	6,942,013	6,680,522

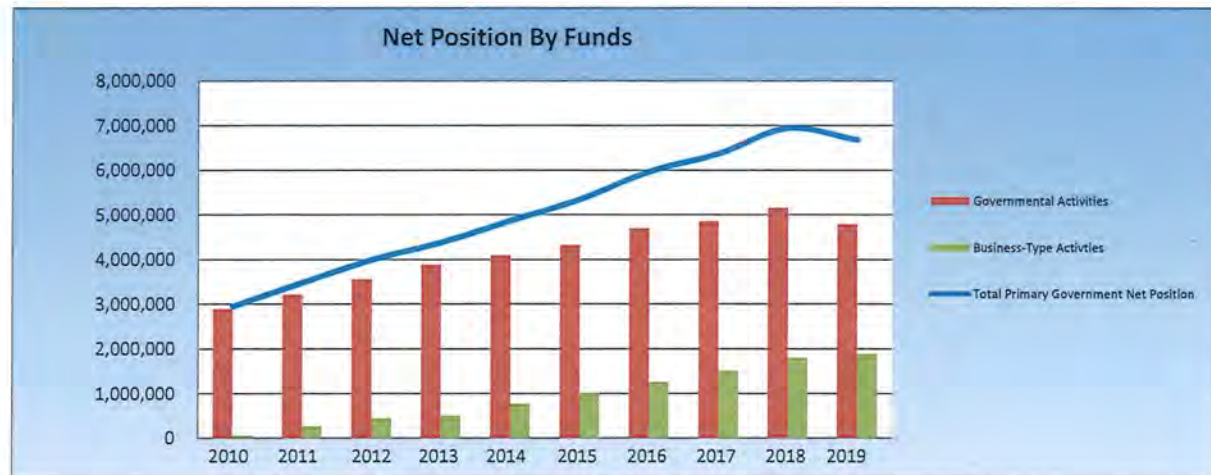


TABLE 2
TOWN OF RIVER BEND, NORTH CAROLINA
CHANGES IN NET POSITION
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities:										
General Government	\$ 501,046	\$ 492,988	\$ 531,899	\$ 557,376	\$ 617,455	\$ 531,640	\$ 567,114	\$ 615,785	\$ 687,079	\$ 695,858
Public Safety	404,431	418,392	643,318	472,581	522,568	494,107	496,151	459,255	426,631	1,329,186
Transportation	162,517	172,681	193,329	188,420	206,270	210,594	211,497	214,804	190,723	208,321
Environmental Protection	49,194	51,301	45,227	51,972	51,960	84,328	65,071	79,573	59,221	59,928
Cultural and Recreational	39,715	40,268	41,676	44,149	49,876	52,512	45,448	45,638	51,850	49,621
Interest on Long-Term Debt	2,795	525	-	-	-	-	-	-	-	-
Total Governmental Activities	1,159,698	1,176,155	1,455,449	1,314,499	1,448,129	1,373,181	1,385,281	1,415,055	1,415,504	2,342,914
Business-Type Activities:										
Water	583,940	505,453	499,053	537,884	439,060	426,220	431,291	452,844	446,522	470,606
Sewer	575,616	521,159	535,959	600,186	477,208	461,629	483,761	498,011	478,317	514,709
Total Business-Type Activities	1,159,556	1,026,612	1,035,012	1,138,070	916,268	887,849	915,052	950,855	924,839	985,315
Total Primary Government Expenses	<u>\$ 2,319,254</u>	<u>\$ 2,202,767</u>	<u>\$ 2,490,461</u>	<u>\$ 2,452,569</u>	<u>\$ 2,364,397</u>	<u>\$ 2,261,030</u>	<u>\$ 2,300,333</u>	<u>\$ 2,365,910</u>	<u>\$ 2,340,343</u>	<u>\$ 3,328,229</u>
Program Revenue										
Governmental Activities:										
Charges for Services										
General Government	112,903	86,110	78,215	81,018	86,957	80,935	71,544	79,198	63,302	44,020
Public Safety	200	117	234	480	1,266	3,615	3,586	3,733	3,706	310
Environmental protection	2,152	-	2,147	1,975	1,755	1,980	1,964	2,061	2,089	16,080
Operating Grants and Contributions										
General Government	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	199,652	636	367	338	-	17,636	-	356,983
Environmental protection	-	-	-	-	-	-	-	-	-	-
Transportation	86,525	87,854	90,479	93,318	93,909	92,300	90,502	88,873	89,226	86,045
Cultural and Recreational	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	234,313	180,761	370,727	232,519	197,526	179,308	167,596	191,501	158,323	503,438
Business-Type Activities:										
Charges for Services - Water	573,250	609,163	603,094	611,303	591,985	531,268	534,842	545,246	541,022	428,400
Charges for Services - Sewer	522,666	630,247	601,786	596,143	597,489	623,644	624,112	636,054	642,705	589,105
Operating Grants and Contributions	5,491	1,488	2,489	5,410	-	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenue	1,101,407	1,240,898	1,207,369	1,212,856	1,189,474	1,154,912	1,158,954	1,181,300	1,183,727	1,017,505
Total Primary Government Revenues	<u>\$ 1,335,720</u>	<u>\$ 1,421,659</u>	<u>\$ 1,578,096</u>	<u>\$ 1,445,375</u>	<u>\$ 1,387,000</u>	<u>\$ 1,334,220</u>	<u>\$ 1,326,550</u>	<u>\$ 1,372,801</u>	<u>\$ 1,342,050</u>	<u>\$ 1,520,943</u>
Net (Expense) Revenue										
Governmental Activities	(925,385)	(995,394)	(1,084,722)	(1,081,980)	(1,250,603)	(1,193,873)	(1,217,685)	(1,223,554)	(1,257,181)	(1,839,476)
Business-Type Activities	(58,149)	214,286	172,357	74,786	273,206	267,063	243,902	230,445	258,888	32,190
Total Primary Government Net Expense	<u>\$ (983,534)</u>	<u>\$ (781,108)</u>	<u>\$ (912,365)</u>	<u>\$ (1,007,194)</u>	<u>\$ (977,397)</u>	<u>\$ (926,810)</u>	<u>\$ (973,783)</u>	<u>\$ (993,109)</u>	<u>\$ (998,293)</u>	<u>\$ (1,807,286)</u>

TABLE 2 continued
TOWN OF RIVER BEND, NORTH CAROLINA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes, levied for general purpose	669,688	877,172	876,418	879,221	907,885	889,746	892,127	926,553	870,529	725,978
Local Option Sales Tax	289,062	278,696	373,886	369,175	371,846	394,208	411,712	417,859	451,350	359,236
Other Taxes and Licenses	124,666	156,511	175,331	166,530	176,176	212,617	211,163	208,107	204,013	300,336
Grants and Contributions not Restricted to Specific Programs										
Investment Earnings, unrestricted	1,523	1,155	682	626	243	394	3,689	9,012	26,544	50,173
Miscellaneous, unrestricted	-	-	-	-	-	-	8,331	12,490	-	46,933
Total Governmental Activities	1,084,939	1,313,534	1,426,317	1,415,552	1,456,150	1,496,965	1,527,022	1,574,021	1,552,436	1,482,656
Business-Type Activities:										
Investment Earnings, unrestricted	799	712	425	335	98	190	2,377	6,739	19,889	37,921
Miscellaneous, unrestricted	-	-	-	-	4,180	742	55	5,906	2,800	25,218
Total Business Type Revenues	799	712	425	335	4,278	932	2,432	12,645	22,689	63,139
Total Primary Government	\$ 1,085,738	\$ 1,314,246	\$ 1,426,742	\$ 1,415,887	\$ 1,460,428	\$ 1,497,897	\$ 1,529,454	\$ 1,586,666	\$ 1,575,125	\$ 1,545,795
Change in Net Position										
Governmental Activities	159,554	318,140	341,595	333,572	205,547	303,092	309,337	350,467	295,255	(356,820)
Business-Type Activities	(57,350)	214,998	172,782	75,121	277,484	267,995	246,334	243,090	281,577	95,329
Total Primary Government Change in Net Position	\$ 102,204	\$ 533,138	\$ 514,377	\$ 408,693	\$ 483,031	\$ 571,087	\$ 555,671	\$ 593,557	\$ 576,832	\$ (261,491)



TABLE 3
TOWN OF RIVER BEND, NORTH CAROLINA
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Non-Spendable:										
Prepaid Items	10,988	10,292	9,315	2,958	3,619	-	-	-	-	-
Restricted:										
Streets	31,187	-	-	-	-	-	-	-	-	-
Stabilization by State Statute	81,071	89,296	151,533	115,098	139,611	144,785	138,198	129,245	146,368	162,507
Assigned:										
Subsequent years' expenditures	-	-	-	6,144	97,322	77,029	46,729	-	147,270	173,970
Law Enforcement Separation Allowance Fund								36,064	26,582	13,207
Unassigned	792,592	956,829	1,096,091	1,240,360	1,287,611	1,432,625	1,678,409	1,941,209	1,974,278	2,437,822
Total General Fund	792,592	1,056,417	1,256,939	1,364,560	1,528,163	1,654,439	1,863,336	2,106,518	2,294,498	2,787,506
Other Governmental Funds										
Committed										
General Government Capital Outlay	114,214	137,598	223,224	312,155	228,892	257,594	278,654	356,534	415,228	432,035
Total Other Governmental Funds	114,214	137,598	223,224	312,155	228,892	257,594	278,654	356,534	415,228	432,035
Total Governmental Funds	\$ 906,806	\$ 1,194,015	\$ 1,480,163	\$ 1,676,715	\$ 1,757,055	\$ 1,912,033	\$ 2,141,990	\$ 2,463,052	\$ 2,709,726	\$ 3,219,541

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

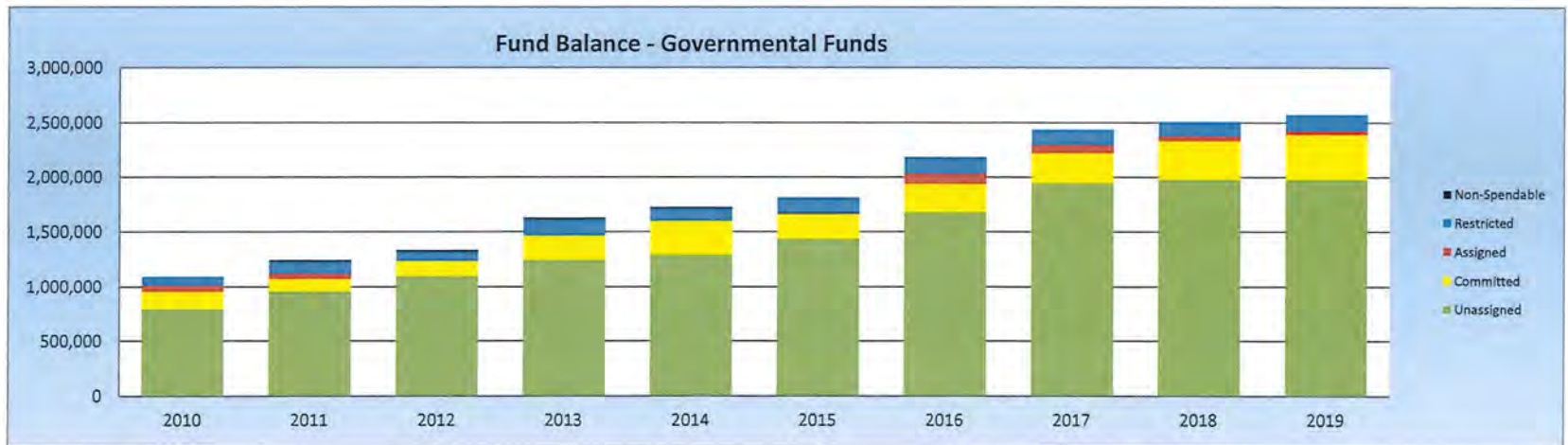


TABLE 5
TOWN OF RIVER BEND, NORTH CAROLINA
ASSESSED VALUE OF TAXABLE PROPERTY
Last Ten Years

Fiscal Year	Assessed Value ⁽¹⁾				Property Tax Rate ⁽³⁾	Percent Increase in Value ⁽⁴⁾
	Real Property	Personal Property ⁽²⁾	Public Service Companies	Total		
2010	209,530,520	30,970,647	1,162,762	241,663,929	0.2800	-0.6%
2011	299,654,043	29,153,944	1,580,323	330,388,310	0.2650	36.7%
2012	299,057,633	29,643,132	1,611,985	330,312,750	0.2650	-0.02%
2013	298,728,561	31,087,835	1,600,952	331,417,348	0.2650	0.33%
2014	299,442,588	40,404,718	1,578,248	341,425,554	0.2650	3.02%
2015	300,275,280	33,006,898	1,561,531	334,843,709	0.2650	-1.93%
2016	301,092,296	33,931,156	1,551,397	336,574,849	0.2650	0.52%
2017	262,250,563	34,319,949	1,837,069	298,407,581	0.3105	-11.34%
2018	262,618,507	34,969,204	1,918,924	299,506,635	0.2900	0.37%
2019	266,236,252	34,874,890	1,914,600	303,025,742	0.2400	1.17%

Notes:

⁽¹⁾ Assessed valuations are created at 100% of market value as 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⁾ Real property revaluation is required at least every eight years by North Carolina General Statutes.

The last revaluation was on January 1, 2016 and was the basis for fiscal 2017 taxes.

The calculated tax revenue neutral rate was \$.3105.

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 is 2016 and 2020, effective with fiscal 2016-17 and 2020-21 tax levies.

Instead, a special five-year revaluation (resulting from Hurricane Florence) was adopted, which is 2021, effective with fiscal year 2021-22 tax levy.

TABLE 6
TOWN OF RIVER BEND, NORTH CAROLINA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENT
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Town of River Bend</u>	<u>County of Craven</u>	<u>West New Bern II (Rhems) Fire District</u>
2009	2008	0.2500	0.6100	0.0425
2010	2009	0.2800	0.6100	0.0475
2011	2010	0.2650	0.4728	0.0314
2012	2011	0.2650	0.4728	0.0414
2013	2012	0.2650	0.4700	0.0414
2014	2013	0.2650	0.4675	0.0389
2015	2014	0.2650	0.4675	0.0389
2016	2015	0.2650	0.4675	0.0389
2017 ⁽¹⁾	2016	0.3105	0.5394	0.0457
2018	2017	0.2900	0.5394	0.0457
2019	2018	0.2400	0.5394	0.04

Notes:

⁽¹⁾ Real property was revalued on January 1, 2016.

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 eight-year revaluation of real property became effective with the 2010-11 tax levy.

Craven County adopted a six-year revaluation schedule in 2016 and then a four-year revaluation thereafter, 2020, which would have been FY 2021. Instead, a special five-year revaluation (resulting from Hurricane Florence) was adopted, which is 2021, effective with fiscal year 2021-22 tax levy.

TABLE 7
TOWN OF RIVER BEND, NORTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Taxpayer	Type of Business	Fiscal Year 2019			Fiscal Year 2010		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
NC Pace RE LLC	Disabled Child & Adult Care Facility	\$ 5,477,690	1		(1)		
Riverstone Assisted Living LLC ⁽²⁾	Assisted Living Facility	2,317,700	2	0.76%	1,762,500	2	0.73%
Berit Peck	Residence	1,973,480	3	0.65%	1,302,940	3	0.54%
Trent River Adventures LLC ⁽³⁾	Country Club and Golf Course	1,940,487	4	0.64%	2,763,668	1	1.14%
Jonathan & Karen Segal Revocable Trust	Residence	1,880,910	5	0.62%	(1)		
Linda Hollowell & Deborah Morgan	Residence	1,574,230	6	0.52%	717,493		0.30%
Duke Energy Progress, Inc. ⁽⁴⁾	Electricity	1,449,591	7	0.48%	906,423	4	0.38%
J. Frank Efird & Margaret M.	Land Development	1,103,990	8	0.36%	(1)		
Roland S. & Susan Pridgen	Real Estate	859,140	9	0.28%	684,620	7	0.28%
RAC Development LLC ⁽⁵⁾	Caro-San Maintenance Supplies Store	846,800	10	0.28%	681,100	8	0.28%
Robert L. Mattocks II	Land Development	(1)			852,820	5	0.35%
Camille Hoffman	Residence	(1)			698,323	6	0.29%
B-Bud LLC	Dollar General Store	(1)			638,150	9	0.26%
KM Biggs, Inc.	Child Day Care facility	(1)			607,930	10	0.25%
		<u>\$19,424,018</u>		<u>6.41%</u>	<u>\$11,615,967</u>		<u>4.81%</u>

Notes:

Source: Craven County Tax Office

⁽¹⁾ Not within top ten ranking

⁽²⁾ Formerly known as Pierce Management Group

⁽³⁾ Formerly known as Conjer Green LLC

⁽⁴⁾ Formerly known as Progress Energy Carolinas, Carolina Power & Light Company.

⁽⁵⁾ Formerly known as SBW Enterprises, LLC

TABLE 8
TOWN OF RIVER BEND, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year	Tax Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Total Collections to Date		
			Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2010	2009	676,659	668,070	98.73%	8,000	676,070	99.91%
2011	2010	875,528	866,948	99.02%	8,047	874,995	99.94%
2012	2011	875,329	868,772	99.25%	5,827	874,599	99.92%
2013	2012	878,256	869,025	98.95%	8,486	877,511	99.92%
2014	2013	904,777	900,702	99.55%	3,610	904,312	99.95%
2015	2014	887,336	886,433	99.90%	714	887,147	99.98%
2016	2015	891,938	889,917	99.77%	1,646	891,563	99.96%
⁽¹⁾ 2017	2016	926,556	923,576	99.68%	1,601	923,576	99.68%
2018	2017	779,753	775,369	99.44%	2,869	775,369	99.44%
2019	2018	647,342	644,788	99.61%	⁽²⁾	644,788	99.61%

Notes:

Source: Craven County Tax Office

A revaluation of all property is required at least every eight years by North Carolina General Statutes.

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.

⁽¹⁾ The last revaluation was on January 1, 2016 and was the basis for fiscal 2017 taxes. The calculated tax revenue neutral rate was \$.3105.

A special five-year revaluation (resulting from Hurricane Florence) was adopted, which will be 2021, effective with fiscal year 2021-22 tax levy.

⁽²⁾ Information not yet available

TABLE 9
TOWN OF RIVER BEND, NORTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE ⁽¹⁾
Last Ten Years

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Population ⁽³⁾	Per Capita	Median Household Income (MHI) ⁽⁴⁾	Percentage of MHI
	General Obligation Bonds	Installment Financing	Capital Leases	General Obligation Bonds ⁽²⁾	Installment Financing	Capital Leases					
2010	-	37,129	-	3,520,782	25,782	-	3,583,693	3162	1,133	48,547	1.35%
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	-	-	-	2,647,590	-	-	2,647,590	3063	864	53,562	2.02%
2017	-	-	-	2,310,000	-	-	2,310,000	3058	755	54,548	2.36%
2018	-	-	-	2,195,302	-	-	2,195,302	3019	727	55,382	2.52%
2019	-	-	-	1,964,158	-	-	1,964,158	3000	655	⁽⁶⁾	⁽⁶⁾

Notes: Debt amounts shown include deferred premiums on debt but do not include pension obligations, OPEB, or compensated absences.

Details regarding the Town's outstanding debt can be found in Note 3 to the financial statements.

⁽¹⁾ The Town does not have any long-term debt that is backed by pledged revenues. The State granted a zero-interest loan which is repaid when the Town receives the public assistance funds from various submitted Categories.

⁽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
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
2017	298,407,581	23,872,606	1,070,463	\$ 22,800,000
2018	299,506,635	23,960,531	1,017,316	\$ 22,900,000
2019	303,025,742	24,242,059	910,208	\$ 23,300,000

Gross debt:

Installment financing	\$ -
Water & Sewer General Obligation Bonds	1,964,158
Total gross debt	1,964,158
Less: Statutory Deductions	
Water GO Bonds	1,053,950
Amount of debt applicable to limit - net debt	\$ 910,208

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

Fiscal Year	Craven County		River Bend Assessed Valuation ⁽¹⁾	Percentage Applicable to Town ⁽²⁾	Bonded Debt Applicable to River Bend	Population	Per Capita
	General Obligation Bonds Outstanding ⁽¹⁾	Assessed Valuation ⁽¹⁾					
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
2017	13,808,847	9,205,214,703	298,407,581	3.24%	447,645	3058	146
2018	11,109,056	9,320,966,276	299,506,635	3.21%	356,963	3019	118
2019	8,614,265	9,540,578,084	303,025,742	3.18%	273,604	3000	91

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⁾
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	105,227	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	103,691	4,121,440	39,436	14,297	6.80%
2016	103,737	4,195,496	40,555	14,120	6.12%
2017	103,735	4,340,800	41,962	14,002	5.26%
2018	103,800	4,345,888	42,367	13,778	4.73%
2019	103,580	⁽⁶⁾	⁽⁶⁾	13,584	4.19%

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

Employer ⁽¹⁾	2019			2010		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Department of Defense ⁽²⁾	5,164	1	13.22%	5,365	1	13.44%
CarolinaEast Health Systems	2,342	2	6.00%	1,900	3	4.76%
Craven County Schools	1,714	3	4.39%	1,917	2	4.80%
BSH Home Appliances	1,200	4	3.07%	950	4	2.38%
Moen Incorporated	820	5	2.10%	650	6	1.63%
State of North Carolina	781	6	2.00%	877	5	2.20%
Craven County	661	7	1.69%	635	7	1.59%
Wal-Mart	643	8	1.65%	500	9	1.25%
Craven Community College	547	9	1.40%	475	10	1.19%
City of New Bern	482	10	1.23%	500	8	1.25%
	<u>14,354</u>		<u>36.75%</u>	<u>13,769</u>		<u>34.49%</u>

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

⁽¹⁾ County data is from the Craven County Economic Development Commission, N.C. Employment Security Commission., and New Bern Chamber of Commerce.

⁽²⁾ Excludes 9,033 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

<u>Full-time Equivalent Employees as of June 30</u>										
<u>Department</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
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	2
Public Works	2.5	2.5	2.5	2.5	3.5	3.5	3.5	3.5	3.5	4.5
Public safety- Police	5.40	5.48	5.39	5.36	6.48	6.48	6.48	6.48	6.48	6.68
Water/Sewer:										
Finance	1	1	1	1	1	1	1	1	1	1
Utility Operators	4	4	4	4	3	3	3	3	3	3
Total	<u>17.90</u>	<u>17.98</u>	<u>17.89</u>	<u>17.86</u>	<u>18.98</u>	<u>18.98</u>	<u>18.98</u>	<u>18.98</u>	<u>18.98</u>	<u>21.18</u>

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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety - Police										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	3	3	3	3	3	3	4	4	4	5
Cultural and Recreational										
Recreation and Parks										
Number of Parks	3	3	3	5	5	5	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	108	108	112	112	112	112	112	112	112	112
Water Mains (miles)	18	18	18.86	18.86	18.86	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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Police Activity</u>											
Violent Crime	31	63	60	41	48	58	97	44	9	11	0
Property Crime	68	101	98	114	134	83	109	54	65	28	18
Arrests	51	73	76	95	235	252	178	225	45	49	17
Motor Vehicle	173	199	206	450	827	1,400	1,112	1,127	1,115	486	304
Agency Assist	313	425	490	506	1,144	691	903	647	33	26	13
Quality of Life	386	430	524	466	445	297	362	308	2,124	1,419	790
Community Policing	1,153	1,635	1,903	3,444	13,245	15,079	15,126	14,873	10,753	17,826	10,540
Total Activity	2,175	2,926	3,357	5,116	16,078	17,860	17,887	17,278	14,144	19,845	11,682
<u>Roadway Maintenance</u>											
Miles of Paved Road	16.48	16.48	16.48	16.48	16.48	16.48	16.48	16.48	16.48	16.48	16.48
Miles of Road Resurfaced	0.75	0.34	0.50	0.45	0.52	0.53	0.25	0.43	0.40	0.54	0.54
<u>Zoning</u>											
Permits Issued	59	49	69	89	26	54	42	26	72	84	464 ⁽²⁾
New Residences	1	0	2	1	2	1	1	2	1	1	2
<u>Water</u>											
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	337,625,000
Water Treated	71,429,000	78,267,000	74,885,000	75,801,000	78,471,000	90,976,000	87,865,000	85,674,000	78,935,000	76,884,000	93,350
Residential Water Customers	1,313	1,335	1,352	1409	1411	1412	1417	1418	1431	1438	1438
<u>Wastewater</u>											
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	120,450,000
Wastewater Treated	49,300,000	46,230,000	45,063,000	36,784,000	32,081,000	35,094,000	36,655,000	38,079,000	43,672,000	49,700,000	46,870,500
Residential Sewer Customers	912	924	930	936	950	952	951	948	954	958	958
<u>Leaf and Limb</u>											
Total Tons Collected ⁽¹⁾	349.63	249.41	241.82	149.01	257.50	222.93	343.63	317.69	279.90	266.26	279.83

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.

⁽²⁾ Includes permits issued related to Hurricane Florence remediation.

TABLE 17
TOWN OF RIVER BEND, NORTH CAROLINA
INSURANCE IN FORCE
July 1, 2018 - June 30, 2019

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	7,794,691 Covered Cause of Loss 1,000 Deductible per Occurance Includes Boiler & Machinery
Computer Equipment/Media	500,000 Limits of Coverage 500 Deductible
Scheduled Equipment	63,300 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 2019 Approved Operating Budget Ordinance

WATER RATES

	METER SIZE			
	3/4"	1"	2"	4"
Customer Base Charge per month	10.24	18.40	48.32	146.24
Initial Connection (Tap Fee) ⁽¹⁾	1,250	1,500	3,500	5,000
Non-payment Fee	70	100	100	200
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
Usage Charge per 1,000 gallons	\$ 9.08			

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



COMPLIANCE SECTION





PETWAY

MILLS &

PEARSON, PA

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2019, 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 9, 2019.

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 9, 2019

TOWN OF RIVER BEND, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2019

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, 2019**

SECTION II. FINANCIAL STATEMENT FINDINGS

None.

TOWN OF RIVER BEND, NORTH CAROLINA

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2019**

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, 2019**

There were no prior year audit findings.

TOWN OF RIVER BEND, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2019

<u>Grantor/Pass-through/ Grantor-Program Title</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
FEDERAL AWARDS		
US Department of Homeland Security Federal Emergency Management Agency	FEMA-4393-DR-NC	\$ 37,616
TOTAL FEDERAL AWARDS		<u>37,616</u>
STATE AWARDS		
NC Department of Transportation Powell Bill	DOT-4	173,130
NC Office of Recovery and Resilience State Grants for Financially Distressed Local Governments	NCORR-FDLG-004	42,637
US Department of Homeland Security Federal Emergency Management Agency	FEMA-4393-DR-NC	<u>12,538</u>
TOTAL STATE AWARDS		<u>228,305</u>
TOTAL FEDERAL AND STATE ASSISTANCE		<u>\$ 265,921</u>

Notes to the Schedule of Expenditures of State Financial Awards

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards includes the State grant activity of the Town under the programs of the State of North Carolina for the year ended June 30, 2019. Because the Schedule presents only a selected portion of the operations of Town of River Bend, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of River Bend.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Costs

The Town has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.