

# TOWN OF RIVER BEND

NORTH CAROLINA



## CAFR

COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT

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**FISCAL YEAR ENDED JUNE 30, 2017**

**TOWN OF RIVER BEND, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**



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

**PREPARED BY  
FINANCE DEPARTMENT**

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FINANCE ASSISTANT**

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



**THE TOWN OF RIVER BEND, NORTH CAROLINA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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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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River Bend, NC 28562**

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**[www.riverbendnc.org](http://www.riverbendnc.org)**

October 11, 2017

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, 2017 is presented herewith for your review.

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

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

The Town's financial statements and supplemental schedules in the Financial Section have been audited by the independent, certified public accounting firm of Petway Mills & Pearson, PA. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town, for the fiscal year ended June 30, 2017 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditors concluded, based on the audit, that there was reasonable basis for rendering an unqualified opinion that the Town's basic financial statements for the year ended June 30, 2017 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

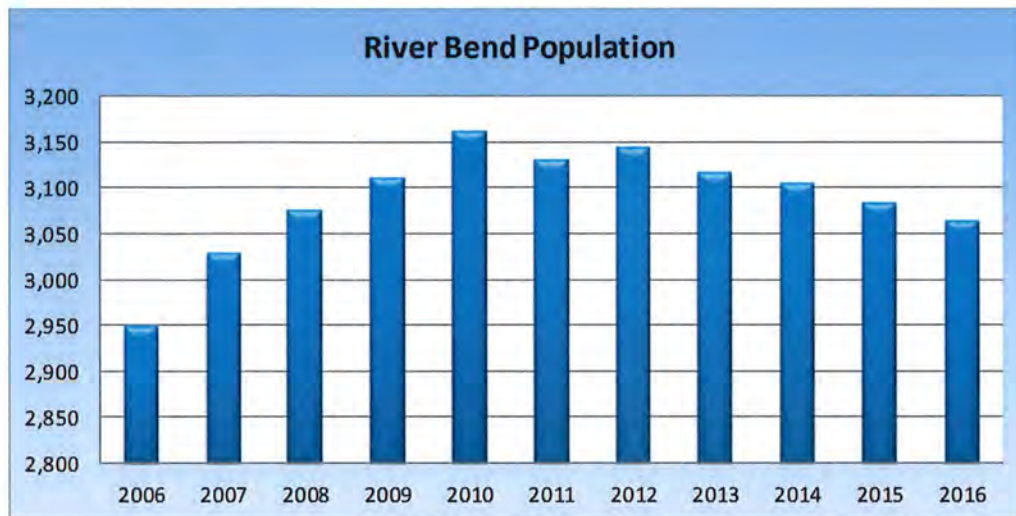
According to the US Census Bureau, the town has a total area of 2.8 square miles, of which 2.6 square miles is land and 0.2 square mile is water. The latest Craven County GIS data indicates land is divided into 1,754 parcels, of which 1,545 are developed and 209 undeveloped. There are approximately 29 acres of available commercial land, 18 acres of vacant institutional land, and 287 acres of vacant residential land.



## Population

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

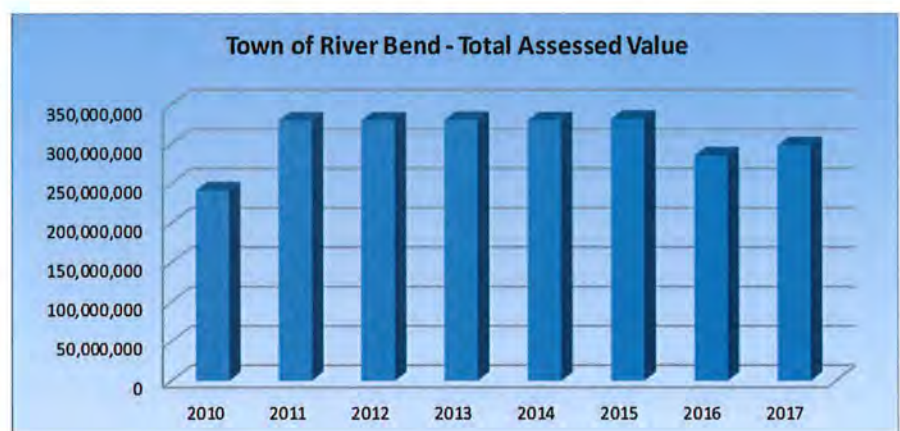
According to the latest estimate from the North Carolina Office of Budget and Management (OBM), the July 1, 2016 population of River Bend is 3,063. The chart below shows the change in population since 2006. According to the OBM, there are 553 municipalities in North Carolina and the Town of River Bend is the 209<sup>th</sup> largest by population.



The median age in River Bend is 58.1 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. Assessed housing values in River Bend have decreased between reappraisals in 2010 and 2016. Based on estimates by the Craven County Tax Department, the value of real property decreased 14.65% in this six-year period, which equates to a \$49,072,191 reduction in assessed value. The chart to the right shows the Town's total assessed value since 2010.



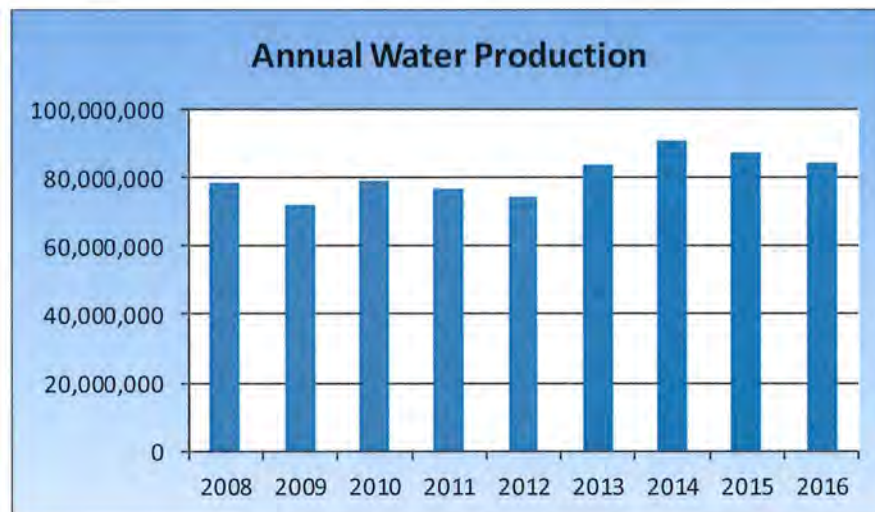


## Water and Wastewater

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 2016 (calendar year), we treated 84,668,000 gallons with a daily average of 231,967 gallons. In 2015, we treated 87,475,000 gallons of water, an average of 239,658 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 1,443 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.

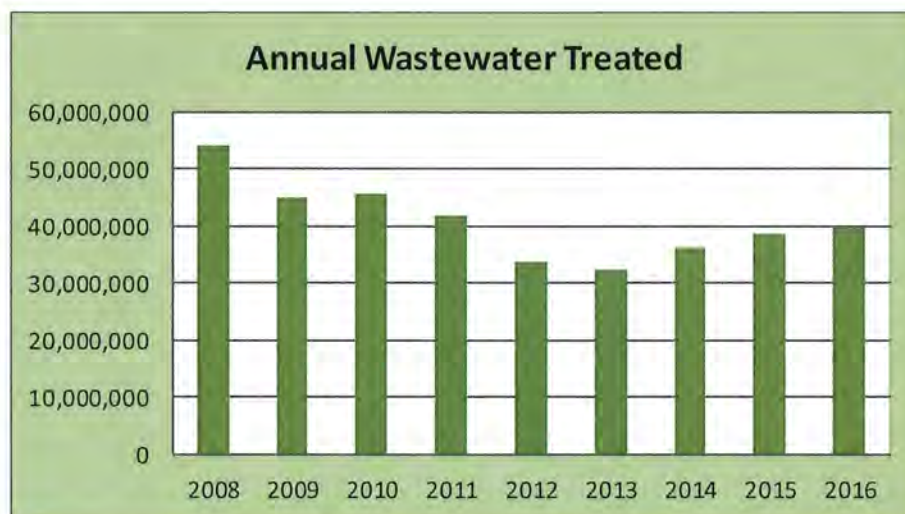
Our water system is monitored and regulated by the State of North Carolina that grants us a permit to operate. In accordance with State standards, water samples are tested at an independent laboratory for bacteria and other harmful contaminants. Each customer receives a copy of our annual report showing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

### Wastewater

The Town of River Bend owns and operates a wastewater treatment and collection system that currently serves 964 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 2016, we treated 39.6 million gallons of wastewater compared to 38.6 million gallons in 2015. The daily average treatment rate was 108,458 gallons in 2016 and 105,792 gallons in 2015. The State standard for waste treatment capacity is 330 gallons per day per household, which in our case translates to 317,460 gallons per day. This standard shows that we should be using 96% of our permitted capacity. On average, in 2016, we used 34% 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 85 of this report provides the top ten employers in Craven County.

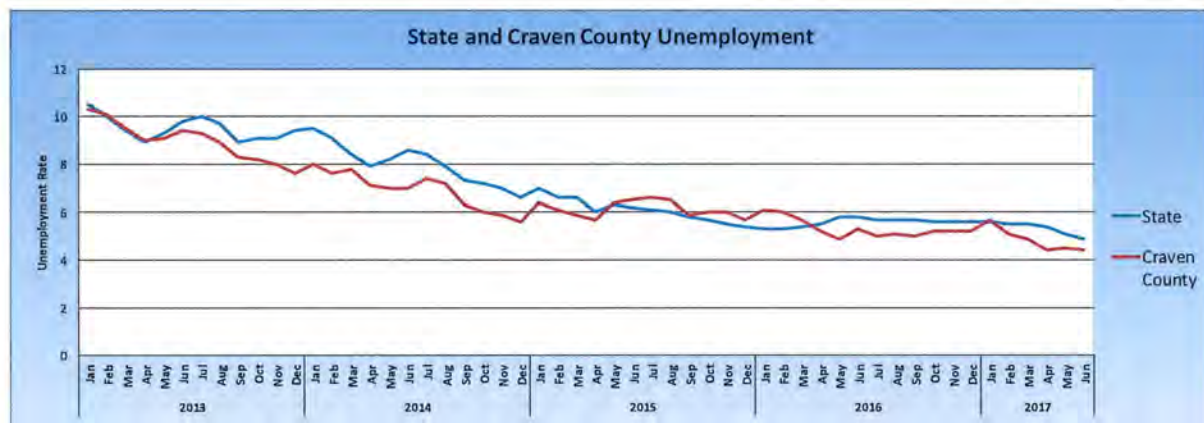


The predominant employers within the Town's corporate limits are the RHA Howell Center, the River Bend Golf and Country Club (Conjer Green, LLC) and Riverstone Health Management.

- 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's unemployment rate at the end of 2016 was reported at 5.26% compare to the statewide unemployment rate of 5.2%. Craven County and North Carolina have experienced a downward trend of rates over the last three years. The chart below tracks unemployment over the past four full years comparing the State and County rates.



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

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

## Initiatives

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

Capital planning is an important management tool that strengthens the linkage between community infrastructure needs and the financial capacity of the Town.

The River Bend CIP achieves five major objectives as a component of the Town's budget and financial planning process:

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

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

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

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

In planning for the 2017-18 fiscal year, the Town Council and staff were mindful of the need to control costs while continuing to provide necessary services and maintain our infrastructure. Each year our contracted engineer reviews the evaluation he performs 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 patching on three streets and miscellaneous areas, for a budgeted amount of \$135,000 this year. Paving funds provided by the State (Powell Bill by name) via a direct appropriation of state dollars are based upon our population and number of miles of roads. Powell Bill revenue was budgeted for \$90,000, so local revenue in the amount of \$45,000 will be budgeted to complete this project.

In this budget, we propose to address one minor drainage project adjacent to the Town Hall Annex and serves the Wildwood Drive area for an estimated amount of \$20,000. All the work we do relative to managing storm water is aimed at not only providing relief for emergent



drainage problems but also at being conscious of the environmental impact storm water can have on receiving streams. The Town, in many ways, serves as a model for good storm water management practices, using grassy swales rather than the traditional urban model of curbs and gutters.

Our IT replacement plan, which is funded also through our Capital Improvement Plan reserves, provides for \$1,993 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.

Planned improvements for Town Hall include upgrading the sound system and replacing the carpet in the large meeting room. The Town Council is in discussions for enhancing our public buildings; pending a future final decision by Council, there are no major public building projects planned. 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 4<sup>th</sup> 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. Based upon the proposed expenditures and the revenue projected, we are recommending no change in the rates.

Plans for the water utility include \$13,000 for replacing Well #3 filter media that was delayed from the past fiscal and the purchase of a truck, \$24,000, whose cost will be shared by the water and sewer funds.

The cash balance in this utility is sufficient to respond to unknown conditions and there are no identified long-term capital needs that require the continued building of cash reserves. It is projected that Water Fund cash reserves will be at 89% of expenditures for the next five years.

The wastewater treatment system will make manhole repairs this year for a budgeted cost of \$15,000. The Sewer fund will also pay 50% of the cost of a new vehicle.

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

No plans are being made to change the permitted capacity of the treatment plant, rather, the Council is attempting to remain proactive in their approach to maintaining the life of the plant and be ready for changes in nutrient limits that are likely to be part of our next permit renewal in 2018. Sewer Fund cash reserves are projected to be at least 75% of expenditures for the next five years.

One major consideration during the budget preparation this year was the tax rate. Following a 14.65% reduction in the valuation of taxable property last year, our estimated property value increased by 4.37% this year. Even while maintaining a progressive posture relative to maintaining infrastructure, providing competitive compensation for our staff, and maintaining sufficient reserves, we are able to propose a budget with a tax rate reduction from \$0.3105 to \$0.29 per 100 dollars of valuation.

## **Financial Management**

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

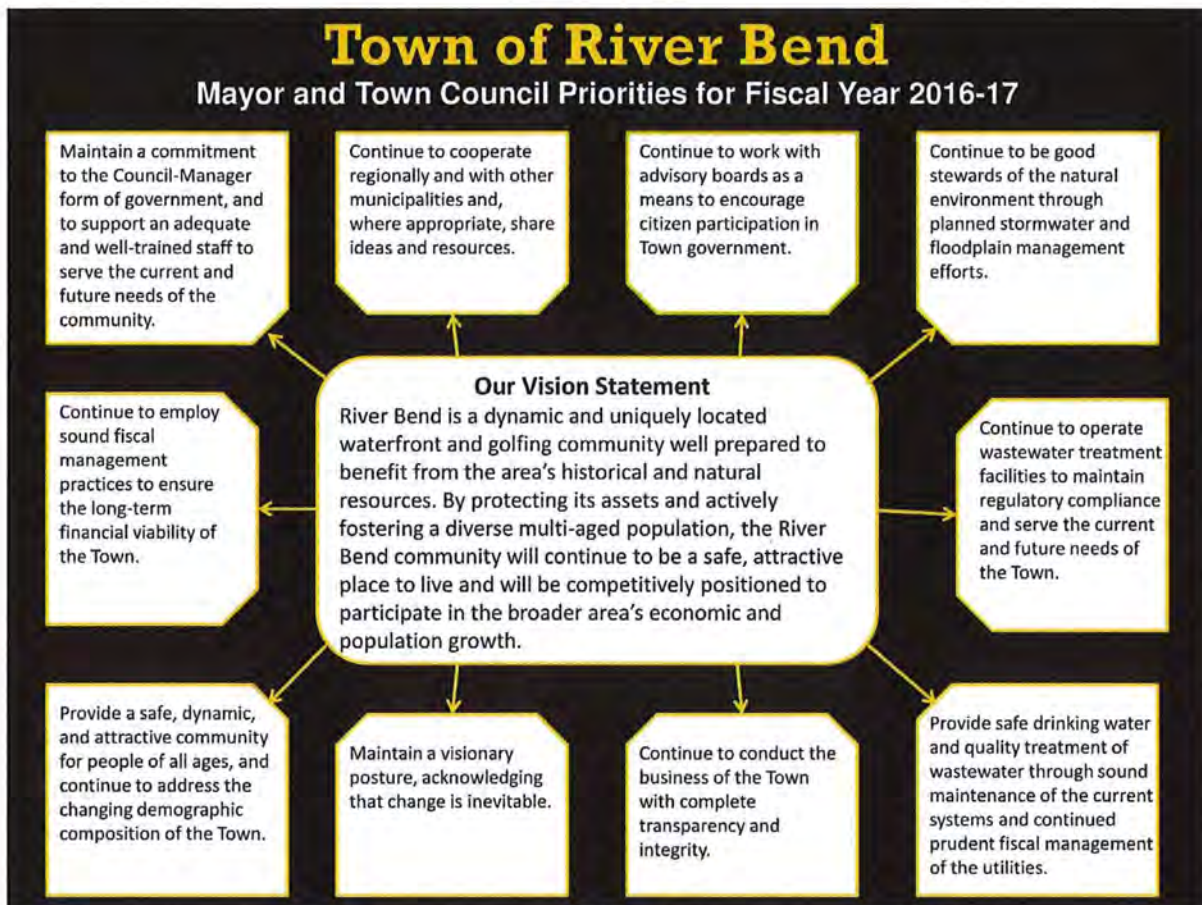
- To link long-term financial planning with short-term daily operations and decision-making.
- To maintain and improve the Town's financial position.
- To maintain and improve the Town's credit ratings by meeting or exceeding the requirements of rating agencies through sound financial policies.
- To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

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

## **Budgetary Control**

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

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



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

### Independent Bond Rating

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

#### Standard and Poor's

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

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

## **Moody's**

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

*"Moody's expects the Town's financial position will remain favorable, supported by a diverse revenue stream and conservative budgeting."*

*"The A1 rating reflects the Town's stable, modest tax base; healthy financial performance with ample reserves; and manageable debt position with no future borrowing planned."*

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

## **Conclusion and Acknowledgements**

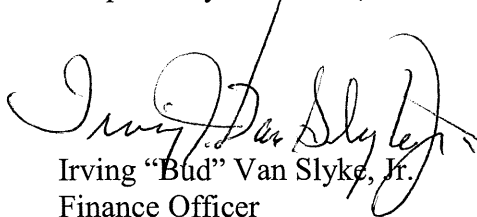
These economic times make it more important and challenging than ever to concentrate our budgeting efforts on maintenance of current services, Town-owned property and infrastructure while attempting to keep rates and fees reasonable. Our Town Council members accept their responsibility with great conviction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


The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for the Excellence in Financial Reporting to the Town of River Bend for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. This was the sixth year that the government received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully Submitted,

  
Irving "Bud" Van Slyke, Jr.  
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, 2016**

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, 2016**

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, 2016. 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 2016 award was our seventh 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, 2017**

### **MAYOR**

John Kirkland

### **TOWN COUNCIL**

Luci Avery

William Camp

Barbara Maurer

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

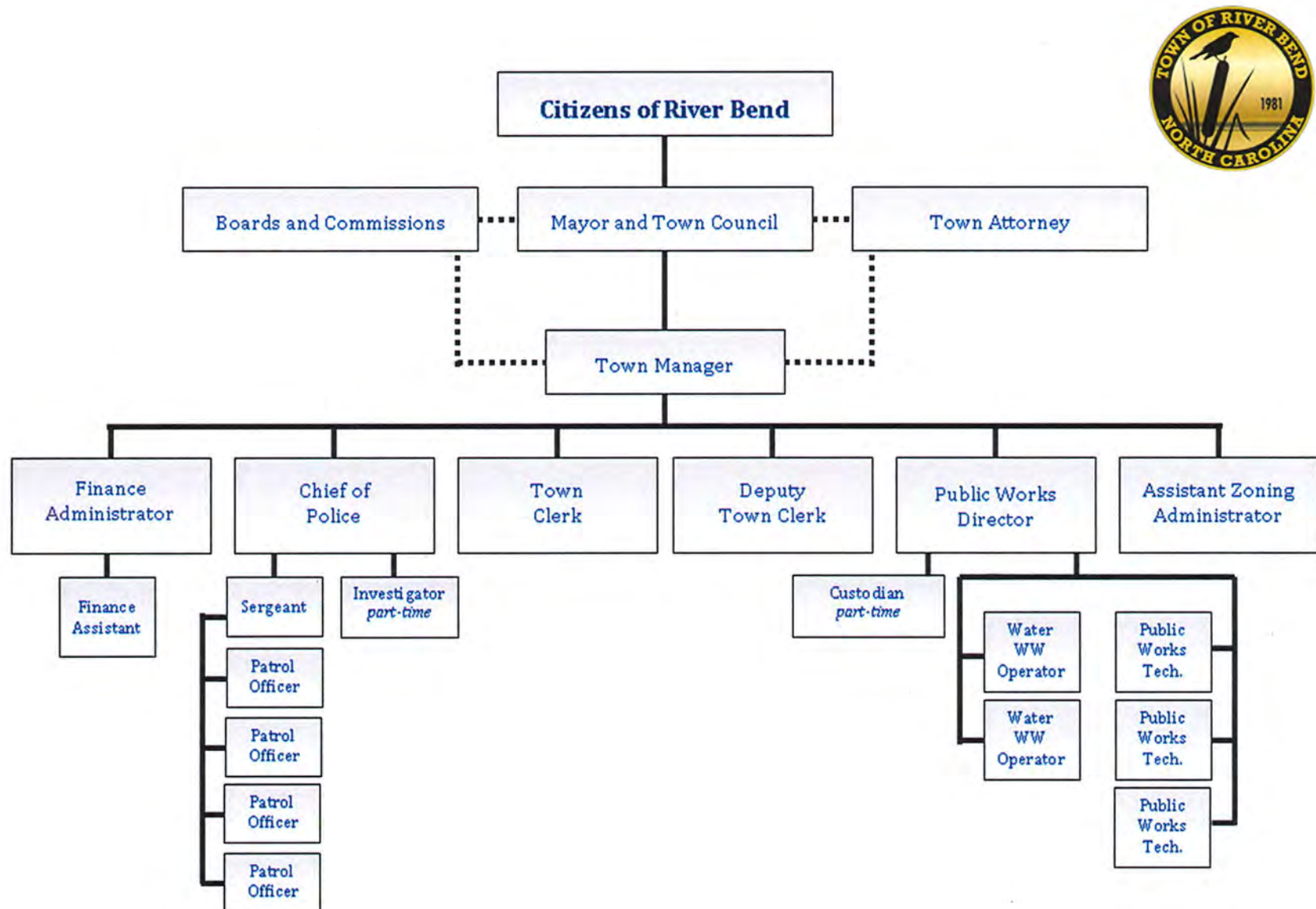
Acting Police Chief

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.  
Phyllis M. Pearson

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**Memberships:**

North Carolina  
Association of  
Certified Public  
Accountants

American Institute  
Of Certified Public  
Accountants

Medical Group  
Management  
Association

## Independent Auditors' Report

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

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of River Bend, North Carolina, as of and for the year ended June 30, 2017, 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, 2017, and the respective changes in



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

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 13 through 30, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions on pages 70 and 71, 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 72 and 73, 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 federal and 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 federal and 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 federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2017, 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*

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

October 11, 2017





## **MANAGEMENT'S DISCUSSION & ANALYSIS**



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

**Town of River Bend  
Management's Discussion and Analysis  
June 30, 2017**

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, 2017. 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 \$6,365,179 (*net position*) at the close of the fiscal year.
- For governmental type activities, the Town's net position showed an increase of 3.4% at the close of the fiscal year at \$4,857,107. Net position for business-type activities, which exclusively include the Water and Sewer Enterprise Funds, were \$760,804 and \$747,268, respectively, for a total of \$1,508,072. This represents an increase of \$99,545 in the value of net position in the Water Fund, and an increase of \$143,545 in the value of net position in the Sewer Fund. Capital improvements for the water and wastewater systems amounted to \$28,082. On-going depreciation of the infrastructure, a total of \$196,671, continues to be a significant expense. The government's total net position increased by \$593,555.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,463,052 an increase of \$321,059. Approximately 5.2% of this amount, or \$129,245, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,941,209 or 134% of total General Fund expenditures for the fiscal year. The Town Council's policy is that this ratio should be greater than 50% of the completed fiscal year's actual expenditures. For the year ending June 30, 2017, this amounted to \$721,972; therefore, the available fund balance for the General Fund was \$1,219,237.
- The Town's total General Obligation bond debt decreased by \$215,000 (8.5%) during the current fiscal year. The key factor in this decrease is the timely payments of debt service expenditures.
- The Town was upgraded to AA+ bond rating by Standard and Poor's Rating Services on its G.O. Series 2013 refunding bonds. The original bonds were used to purchase and upgrade the water and wastewater operations. The Town of River Bend received a stable A1 bond rating from Moody's Investor Service.

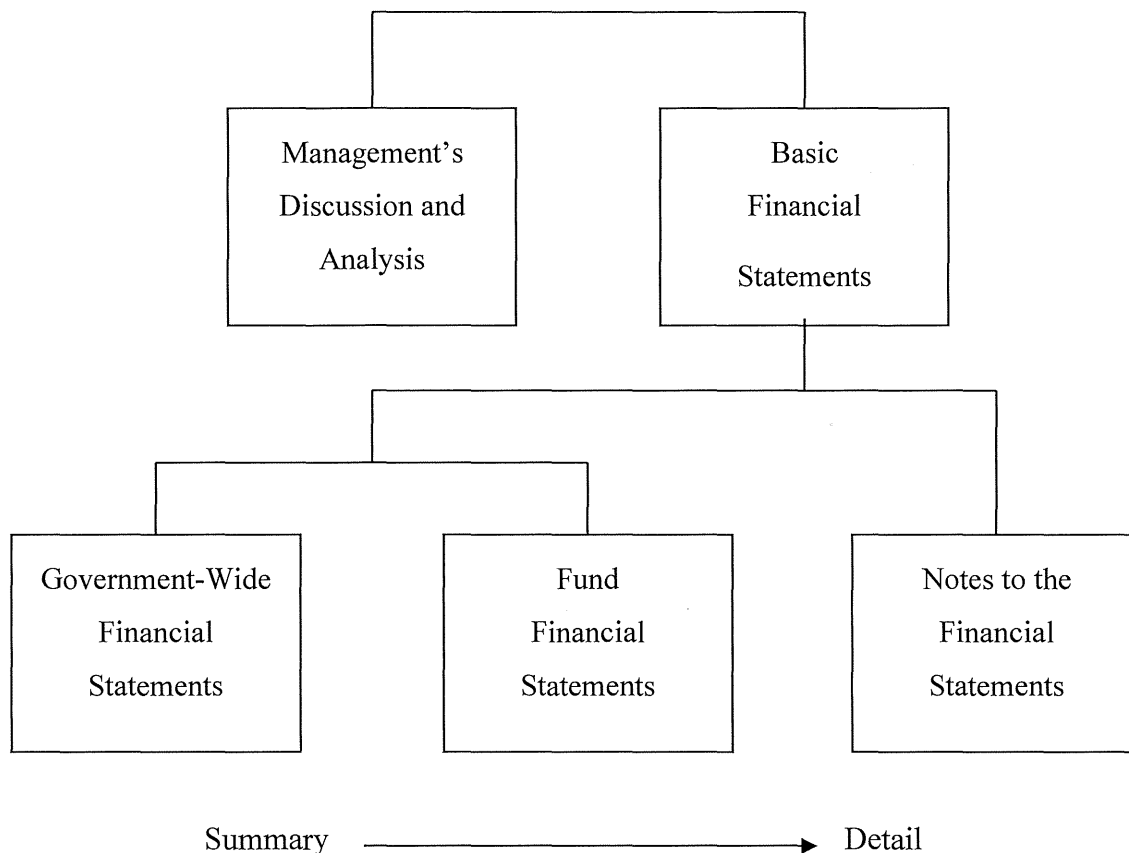
**Overview of the Financial Statements**

This discussion and analysis 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.

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

## **Management Discussion and Analysis**

### **Town of River Bend**

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 55 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 \$6,365,179 as of June 30, 2017. The Town's net position increased by \$402,127 for the fiscal year ended June 30, 2017. The largest portion (60%) of total net position is the Town's unrestricted net position, \$3,820,875 that is available for future spending. The Town reports net investments in capital assets (e.g. land, buildings, machinery, and equipment) as 38 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 \$129,247 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**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Assets:</b>						
Current and other assets	\$ 2,507,562	\$ 2,177,424	\$ 1,773,871	\$ 1,559,885	\$ 4,281,433	\$ 3,737,309
Net pension asset - Separation Allowance	-	29,898	-	-	-	29,898
Net pension asset - LGERS	-	-	-	-	-	-
Capital assets, net	2,612,284	2,568,370	2,134,935	2,303,523	4,747,219	4,871,893
Total assets	<u>5,119,846</u>	<u>4,775,692</u>	<u>3,908,806</u>	<u>3,863,408</u>	<u>9,028,652</u>	<u>8,639,100</u>
<b>Deferred Outflows of Resources:</b>						
Contributions to pension plan, current year	46,487	43,141	13,355	12,251	59,842	55,392
Pension deferrals	174,728	7,251	47,323	2,046	222,051	9,297
Deferred charges on refunding	-	-	89,284	98,214	89,284	98,214
Total deferred outflows of resources	<u>221,215</u>	<u>50,392</u>	<u>149,962</u>	<u>112,511</u>	<u>371,177</u>	<u>162,903</u>
<b>Liabilities:</b>						
Current liabilities	62,039	53,426	278,281	264,727	340,320	318,153
Long-term liabilities	382,371	49,380	2,267,536	2,436,663	2,649,907	2,486,043
Total liabilities	<u>444,410</u>	<u>102,806</u>	<u>2,545,817</u>	<u>2,701,390</u>	<u>2,990,227</u>	<u>2,804,196</u>
<b>Deferred Inflows of Resources:</b>						
Pension deferrals	<u>39,542</u>	<u>25,208</u>	<u>4,879</u>	<u>9,547</u>	<u>44,421</u>	<u>34,755</u>
<b>Net Position:</b>						
Net investment in capital assets	2,612,284	2,568,370	(197,227)	(245,853)	2,415,057	2,322,517
Restricted	129,245	138,198	-	-	129,245	138,198
Unrestricted	2,115,580	1,991,502	1,705,299	1,510,835	3,820,879	3,502,337
Total net position	<u>\$ 4,857,109</u>	<u>\$ 4,698,070</u>	<u>\$ 1,508,072</u>	<u>\$ 1,264,982</u>	<u>\$ 6,365,181</u>	<u>\$ 5,963,052</u>

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

- Craven County's continuous diligence in collecting the Town's property taxes (excluding motor vehicles) achieved a tax collection rate of 99.64%, compared to the statewide average of 99.02%. The motor vehicle taxes are being collected as part of the North Carolina Vehicle Tax System that collects tax along with tag renewals for a 99.59 % statewide collection rate.
- Ad valorem collections provided \$38,911 in revenues above budgeted level. The majority of this amount, \$34,331 was from property tax (excluding motor vehicle tax) collections.
- Sales & Use Tax revenue, which the County distributes based on the proportion our tax levy bears to the total levy of all local government units in the County, increased slightly from last fiscal year but because the Town Council budgets conservatively, this revenue was greater than budgeted amount by \$13,739.
- Rent revenue from the Town's storage units produced a 5.9% increase in revenue over last fiscal year and more than the budgeted amount by \$9,455.
- General Fund departmental expenditures to budget ended favorably (\$155,500) while providing all budgeted services.



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

- 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 fiscal year. Water and sewer rates remained unchanged this fiscal year.
- Operating efficiencies and a comprehensive maintenance plan for the water and sewer infrastructure were instrumental in sustaining operating income by keeping expenditures well within operating budgets for the enterprise funds.

**Town of River Bend's Changes in Net Position**

**Figure 3**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 84,992	\$ 77,094	\$ 1,181,300	\$ 1,158,954	\$ 1,266,292	\$ 1,236,048
Operating grants and contributions	106,509	90,502	-	-	106,509	90,502
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	926,553	892,127	-	-	926,553	892,127
Other taxes	625,966	622,875			625,966	622,875
Investment earnings, unrestricted	9,012	3,689	6,739	2,377	15,751	6,066
Miscellaneous, unrestricted	12,490	8,331	5,906	55	18,396	8,386
Total revenues	<u>1,765,522</u>	<u>1,694,618</u>	<u>1,193,945</u>	<u>1,161,386</u>	<u>2,959,467</u>	<u>2,856,004</u>
<b>Expenses:</b>						
General government	615,785	567,114	-	-	615,785	567,114
Public safety	459,255	496,151	-	-	459,255	496,151
Transportation	214,804	211,497	-	-	214,804	211,497
Environmental protection	79,573	65,071	-	-	79,573	65,071
Cultural and recreational	45,638	45,448	-	-	45,638	45,448
Water	-	-	452,844	431,291	452,844	431,291
Sewer	-	-	498,011	483,761	498,011	483,761
Total expenses	<u>1,415,055</u>	<u>1,385,281</u>	<u>950,855</u>	<u>915,052</u>	<u>2,365,910</u>	<u>2,300,333</u>
Increase in net position	350,467	309,337	243,090	246,334	593,557	555,671
<b>Net Position:</b>						
Beginning of year - July 1	4,698,070	4,322,133	1,264,982	1,018,648	5,963,052	5,340,781
Change in accounting principle	(191,428)	66,600	-	-	(191,428)	66,600
Beginning of year - July 1, restated	<u>4,506,642</u>	<u>4,388,733</u>	<u>1,264,982</u>	<u>1,018,648</u>	<u>5,771,624</u>	<u>5,407,381</u>
End of year - June 30	<u>\$ 4,857,109</u>	<u>\$ 4,698,070</u>	<u>\$ 1,508,072</u>	<u>\$ 1,264,982</u>	<u>\$ 6,365,181</u>	<u>\$ 5,963,052</u>

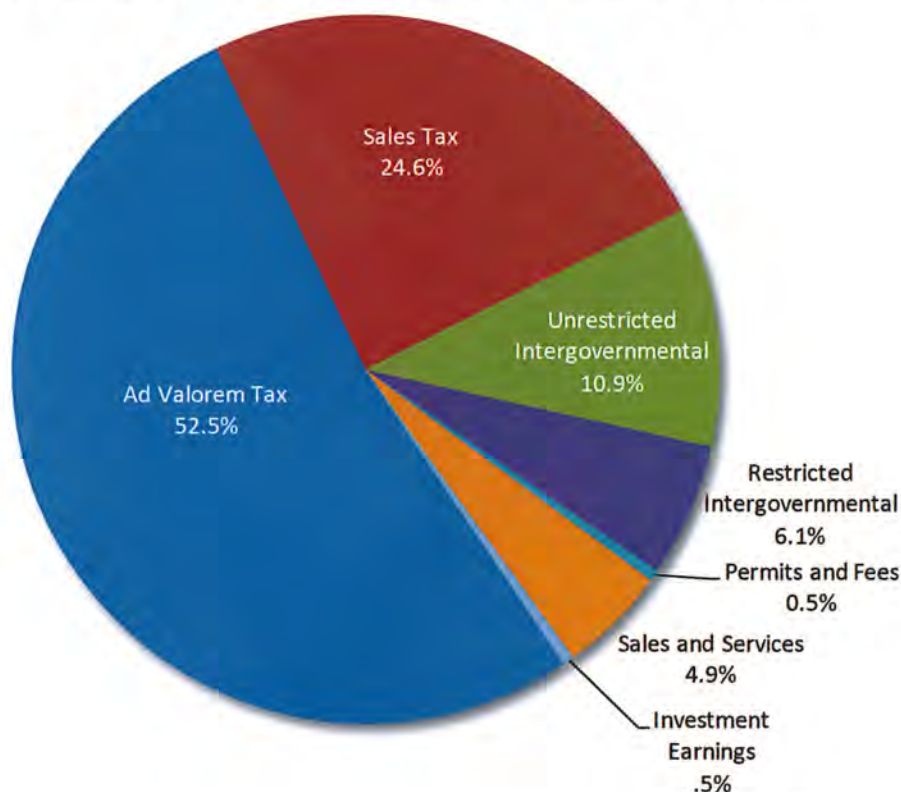
## Management Discussion and Analysis

### Town of River Bend

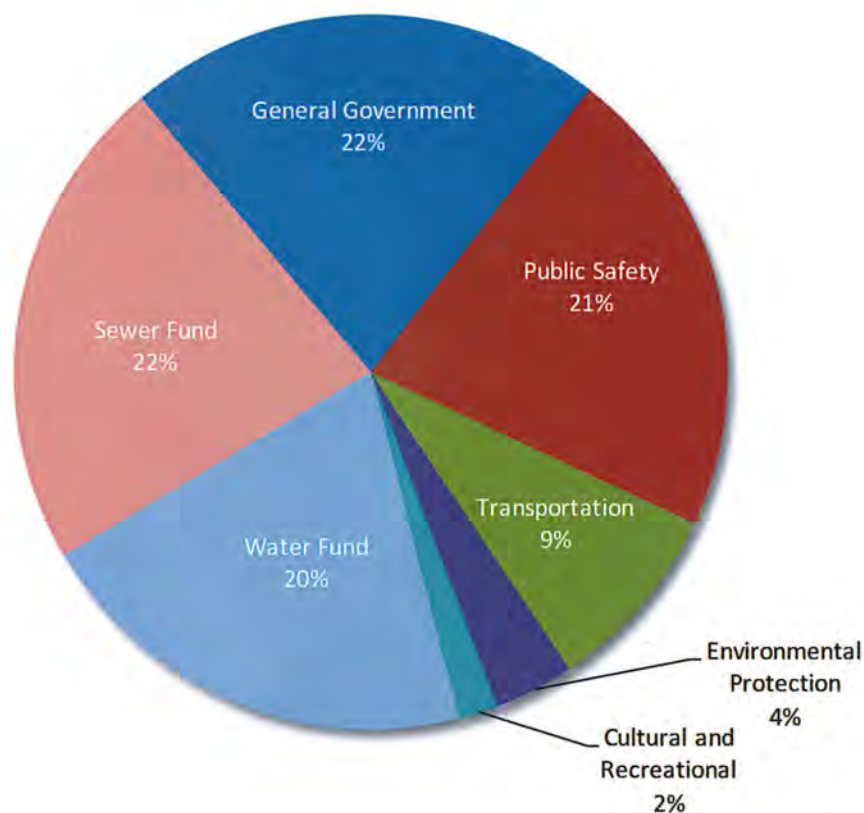
**Governmental Activities.** Governmental activities increased the Town's net position by \$350,465, thereby accounting for 59% of the total growth in the net position of the Town. Key elements of this increase are as follows:

- Ad valorem taxes make up 53% of the governmental activity revenue. This year was Craven County's six-year revaluation, which 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, is \$0.3114. The Town adopted a tax rate of \$0.3105 cents with an assessed value of \$349,643,052. Craven County collection rate was 99.64%; tax revenue was \$24,665 in excess of the budgeted amount. Motor vehicle tax collections increased by \$14,246 due to the North Carolina Tax and Tag collection program and increased tax rate.
- Sales tax is the second largest revenue source accounting for 25% of total governmental revenues. These revenues outperformed the budgeted level by \$13,739. Because of the uncertainty of economic growth, the Town Council took a conservative approach when budgeting state provided revenues.
- Powell Bill revenue is now a direct appropriation of State dollars through a formula based on the Town's population and street mileage. This restricted revenue source for street maintenance is included in the Operating Grants and Contributions.
- Exhibit 6 in the Basic Financial Statement outlines budget to actual performance in the General Fund for Town expenditures. Each functional area operated well within budgeted amounts, while still maintaining services, which contributed \$155,500 to the Town's net position for the fiscal year. Capital outlays increased capital assets for \$177,051; the General Fund Capital Improvement Plan contributed \$52,000 from Capital Reserves for capital outlay.

**Town of River Bend**  
**Figure 4. Revenue Sources - Governmental Activities - Fiscal Year 2017**



Town of River Bend  
Figure 5. Functional Expenses - Fiscal Year 2017



**Business-Type Activities.** Business-type activities increased the Town's net position by \$243,090, accounting for 41% of the total growth in the government's net position. Business-type activities reported for the Town are exclusively the Town's Water and Sewer Fund. The operations are self-supported by their respective user fees, which are determined using guidance from a professionally designed rate model.

- The 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 75% of expenditures at the end of the next five years.
- The water utility base fee was decreased in fiscal year 2015 in light of sufficient cash reserves to respond to routine maintenance and emergent conditions; operating cash is forecast to be at least 89% of expenditures at the end of the next five years.
- Natural conservation and other factors contributed to falling billed usage this fiscal year for the 1430 households with water service and 954 households with sewer service. In spite of this trend, operating revenues from water and sewer services adequately covered the operating expenses, resulting in operating income and an increase in net position for both funds.
- The Water Fund increased its cash and cash equivalents balance by \$77,177, resulting in ending cash balance of \$925,188.
- The Sewer Fund increased its cash and cash equivalents balance by \$133,377, resulting in an ending cash balance of \$647,334.

## **Management Discussion and Analysis**

### **Town of River Bend**

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.

#### **Water Fund:**

- The Water Fund increased net position \$99,545 from last year to \$760,804 at year-end.
- Operating income was \$124,518, down \$13,350 from last year.
- Capital assets for \$14,041 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 for \$104,730 compared to \$102,858 last year.

#### **Sewer Fund:**

- The Sewer Fund increased net position \$143,545 from last year to \$747,268 at year-end.
- Operating income was \$165,777, down \$4,207 from last year.
- Capital assets for \$14,041 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 \$91,941, compared to \$89,602 last year.

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

### **Financial Analysis of the Town's Funds**

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

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

Total governmental fund balances were \$2,463,052, an increase of \$321,059 over the prior year. Included in this change is an increase in fund balance in the General Fund and an increase in fund balance in the Capital Reserve Funds. \$77,880 represents the increase of committed funds retained in the Capital Reserve Fund. Conservative revenue budgeting, a moderate increase in sales tax revenue from the slowly recovering economy, and a change in motor vehicle tax collections method, combined with operating efficiencies by management and negotiated contracted services, produced the remaining increase in fund balance.

The General Fund is the chief operating fund of the Town of River Bend. At the end of the current fiscal year, the Town's fund balance available in the General Fund was \$2,333,805 and unassigned fund balance of the General Fund was \$1,941,209 a 16% increase from prior year. Total fund balance reached \$2,463,052. 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.

## **Management Discussion and Analysis**

### **Town of River Bend**

At year-end, unassigned General Fund balance represents 134% of total General Fund expenditures. The Town Council's policy states this ratio should be greater than 50% of the completed fiscal year's actual General Fund expenditures. Total fund balance represents 171% of total General Fund expenditures and available fund balance represents 162% of that same amount.

The Department of State Treasurer reported the average fund balance of 72.91 percent for the group of non-electric cities with a population of 2,500 – 9,999 for the year ended June 30, 2016.

**General Fund Budgetary Highlights.** During the fiscal year, the Town revised the budget on four 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:

- Police Department for a patrol car, \$25,000. Funds came from the Capital Reserve, Vehicle replacement plan; an older patrol car had maintenance issues so replacement was moved up one year.
- Stormwater drainage project overage, \$2,725 and an emergent replacement of a retaining wall, \$19,275. Funds came from Capital Reserve, Stormwater Maintenance.
- Hurricane Matthew Public Assistance funds were received from Federal and State agencies, \$17,636, for reimbursement of debris clean-up, Leaf & Limb and Public Works Departments.
- Contingency funds were utilized to cover employee turnover costs in the Planning and Zoning, \$4,000.
- Town Hall doors were replaced, \$5,545, with the funds from a postponed project in Parks & Community Appearance.
- Law Enforcement Separation Allowance budgeted funds were increased for the addition of a newly retired police officer. The additional funds were appropriated from Fund Balance, \$3,098.
- An interconnection project in the Water Fund was eliminated. Funds went back into the Water Capital Reserve Fund, \$42,000.
- Insurance settlement, \$4,400, paid out of the Administration Department.
- Contingency funds covered a professional services contract for the Police Chief recruitment; \$9,590 was added to the Police Department.
- Excess budgeted funds from the Road Paving Program in Street Maintenance were shifted to Public Buildings for new meeting room chairs and tables, \$7,000.

Actual operating revenues for the General Fund were greater than the final budget by \$79,586. Ad Valorem tax collections represent 49 percent of this, or \$38,911. A favorable variance of \$21,959 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 indoor and outdoor storage facilities are running at 100% occupancy; Rents revenue provided 3.5% of total revenue. Included in Rents revenue are charges to the Enterprise funds for use of facilities.

The most recently completed reappraisal of real property by Craven County was effective this fiscal year and resulted in a decrease of real property value in River Bend of 14.65%. The revenue neutral tax rate, adjusted for growth, in accordance with North Carolina General Statute 159.11 is \$0.3114. The Town adopted an ad valorem tax rate of \$0.3105 per \$100 of assessed value; the growth in the tax base in the years since the last reappraisal averaged less than .5%. Craven County adopted a four-year revaluation schedule effective with the FY 2020-21 tax levies.



## **Management Discussion and Analysis**

### **Town of River Bend**

Departmental expenditures were less than the final budgeted amounts by \$155,500. Although each functional area contributed to this total amount, the most significant, \$66,826, came from Public Safety primarily due to the loss of our Police Chief Ryland Matthews, Jr., E.O.W. 04/16/17. His dedicated service created a positive impact in this community we call home.

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 60. 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 \$760,804 and \$747,268, respectively, for a total of \$1,508,072. This represents an increase for \$243,090 from last fiscal year. As stated before, a key element each year is depreciation, for this year in the Water Fund, \$104,730, and the Sewer Fund, \$91,941. Unrestricted net position of the Water Fund and Sewer Fund at the end of the fiscal year amounted to \$1,508,072.

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, 2017 totaled \$4,747,219 (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:**

- \$111,725, 2017 Street Paving Program.
- \$571, Construction in Progress, vinyl seawall at Bowline Drive
- \$18,995, Weir wall at Shoreline Drive canal culverts.
- \$45,760, Police patrol vehicle and public works truck.

#### **Water Fund:**

- \$14,041, Shared cost of F250 truck.

#### **Sewer Fund:**

- \$14,041, Shared cost of F250 truck.

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.

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

- b. The annual update of the CIP will be conducted in conjunction with the annual operating budget process.
- c. The first year of the five-year CIP will be the basis of formal fiscal year appropriations during the annual budget process.
- d. A programming or cost estimation study is eligible for inclusion in the CIP for a project for which a future request is being considered. Such a study is encouraged in order to generate reliable cost estimates for the CIP.
- e. The Town expects to see new capital items generally first appear in the last year of the CIP.
- f. The Town acknowledges pay-as-you-go financing as a significant capital-financing source, but will ultimately determine the most appropriate financing structure for each capital project both on an individual basis after examining all relevant factors of the project and in conjunction with the funding of the entire CIP.

**Town of River Bend's Capital Assets**

**Figure 6**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 929,320	\$ 929,320	\$ 183,357	\$ 183,357	\$ 1,112,677	\$ 1,112,677
Construction in progress	571	-	220,070	220,070	220,641	220,070.00
Plant and distribution system	-	-	5,772,919	5,772,919	5,772,919	5,772,919
Furniture and equipment	-	-	278,454	264,798	278,454	264,798
Building and improvements	1,741,344	1,741,344	8,960	8,960	1,750,304	1,750,304
Equipment and vehicles	369,793	364,864	-	-	369,793	364,864
Infrastructure	<u>1,770,698</u>	<u>1,639,978</u>	<u>-</u>	<u>-</u>	<u>1,770,698</u>	<u>1,639,978</u>
Subtotal	<u>4,811,726</u>	<u>4,675,506</u>	<u>6,463,760</u>	<u>6,450,104</u>	<u>11,275,486</u>	<u>11,125,610</u>
Less accumulated depreciation	<u>(2,199,442)</u>	<u>(2,107,136)</u>	<u>(4,328,825)</u>	<u>(4,146,581)</u>	<u>(6,528,267)</u>	<u>(6,253,717)</u>
Capital assets, net	<u>\$ 2,612,284</u>	<u>\$ 2,568,370</u>	<u>\$ 2,134,935</u>	<u>\$ 2,303,523</u>	<u>\$ 4,747,219</u>	<u>\$ 4,871,893</u>

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

## Management Discussion and Analysis

### Town of River Bend

**Long-Term Debt.** As of June 30, 2017, the Town had total bonded debt outstanding of \$2,310,000, all of which is backed by the full faith and credit of the Town.

#### Town of River Bend's Long-Term Debt

Figure 7

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ -	\$ -	\$ 2,310,000	\$ 2,525,000	\$ 2,310,000	\$ 2,525,000
Unamortized premium on bonds	-	-	111,446	122,590	111,446	122,590
Compensated absences	27,819	27,755	15,322	14,114	43,141	41,869
Net pension liability (LGERS)	235,090	45,218	68,404	11,688	303,494	56,906
Total pension liability (LEO)	143,109	-	-	-	143,109	-
Total debt	<u>\$ 406,018</u>	<u>\$ 72,973</u>	<u>\$ 2,505,172</u>	<u>\$ 2,673,392</u>	<u>\$ 2,911,190</u>	<u>\$ 2,746,365</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.

Additional information on the Town's long-term debt is found starting on page 51 in the notes to the basic financial statements. The Town's legal debt margin at June 30, 2017 was \$22,800,000.

#### Economic Factors and Next Year's Budgets and Rates

The Town of River Bend is a small residential community in Craven County, home to approximately 3,058 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 4.4% is closing in on the State seasonally adjusted rate of 4.2%, and matches the national rate of 4.4% at the end of June 2017. Craven County unemployment rate at the end of June 2016 was reported at 5.2%, the State average, 4.9%, and a national average of 4.9%.

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

**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 2017. 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](http://www.riverbendnc.org/finance). This is the seventh year the Town has been awarded the Distinguished Budget Presentation Award by the Government Finance Officers Association.

The adopted tax rate of \$0.29 is lower from the prior year's nearly revenue neutral rate of \$0.3105. 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 more than 50% unassigned fund balance at the end of the fiscal year. General Fund revenues and other

## **Management Discussion and Analysis**

### **Town of River Bend**

financing sources are budgeted at \$1,673,332, a 5.8% decrease from the 2016 fiscal year-end budgeted revenues and a 9.5% decrease compared to year-end revenues.

Diligent management of all Town resources, which includes a qualified professional staff, is critical in providing services to maintain the quality of life expected by the residents of our Town. The Town of River Bend budget supports eighteen full-time and two part-time employees. Personnel costs, including benefits, represent 42% of the total combined operating budget. Following the guidance of the Council, the budget reflects a 2% cost-of-living increase and 1% for longevity increases. An additional 1% merit pool is available to recognize outstanding performance of individual employees.

Included in the budget is an allocation for \$25,000 to fund the Law Enforcement Officers' Separation Allowance. Our financial obligation for eligible retirees is \$34,112 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 \$45,000 will be budgeted to complete this project.

Capital Improvement Plans (CIP) are used to plan for capital needs in each major fund area in order to sustain and improve infrastructure and operations within the financial capacity of the Town. Ongoing CIP budgeted funds for governmental activities, \$114,110 include vehicle and information technology replacement plans, stormwater and canal maintenance, and the Wildwood facility replacement.

CIP budgeted expenditures this year of \$21,993 will be a stormwater drainage project, \$20,000 and replacement of information technology hardware, \$1,993. Stormwater maintenance is an ongoing focus for the Town and specific projects will be funded, as they are prioritized and emergent issues addressed when necessary.

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

**Business-Type Activities.** The adopted rate schedule reflects no rate changes in both the Water Fund and the Sewer Fund. Using the professionally designed utility rate model, revenues are projected and the necessary expenditures identified to maintain the infrastructure, pay debt service, and attain the appropriate level of cash reserves to sustain the quality of services provided by our community water and wastewater systems. Debt service accounts for 28% and 22% of the total expenditures for the Water Fund and the Sewer Fund, respectively. Based upon the proposed expenditures and revenue projections, the base fee for the water utility was decreased 16.4% or \$3 per month for residential users (and by Equivalent Residential Units for other customers) in FY 2015. That base rate remains at this level for FY 2018. 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. It is projected that Water Fund cash reserves will be 89% of expenditures at the end of the next five years.

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

## **Management Discussion and Analysis**

### **Town of River Bend**

FY 2015 budget. Business, commercial, and industrial rates are determined by Equivalent Residential Units and changed proportionately. The Sewer Fund cash reserves are projected to be at least 75% of expenditures at the end of the next five years with the last rate increase.

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. The CIP expenditure for the Water Fund this year provides for purchasing a new truck, with that cost being shared by the Sewer Fund, \$11,500 each, and filter material replacement at Well #3, \$13,000.

Sewer Capital Improvement Plan (CIP) annually budgeted funds of \$63,000 support the vehicle replacement plan and all other planned or emergency cash-funded capital expenditures. In fiscal year 2018, we plan to make repairs to the surge tank at the Wastewater Treatment Plant, \$13,000, and share in the cost of a new truck, \$13,000.

The FY 2015 project in the sewer enterprise was a contract for the design and permitting for renovation and upgrades to the wastewater treatment plant to continue to serve residents who are currently served by the collection and treatment systems. No plans 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 are likely to be part of our next permit renewal in 2018. The design and permitting phase of the project, costing \$210,000, resulted in the Town obtaining a construction permit from the State in January 2016 to allow us to renovate and upgrade the wastewater treatment plant. Once our wastewater treatment permit is renewed in 2018, the Council will determine if renovations are necessary to comply with the new permit. At that time, the Council will address further funding decisions.

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](mailto:finance@riverbendnc.org). Get to know us on the Town of River Bend's web site: [www.riverbendnc.org](http://www.riverbendnc.org).





# **BASIC FINANCIAL STATEMENTS**



## TOWN OF RIVER BEND, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 2,015,663	\$ 1,556,100	\$ 3,571,763
Taxes receivable, net	6,118	-	6,118
Accounts receivable, net	1,718	201,349	203,067
Prepaid items	-	-	-
Due from other governments	127,529	-	127,529
Total current assets	2,151,028	1,757,449	3,908,477
Non-current assets:			
Restricted cash and cash equivalents	356,534	16,422	372,956
Capital assets:			
Land and construction in progress	929,891	183,357	1,113,248
Other capital assets, net of depreciation	1,682,393	1,951,578	3,633,971
Total capital assets, net	2,612,284	2,134,935	4,747,219
Total non-current assets	2,968,818	2,151,357	5,120,175
Total assets	5,119,846	3,908,806	9,028,652
<b>Deferred Outflows of Resources:</b>			
Contributions to pension plan in current fiscal year	46,487	13,355	59,842
Pension deferrals	174,728	47,323	222,051
Deferred charge on refunding	-	89,284	89,284
Total Deferred Outflows of Resources:	221,215	149,962	371,177
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	32,418	24,223	56,641
Accrued expenses	290	-	290
Unearned revenue - rents	5,684	-	5,684
Liabilities payable from restricted assets	-	16,422	16,422
Current portion of compensated absences	23,647	11,492	35,139
Current portion of long-term debt	-	226,144	226,144
Total current liabilities	62,039	278,281	340,320
Non-current liabilities:			
Non-current portion of compensated absences	4,172	3,830	8,002
Net pension liability - LGERS	235,090	68,404	303,494
Total pension liability - LEO	143,109	-	143,109
Non-current portion of long-term debt	-	2,195,302	2,195,302
Total long-term liabilities	382,371	2,267,536	2,649,907
Total liabilities	444,410	2,545,817	2,990,227
<b>Deferred Inflows of Resources</b>			
Pension deferrals	39,542	4,879	44,421
Total deferred inflows of resources	39,542	4,879	44,421
<b>Deferred Inflows of Resources:</b>			
Net investment in capital assets	2,612,284	(197,227)	2,415,057
Restricted for stabilization by State statute	129,245	-	129,245
Restricted for Streets	-	-	-
Unrestricted	2,115,580	1,705,299	3,820,879
Total net position	\$ 4,857,109	\$ 1,508,072	\$ 6,365,181

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

## TOWN OF RIVER BEND, NORTH CAROLINA

Exhibit 2

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
<b>Functions/Programs:</b>							
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General government	\$ 615,785	\$ 79,198	\$ -	\$ -	\$ (536,587)	\$ -	\$ (536,587)
Public safety	459,255	3,733	17,636	-	(437,886)	-	(437,886)
Transportation	214,804	-	88,873	-	(125,931)	-	(125,931)
Environmental protection	79,573	2,061	-	-	(77,512)	-	(77,512)
Cultural and recreational	45,638	-	-	-	(45,638)	-	(45,638)
Total governmental activities	<u>1,415,055</u>	<u>84,992</u>	<u>106,509</u>	<u>-</u>	<u>(1,223,554)</u>	<u>-</u>	<u>(1,223,554)</u>
<b>Business-Type Activities:</b>							
Water Fund	452,844	545,246	-	-	-	92,402	92,402
Sewer Fund	498,011	636,054	-	-	-	138,043	138,043
Total business-type activities	<u>950,855</u>	<u>1,181,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>230,445</u>	<u>230,445</u>
Total primary government	<u>\$ 2,365,910</u>	<u>\$ 1,266,292</u>	<u>\$ 106,509</u>	<u>\$ -</u>	<u>(1,223,554)</u>	<u>230,445</u>	<u>(993,109)</u>
<b>General Revenues:</b>							
Ad valorem taxes					926,553	-	926,553
Local option sales taxes					417,859	-	417,859
Franchise taxes					117,963	-	117,963
Other taxes and licenses					90,144	-	90,144
Interest earned on investments, unrestricted					9,012	6,739	15,751
Special item - gain on sale of fixed assets					6,901	-	6,901
Miscellaneous, unrestricted					5,589	5,906	11,495
Total general revenues					<u>1,574,021</u>	<u>12,645</u>	<u>1,586,666</u>
Change in net position					<u>350,467</u>	<u>243,090</u>	<u>593,557</u>
<b>Net Position:</b>							
Beginning of year - July 1					4,698,070	1,264,982	5,963,052
Change in accounting principle					(191,428)	-	(191,428)
Net Position, beginning, as restated					<u>4,506,642</u>	<u>1,264,982</u>	<u>5,771,624</u>
End of year - June 30					<u>\$ 4,857,109</u>	<u>\$ 1,508,072</u>	<u>\$ 6,365,181</u>

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



## TOWN OF RIVER BEND, NORTH CAROLINA

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2017

	<u>General Fund</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 2,015,663
Restricted cash	356,534
Taxes receivable, net	6,118
Accounts receivable, net	1,718
Prepaid items	-
Due from other governments	<u>127,529</u>
Total assets	<u>\$ 2,507,562</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 32,418
Accrued expenses	290
Unearned revenue - rents	<u>5,684</u>
Total liabilities	<u>38,392</u>
<b>Deferred Inflows of Resources:</b>	
Unavailable revenue - property taxes	<u>6,118</u>
<b>Fund Balances:</b>	
Restricted for stabilization by State statute	129,245
Committed for general government capital outlay	356,534
Assigned	36,064
Unassigned	<u>1,941,209</u>
Total fund balances	<u>2,463,052</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,507,562</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.	\$ 2,612,284
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position (Exhibit 1)	46,487
Earned revenues considered deferred inflows of resources in fund statements.	6,118
Pension related deferrals	135,186
Net pension liability	(235,090)
Total pension liability	(143,109)
Other long-term liabilities (compensated absences) are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(27,819)</u>
Net position of governmental activities per Exhibit 1	<u>\$ 4,857,109</u>
<i>The accompanying notes are an integral part of the financial statements.</i>	

## TOWN OF RIVER BEND, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	<b>General Fund</b>
<b>Revenues:</b>	
Ad valorem taxes	\$ 926,035
Other taxes and licenses	433,766
Unrestricted intergovernmental revenues	192,200
Restricted intergovernmental revenues	108,569
Permits and fees	8,674
Sales and services	74,257
Investment earnings	9,012
Miscellaneous	-
Total revenues	<u>1,752,513</u>
<b>Expenditures:</b>	
Current:	
General government	479,688
Public safety	475,333
Transportation	191,305
Environmental protection	80,579
Cultural and recreational	39,988
Capital Outlay	<u>177,051</u>
Total expenditures	<u>1,443,944</u>
Revenues over (under) expenditures	308,569
<b>Other Financing Sources (Uses):</b>	
Sale of fixed assets	6,901
Insurance settlements	<u>5,589</u>
Total other financing sources	<u>12,490</u>
Net change in fund balance	321,059
<b>Fund Balance:</b>	
Beginning of year - July 1	<u>2,141,993</u>
End of year - June 30	<u>\$ 2,463,052</u>

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

# TOWN OF RIVER BEND, NORTH CAROLINA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2017

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

Net change in fund balances - total governmental funds (Exhibit 4)	\$	321,059
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.	177,051	
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(133,138)	
This is the amount by which capital outlays exceeded depreciation in the current period.		43,913
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities (Exhibit 2).		46,487
Benefit payments paid and administrative expense for LEOSSA are not included on the Statement of Activities (Exhibit 2).		15,895
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in deferred inflows for tax revenues		518
Expenses reported in the Statement of Activities (Exhibit 2) that do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds statement.		
Compensated absences		(65)
Pension expense		(77,340)
Rounding		
Change in net position of governmental activities, per Exhibit 2	\$	<u>350,467</u>

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

## TOWN OF RIVER BEND, NORTH CAROLINA

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over/Under
<b>Revenues:</b>				
Ad valorem taxes	\$ 887,124	\$ 887,124	\$ 926,035	\$ 38,911
Other taxes and licenses	411,400	411,400	433,766	22,366
Unrestricted intergovernmental revenues	191,218	192,218	192,200	(18)
Restricted intergovernmental revenues	91,900	109,536	108,569	(967)
Permits and fees	5,750	5,750	8,674	2,924
Sales and services	59,680	59,680	74,257	14,577
Investment earnings	6,391	5,391	7,184	1,793
Miscellaneous	-	4,400	5,589	1,189
Total revenues	<u>1,653,463</u>	<u>1,675,499</u>	<u>1,756,274</u>	<u>80,775</u>
<b>Expenditures:</b>				
General government	470,543	516,488	479,688	36,800
Public safety	530,172	542,860	475,333	67,527
Transportation	200,534	211,849	191,305	20,544
Environmental protection	48,219	103,670	80,579	23,091
Cultural and recreational	49,534	43,989	39,988	4,001
Capital Outlay	214,718	180,588	177,051	3,537
Total expenditures	<u>1,513,720</u>	<u>1,599,444</u>	<u>1,443,944</u>	<u>155,500</u>
Revenues over (under) expenditures	<u>139,743</u>	<u>76,055</u>	<u>312,330</u>	<u>236,275</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	52,000	99,000	99,000	-
Transfers to other funds	(175,052)	(175,052)	(175,052)	-
Sale of fixed assets	1,657	1,657	6,901	5,244
Contingency	(26,058)	(12,468)	-	12,468
Appropriated fund balance	7,710	10,808	-	(10,808)
Total other financing sources (uses)	<u>(139,743)</u>	<u>(76,055)</u>	<u>(69,151)</u>	<u>6,904</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	243,179	<u>\$ 243,179</u>
Fund balances, beginning			1,863,339	
Fund balances, ending			<u>\$ 2,106,518</u>	

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

## TOWN OF RIVER BEND, NORTH CAROLINA

STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017

	Major Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 917,993	\$ 638,107	\$ 1,556,100
Accounts receivable, net	97,052	104,297	201,349
Total current assets	1,015,045	742,404	1,757,449
Non-current assets:			
Restricted cash and cash equivalents	7,195	9,227	16,422
Capital assets, net:			
Land and construction in progress	118,171	65,186	183,357
Other capital assets, net of depreciation	897,331	1,054,247	1,951,578
Total capital assets, net	1,015,502	1,119,433	2,134,935
Total non-current assets	1,022,697	1,128,660	2,151,357
Total assets	2,037,742	1,871,064	3,908,806
<b>Deferred Outflows of Resources:</b>			
Contributions to pension plan in current fiscal year	6,475	6,880	13,355
Pension deferrals	22,584	24,739	47,323
Deferred charge on refunding	47,911	41,373	89,284
Total deferred outflows of resources	76,970	72,992	149,962
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	4,705	19,518	24,223
Liabilities payable from restricted assets - customer deposits	7,195	9,227	16,422
Compensated absences - current	5,657	5,835	11,492
Current portion of long-term debt	121,352	104,792	226,144
Total current liabilities	138,909	139,372	278,281
Non-current liabilities:			
Compensated absences	1,885	1,945	3,830
Net pension liability	31,985	36,419	68,404
Long-term debt	1,177,986	1,017,316	2,195,302
Total non-current liabilities	1,211,856	1,055,680	2,267,536
Total liabilities	1,350,765	1,195,052	2,545,817
<b>Deferred Inflows of Resources:</b>			
Pension deferrals	3,143	1,736	4,879
Total deferred inflows of resources	3,143	1,736	4,879
<b>Net Position:</b>			
Net investment in capital assets	(235,925)	38,698	(197,227)
Unrestricted	996,729	708,570	1,705,299
Total net position	\$ 760,804	\$ 747,268	\$ 1,508,072

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



## TOWN OF RIVER BEND, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>Operating Revenues:</b>			
Charges for services	\$ 522,780	\$ 623,554	\$ 1,146,334
Water and sewer taps	5,250	2,500	7,750
Other operating revenues	17,216	10,000	27,216
Total operating revenues	545,246	636,054	1,181,300
<b>Operating Expenses:</b>			
Administration	248,481	259,934	508,415
Operations	68,706	119,428	188,134
Depreciation and amortization	103,541	90,915	194,456
Total operating expenses	420,728	470,277	891,005
Operating income (loss)	124,518	165,777	290,295
<b>Non-Operating Revenues (Expenses):</b>			
Investment earnings	4,190	2,549	6,739
Interest and fees	(32,116)	(27,734)	(59,850)
Other non-operating revenues	2,953	2,953	5,906
Total non-operating revenues (expenses)	(24,973)	(22,232)	(47,205)
Income (loss) before capital contributions and transfers	99,545	143,545	243,090
Transfers to other funds	-	-	-
<b>Total income (loss) after contributions and transfers</b>	<b>99,545</b>	<b>143,545</b>	<b>243,090</b>
<b>Change in net position</b>	<b>99,545</b>	<b>143,545</b>	<b>243,090</b>
<b>Total net position, beginning</b>	<b>661,259</b>	<b>603,723</b>	<b>1,264,982</b>
<b>Total net position, ending</b>	<b>\$ 760,804</b>	<b>\$ 747,268</b>	<b>\$ 1,508,072</b>

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

## TOWN OF RIVER BEND, NORTH CAROLINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 525,969	\$ 623,236	\$ 1,149,205
Cash paid for goods and services	(181,551)	(220,962)	(402,513)
Cash paid to/on behalf of employees	(130,754)	(144,243)	(274,997)
Net customer deposits	683	1,247	1,930
Other operating revenues	17,216	10,000	27,216
Net cash provided (used) by operating activities	231,563	269,278	500,841
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Net cash provided (used) by noncapital financing activities	-	-	-
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(14,041)	(14,041)	(28,082)
Long-term debt issued	-	-	-
Sale of fixed assets	2,953	2,953	5,906
Principal paid on long-term debt	(115,372)	(99,628)	(215,000)
Interest and other costs paid on long-term debt	(32,116)	(27,734)	(59,850)
Net cash provided (used) by capital and related financing activities	(158,576)	(138,450)	(297,026)
<b>Cash Flows from Investing Activities:</b>			
Investment income received	4,190	2,549	6,739
Net increase (decrease) in cash and cash equivalents	77,177	133,377	210,554
<b>Cash and Cash Equivalents:</b>			
Balances, beginning	848,011	513,957	1,361,968
Balances, ending	\$ 925,188	\$ 647,334	\$ 1,572,522
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 124,518	\$ 165,777	\$ 290,295
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	104,730	91,941	196,671
Amortization	(1,189)	(1,026)	(2,215)
Change in assets and liabilities:			
(Increase) decrease in accounts receivables	(2,061)	(1,371)	(3,432)
(Increase) decrease in prepaid expenses	-	-	-
Increase in deferred outflows of resources - pensions	(22,102)	(24,279)	(46,381)
Increase in net pension liability	27,125	29,591	56,716
Decrease in deferred inflows of resources - pensions	(2,233)	(2,435)	(4,668)
Increase (decrease) in accounts payable	1,465	7,805	9,270
Increase (decrease) in customer deposits	683	1,247	1,930
Increase (decrease) in compensated absences	627	2,028	2,655
Total Adjustments	107,045	103,501	210,546
Net cash provided (used) by operating activities	\$ 231,563	\$ 269,278	\$ 500,841
<b>Noncash investing, capital, and financing activities:</b>			
Net amortization of bond premium and deferred charges on refunding	\$ 1,189	\$ 1,026	\$ 2,215

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



## **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, 2017

### 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, 2017

### 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, 2017**

### **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, 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, four amendments to the original budget were necessary.

# **TOWN OF RIVER BEND, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

### **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. In addition, 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- Cash 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, 2017 for customer deposits were \$16,422. The Town also maintains a Capital Reserve Fund that is consolidated with the General Fund. The money held in the Capital Reserve Fund is presented as restricted cash in the General Fund. Restricted cash and cash equivalents at June 30, 2017 for the General Fund was \$365,534.

##### **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, 2016.

##### **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, 2017

### 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, 2017

### 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 represent 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, 2017 was \$129,245.

# TOWN OF RIVER BEND, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### NOTE 1 - Summary of Significant Accounting Policies (continued)

#### Fund Balances (continued)

##### *Restricted Fund Balance (Continued)*

*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, 2017, commitment for capital outlay was \$356,534.

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

*Law Enforcement Separation Allowance* - portion of fund balance that is appropriated for the cash that was previously held in the Law Enforcement Separation Allowance Fund. At June 30, 2016, assigned fund balance for this purpose was \$36,064.

**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*.

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

The Town has adopted a formal fund balance policy. The target goal of the Town for the General Fund unassigned fund balance shall be greater than 50% of the actual expenditures of the then completed fiscal year. These funds will be utilized to avoid cash flow interruptions, generate interest income, eliminate the need for short-term borrowing, and maintain the Town's credit ratings. The fund balance may be purposefully drawn down below the target percentage for emergencies, economic influences, non-recurring expenditures, or major capital projects.



# TOWN OF RIVER BEND, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### NOTE 1 - Summary of Significant Accounting Policies (continued)

#### Fund Balances (continued)

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.

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

Total fund balance - General Fund	\$ 2,463,052
Less:	
Stabilization by State statute	129,245
Streets	-
General Government Capital Reserve Fund	356,534
LEO Separation Allowance	36,064
Fund Balance policy	<u>721,972</u>
Remaining available fund balance	<u>\$ 1,219,237</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:

End of year (Exhibit 6) - June 30	\$ 2,106,518
<b>Capital Reserve Fund:</b>	
Revenues:	
Investment earnings	1,828
Expenditures:	
Transfers in - General Fund	175,052
Transfers out - General Fund	(99,000)
Fund balance:	
Beginning of year - July 1	<u>278,654</u>
End of year (Exhibit 4) - June 30	<u>\$ 2,463,052</u>

# **TOWN OF RIVER BEND, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

### **NOTE 1 - Summary of Significant Accounting Policies (continued)**

#### **12. Pensions**

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

### **NOTE 2 - Stewardship, Compliance, and Accountability**

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

##### **1. Noncompliance with North Carolina General Statutes**

None.

##### **2. Contractual Violations**

None.

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

None.

#### **C. Excess of Expenditures over Appropriations**

None.

### **NOTE 3 - Detail Notes on All Funds**

#### **A. Assets**

##### **1. Deposits**

All of the Town's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with the securities held by the Town's agent in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in its name.

The amount of the pledged collateral is based on an approved averaging method for noninterest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or with the escrow agent. Because of the inability to measure, the exact amount of collateral pledged for the Town under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows.

# TOWN OF RIVER BEND, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### NOTE 3 - Detail Notes on All Funds (continued)

#### Deposits (Continued)

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, 2017, the Town's deposits had a carrying amount of \$686,577 and a bank balance of \$697,819. 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 \$447,819 was covered by collateral held under the Pooling Method. The Town had petty cash of \$600 at June 30, 2017.

#### 2. Investments

At June 30, 2017, the Town had \$3,257,540 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, 2017 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Total</u>
<b>Governmental Activities:</b>			
General	\$ -	\$ 7,825	\$ 7,825
Wildwood storage receivables	5,683	-	5,683
Other receivables	2,203	-	2,203
Due from other governments	127,529	-	127,529
Allowance for doubtful accounts	(6,168)	(1,707)	(7,875)
Total governmental activities	<u>\$ 129,247</u>	<u>\$ 6,118</u>	<u>\$ 135,365</u>
 <b>Business-Type Activities:</b>			
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Accounts	\$ 51,947	\$ 43,912	\$ 95,859
Unbilled receivables	84,959	106,235	191,194
Due from other governments	-	(51)	(51)
Allowance for doubtful accounts	(39,854)	(45,799)	(85,653)
Total business-type activities	<u>\$ 97,052</u>	<u>\$ 104,297</u>	<u>\$ 201,349</u>

# TOWN OF RIVER BEND, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### NOTE 3 - Detail Notes on All Funds (continued)

#### Receivables (continued)

Due from other governments consisted of the following:

	Governmental Activities	Business-type Activities
Local option sales tax	\$ 108,361	\$ -
Sales tax refund receivable	10,217	(51)
Due from Craven County	8,951	-
Total	<u>\$ 127,529</u>	<u>\$ (51)</u>

#### 4. Capital Assets

##### Governmental Activities

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

	<u>June 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2017</u>
<b>By Asset Type:</b>				
<b>Non-Depreciable Assets:</b>				
Land	\$ 929,320	\$ -	\$ -	\$ 929,320
Construction in progress	-	571	-	571
Total non-depreciable assets	<u>929,320</u>	<u>571</u>	<u>-</u>	<u>929,891</u>
<b>Depreciable Assets:</b>				
Buildings and improvements	1,741,344	-	-	1,741,344
Equipment and vehicles	364,864	45,760	40,831	369,793
Infrastructure	1,639,978	130,720	-	1,770,698
Total depreciable assets	<u>3,746,186</u>	<u>176,480</u>	<u>40,831</u>	<u>3,881,835</u>
<b>Less Accumulated Depreciation:</b>				
Buildings and improvements	1,443,700	24,558	-	1,468,258
Equipment and vehicles	303,567	25,760	40,831	288,496
Infrastructure	359,868	82,820	-	442,688
Total accumulated depreciation	<u>2,107,135</u>	<u>\$ 133,138</u>	<u>\$ 40,831</u>	<u>2,199,442</u>
Depreciable capital assets, net	<u>1,639,051</u>			<u>1,682,393</u>
Total capital assets, net	<u>\$ 2,568,371</u>			<u>\$ 2,612,284</u>

# TOWN OF RIVER BEND, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### NOTE 3 - Detail Notes on All Funds (continued)

#### Capital Assets (continued)

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

General Government	\$ 86,540
Public Safety	13,314
Transportation	26,628
Cultural & Recreational	6,656
Total depreciation expense	<u>\$ 133,138</u>

#### Business-Type Activities

Capital assets activity for the Water Fund for the year ended June 30, 2017 was as follows:

	<u>June 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2017</u>
<b>By Asset Type:</b>				
<b>Non-Depreciable Assets:</b>				
Land	\$ 118,171	\$ -	\$ -	\$ 118,171
<b>Depreciable Assets:</b>				
Plant and distribution system	3,148,654	-	-	3,148,654
Buildings and improvements	4,480	-	-	4,480
Furniture and equipment	136,997	14,041	7,213	143,825
Total depreciable assets	<u>3,290,131</u>	<u>14,041</u>	<u>7,213</u>	<u>3,296,959</u>
<b>Less Accumulated Depreciation:</b>				
Plant and distribution system	2,164,443	102,746	-	2,267,189
Buildings and improvements	672	112	-	784
Furniture and equipment	136,996	1,872	7,213	131,655
Total accumulated depreciation	<u>2,302,111</u>	<u>\$ 104,730</u>	<u>\$ 7,213</u>	<u>2,399,628</u>
Depreciable capital assets, net	<u>988,020</u>			<u>897,331</u>
Total Water capital assets, net	<u>\$ 1,106,191</u>			<u>\$ 1,015,502</u>

# TOWN OF RIVER BEND, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### NOTE 3 - Detail Notes on All Funds (continued)

#### Capital Assets (continued)

Capital assets activity for the Sewer Fund for the year ended June 30, 2017 was as follows:

	<u>June 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2017</u>
<b>By Asset Type:</b>				
<b>Non-Depreciable Assets:</b>				
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>
<b>Depreciable Assets:</b>				
Plant and collection system	2,624,265	-	-	2,624,265
Buildings and improvements	4,480	-	-	4,480
Furniture and equipment	<u>127,801</u>	<u>14,041</u>	<u>7,213</u>	<u>134,629</u>
Total depreciable assets	<u>2,756,546</u>	<u>14,041</u>	<u>7,213</u>	<u>2,763,374</u>
<b>Less Accumulated Depreciation:</b>				
Plant and distribution system	1,717,269	88,938	-	1,806,207
Buildings and improvements	672	112	-	784
Furniture and equipment	<u>126,528</u>	<u>2,891</u>	<u>7,213</u>	<u>122,206</u>
Total accumulated depreciation	<u>1,844,469</u>	<u>\$ 91,941</u>	<u>\$ 7,213</u>	<u>1,929,197</u>
Depreciable capital assets, net	<u>912,077</u>			<u>834,177</u>
Total Sewer capital assets, net	<u>\$ 1,197,333</u>			<u>\$ 1,119,433</u>
<b>Total business-type activities</b>				
capital assets, net	<u>\$ 2,303,524</u>			<u>\$ 2,134,935</u>

#### Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2017 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	\$ 2,612,284	\$ 1,015,502	\$ 1,119,433	\$ 4,747,219
Deferred outflows of resources- refunding	-	47,911	41,373	89,284
Less: Debt related to capital assets	-	<u>(1,299,338)</u>	<u>(1,122,108)</u>	<u>(2,421,446)</u>
Net investment in capital assets	<u>\$ 2,612,284</u>	<u>\$ (235,925)</u>	<u>\$ 38,698</u>	<u>\$ 2,415,057</u>



# TOWN OF RIVER BEND, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### NOTE 3 - Detail Notes on All Funds (continued)

#### B. Liabilities

##### 1. Accounts Payable

Payables at the government-wide level at June 30, 2017, were as follows:

	<u>Vendors</u>
<b>Governmental Activities:</b>	
General	\$ <u>32,418</u>
<b>Business-type Activities:</b>	
Water fund	\$ 4,705
Sewer fund	<u>19,518</u>
Total	\$ <u>24,223</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 statewide Local Governmental Employees' Retirement System (LGERS), a cost sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local 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](http://www.osc.nc.gov).

**Benefits Provided.** LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters).

# TOWN OF RIVER BEND, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### NOTE 3 - Detail Notes on All Funds (continued)

#### Local Governmental Employees' Retirement System (continued)

Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of River Bend employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of River Bend's contractually required contribution rate for the year ended June 30, 2017, was 8.00% of compensation for law enforcement officers and 7.25% 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 \$59,842 for the year ended June 30, 2017.

*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, 2017, the Town reported a liability of \$303,494 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate total pension liability was then rolled forward to the measurement date of June 30, 2016 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, 2016, the Town's proportion was 0.014%, which was a decrease of 0.002% from its proportion measured as of June 30, 2015.

# TOWN OF RIVER BEND, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### NOTE 3 - Detail Notes on All Funds (continued)

#### Local Governmental Employees' Retirement System (continued)

For the year ended June 30, 2017, the Town recognized pension expense of \$84,346. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,702	\$ 10,635
Changes of assumptions	20,787	-
Net difference between projected and actual earnings on pension plan investments	167,794	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	11,874	3,822
Town contributions subsequent to the measurement date	59,842	-
Total	\$ 265,999	\$ 14,457

The amount of \$59,842 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

#### Year ended June 30:

2018	\$ 31,107
2019	31,099
2020	80,019
2021	49,475
	\$ 191,700

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

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

# TOWN OF RIVER BEND, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

Future ad hoc COLA amounts are not considered 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, 2017

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

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

	<b>1% Decrease (6.25%)</b>	<b>Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 720,333	\$ 303,494	\$ (44,681)

*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, 2017

### 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, 2016, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Terminated plan member entitled to but not yet receiving benefits	-
Active plan members	6
Total	<u>9</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, 2015 valuation. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.35, including inflation and productivity factor
Discount rate	3.86 percent

The discount rate is based on the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

Mortality rates are based on the RP-2014 Healthy Annuitant base rates.



# TOWN OF RIVER BEND, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 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 \$20,000, 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 \$30,916 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, 2017, the Town reported a total pension liability of 143,109. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2016 utilizing procedures incorporating the actuarial assumption. For the year ended June 30, 2017 the Town recognized pension expense of (\$4,350).

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	1,323
Town benefit payments and plan administrative expense made subsequent to the measurement date	15,895	-
Total	<u>\$ 15,895</u>	<u>\$ 1,323</u>

\$15,895 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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Future amortization:

#### Year Ended June 30:

2018	\$ 406
2019	406
2020	406
2021	105
	<u>\$ 1,323</u>

\$15,895 paid as benefits came due subsequent to the measurement date are reported as deferred outflows of resources.

# TOWN OF RIVER BEND, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### NOTE 3 - Detail Notes on All Funds (continued)

#### Law Enforcement Officers' Special Separation Allowance (continued)

*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 3.86 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 (2.86 percent) or 1-percentage-point higher (4.86 percent) than the current rate:

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Town's proportionate share of the net pension liability (asset)	\$ 149,248	\$ 143,109	\$ 137,462

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

	<u>2017</u>
Beginning balance	\$ 161,530
Service cost	5,907
Interest on the total pension liability	5,269
Changes of benefit terms	-
Difference between expected and actuarial experience	-
Changes of assumptions and other inputs	(1,730)
Benefit payments	(27,867)
Other	-
Ending balance of the total pension liability	<u>\$ 143,109</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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

#### 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.

# **TOWN OF RIVER BEND, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

### **NOTE 3 - Detail Notes on All Funds (continued)**

#### **Supplemental Retirement Income Plan for Law Enforcement Officers (continued)**

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. In addition, the law enforcement officers may make voluntary contributions to the Plan.

The Town made contributions of \$12,975 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, 2017, the Town contributed to the State for death benefits of \$428. 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.

# **TOWN OF RIVER BEND, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

### **NOTE 3 - Detail Notes on All Funds (continued)**

#### **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, 2017 were \$38,670, which consisted of \$27,411 from the Town and \$11,559 from the employees. A separate report was not issued for the Plan because the required contributions are considered immaterial to the financial statements.

#### **5. Deferred Outflows/Inflows of Resources and 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 \$89,284. The second item included in deferred outflows of resources is contributions to the pension plan in the current fiscal year and totals \$59,842. The final item included in deferred outflows of resources is pension deferrals and totals \$222,051. Of that amount \$15,895 are benefit payments made for the LEOSA subsequent to the measurement date. The remaining 206,157 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)	\$ 6,118
Pension deferrals	\$ 44,421

#### **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. A private insurer provides workers' compensation coverage up to the statutory limits.

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

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

# TOWN OF RIVER BEND, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 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, 2017 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%

\$1,239,537

##### Serviced by the Sewer Fund:

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

\$1,070,463

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

Year Ending June	Serviced by the Water Fund		
	Principal	Interest	Total
2018	\$ 115,372	\$ 29,809	\$ 145,181
2019	118,056	27,502	145,558
2020	120,739	25,140	145,879
2021	126,105	22,726	148,831
2022	128,788	20,204	148,992
2023-2027	630,477	55,298	685,775
Total	<u>\$1,239,537</u>	<u>\$180,679</u>	<u>\$1,420,216</u>

# TOWN OF RIVER BEND, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### NOTE 3 - Detail Notes on All Funds (continued)

Ending June 30	Serviced by the Sewer Fund		
	Principal	Interest	Total
2018	\$ 99,628	\$ 25,741	\$ 125,369
2019	101,944	23,748	125,692
2020	104,261	21,710	125,971
2021	108,895	19,624	128,519
2022	111,212	17,446	128,658
2023-2027	544,524	47,752	592,276
Total	<u>\$ 1,070,464</u>	<u>\$ 156,021</u>	<u>\$ 1,226,485</u>

#### b. Statutory Debt Limitation

The Town is subject to the Municipal Finance Law of North Carolina that 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, 2017, the Town's legal debt margin was approximately \$22,800,000.

#### c. Deferred Bond Refunding Charges/Premium

The Town had \$125,000 unamortized bond refunding charges and \$156,022 premium from the 2013 advanced refunding issue. 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, 2017, the remaining unamortized balances for the refunding charge and premium were \$89,284 and \$111,446, respectively.

#### d. Changes in Long-Term Liabilities

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

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017	Current Portion
Compensated Absences	\$ 27,755	\$ 30,261	\$ 30,196	\$ 27,820	\$ 23,647
Net pension liability (LGERS)	45,218	189,872	-	235,090	-
Total pension liability (LEO)	-	143,109	-	143,109	-
	<u>\$ 72,973</u>	<u>\$ 363,242</u>	<u>\$ 30,196</u>	<u>\$ 406,019</u>	<u>\$ 23,647</u>

# TOWN OF RIVER BEND, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### NOTE 3 - Detail Notes on All Funds (continued)

#### Changes in Long-Term Liabilities (continued)

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

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017	Current Portion
General Obligation Bonds	\$ 1,354,909	\$ -	\$ 115,372	\$ 1,239,537	\$ 115,372
Unamortized premium on bonds	65,781	-	5,980	59,801	5,980
Compensated Absences	6,915	5,148	4,521	7,542	5,657
Net pension liability (LGERS)	4,860	27,125	-	31,985	-
Total Water Fund	1,432,465	32,273	125,873	1,338,865	127,009
General Obligation Bonds	1,170,091	-	99,628	1,070,463	99,628
Unamortized premium on bonds	56,809	-	5,164	51,645	5,164
Compensated Absences	7,199	5,350	4,769	7,780	5,835
Net pension liability (LGERS)	6,828	29,591	-	36,419	-
Total Sewer Fund	1,240,927	34,941	109,561	1,166,307	110,627
Total Business-Type Activities	\$ 2,673,392	\$ 67,214	\$ 235,434	\$ 2,505,172	\$ 237,636

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, 2017, the Water Fund and the Sewer Fund each reimbursed the General Fund \$81,271 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, 2017, the General Fund reimbursed the Water Fund and the Sewer Fund \$33,238 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, 2017**

#### **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 28, 2018.

The Town entered into a contract with North State Consulting Services for the recruitment of a Chief of Police. The Town agrees to pay \$9,590 for the recruitment services.

#### **NOTE 8 - Change in Accounting Principle**

The Town implemented Governmental Accounting Standards Board (GASB) No. Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, in the fiscal year ending June 30, 2017. The implementation of the statement required the Town to record beginning total pension liability and the effects on the net position of benefit payments and administrative expenses paid by the Town to the Law Enforcement Officers' Special Separation Allowance during the measurement period (fiscal year ending December 31, 2016). As a result, net position for the governmental activities decreased by \$191,428.

#### **NOTE 9 – Transfers**

The General Fund transferred \$175,052 to the Capital Reserve Fund, and the Capital Reserve Fund transferred \$99,000 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 Proportionate Share of Net Pension Asset for Local Government Employees' Retirement System

Schedule of Contributions to Local Government Employees' Retirement System

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

Schedule of Total Pension Liability as a Percentage of Covered Payroll for Law Enforcement Officers' Special Separation Allowance



## TOWN OF RIVER BEND, NORTH CAROLINA

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

## LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
River Bend's proportion of the net pension liability (asset) (%)	0.01430%	0.01268%	0.01409%	0.0128%
River Bend's proportion of the net pension liability (asset) (\$)	\$ 303,494	\$ 56,906	\$ (83,096)	\$ 154,289
River Bend's covered-employee payroll	\$ 798,855	\$ 803,165	\$ 777,738	\$ 742,978
River Bend's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.99%	7.09%	(10.68%)	20.77%
Plan fiduciary net position as a percentage of the total pension liability	91.47%	98.09%	102.64%	94.35%

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

## TOWN OF RIVER BEND, NORTH CAROLINA

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

## LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 59,842	\$ 55,392	\$ 57,802	\$ 55,585
Contributions in relation to the contractually required contribution	<u>59,842</u>	<u>55,392</u>	<u>57,802</u>	<u>\$ 55,585</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town of River Bend's covered-employee payroll	\$ 798,855	\$ 810,291	\$ 803,165	\$ 777,738
Contributions as a percentage of covered-employee payroll	7.49%	6.84%	7.20%	7.15%

## TOWN OF RIVER BEND, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY  
 LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 JUNE 30, 2017

	<u>2017</u>
Beginning balance	\$ 161,530
Service cost	5,907
Interest on the total pension liability	5,269
Changes on benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(1,730)
Benefit payments	(27,867)
Other changes	<u>-</u>
Ending balance of the total pension liability	<u>\$ 143,109</u>



## TOWN OF RIVER BEND, NORTH CAROLINA

SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL  
 LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 JUNE 30, 2017

	<u>2017</u>
Total pension liability	\$ 143,109
Covered payroll	306,026
Total pension liability as a percentage of covered payroll	46.76%

## Notes to the Schedules:

The Town of River Bend has not 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, 2017**

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 926,035	\$ -	\$ -	\$ 926,035
Other taxes and licenses	433,766	-	-	433,766
Unrestricted intergovernmental revenues	192,200	-	-	192,200
Restricted intergovernmental revenues	108,569	-	-	108,569
Permits and fees	8,674	-	-	8,674
Sales and services	74,257	-	-	74,257
Investments earnings	7,184	1,828	-	9,012
Miscellaneous	5,589	-	-	5,589
Total revenues	<u>1,756,274</u>	<u>1,828</u>	<u>-</u>	<u>1,758,102</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	479,688	-	-	479,688
Public safety	500,670	-	-	500,670
Transportation	323,453	-	-	323,453
Environmental protection	100,145	-	-	100,145
Cultural and Recreation	39,988	-	-	39,988
Total expenditures	<u>1,443,944</u>	<u>-</u>	<u>-</u>	<u>1,443,944</u>
Revenue over (under) expenditures	<u>312,330</u>	<u>1,828</u>	<u>-</u>	<u>314,158</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	99,000	175,052	(274,052)	-
Transfers in	(175,052)	(99,000)	274,052	-
Sale of fixed assets	6,901	-	-	6,901
Total other financing sources (uses)	<u>(69,151)</u>	<u>76,052</u>	<u>-</u>	<u>6,901</u>
Net change in fund balance	243,179	77,880	-	321,059
<b>Fund Balances:</b>				
Beginning of year - July 1, as previously reported	<u>1,863,339</u>	<u>278,654</u>	<u>-</u>	<u>2,141,993</u>
End of year - June 30	<u>\$ 2,106,518</u>	<u>\$ 356,534</u>	<u>\$ -</u>	<u>\$ 2,463,052</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, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017			2016
	Final Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Taxes	\$ 887,124	\$ 926,035	\$ 38,911	\$ 891,338
<b>Other Taxes and Licenses:</b>				
Local option sales tax	306,800	320,539	13,739	318,615
Hold harmless tax	89,100	97,320	8,220	93,097
Telecommunications sales tax	15,500	15,907	407	15,311
Total other taxes and licenses	411,400	433,766	22,366	427,023
<b>Unrestricted Intergovernmental Revenues:</b>				
Utility franchise tax	119,000	117,963	(1,037)	121,425
Video programming	59,894	60,373	479	60,861
Beer and wine tax	13,324	13,864	540	13,566
Total unrestricted intergovernmental revenues	192,218	192,200	(18)	195,852
<b>Restricted Intergovernmental Revenues:</b>				
Federal and State grants	17,636	17,635	(1)	-
Solid waste disposal tax	1,900	2,061	161	1,964
Powell Bill allocation	90,000	88,873	(1,127)	90,502
Total restricted intergovernmental revenues	109,536	108,569	(967)	92,466
<b>Permits and Fees:</b>				
Zoning permits	2,500	4,941	2,441	3,641
Animal licenses	2,400	3,121	721	2,780
Court cost fees	850	612	(238)	806
Total permits and fees	5,750	8,674	2,924	7,227
<b>Sales and Services:</b>				
Rents and concessions	52,560	62,015	9,455	58,577
Contributions and refunds	1,175	3,678	2,503	1,650
Miscellaneous	5,945	8,564	2,619	7,676
Total sales and services	59,680	74,257	14,577	67,903

**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, 2017**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017			2016
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Investments Earnings</b>	<u>5,391</u>	<u>7,184</u>	<u>1,793</u>	<u>3,079</u>
<b>Miscellaneous Revenue</b>	<u>4,400</u>	<u>5,589</u>	<u>1,189</u>	<u>2,381</u>
Total revenues	<u>1,675,499</u>	<u>1,756,274</u>	<u>80,775</u>	<u>1,687,269</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>Governing Body:</b>				
Salaries and benefits	23,395	18,557	4,838	25,795
Other operating expenditures	10,954	10,469	485	11,366
Salaries allocated to Water and Sewer	(8,442)	(8,450)	8	(8,450)
Total governing body	<u>25,907</u>	<u>20,576</u>	<u>5,331</u>	<u>28,711</u>
<b>Administration:</b>				
Salaries and benefits	206,581	210,217	(3,636)	206,411
Other operating expenditures	76,862	70,787	6,075	66,273
Salaries allocated to Water and Sewer	(51,090)	(51,090)	-	(48,470)
Total administration	<u>232,353</u>	<u>229,914</u>	<u>2,439</u>	<u>224,214</u>
<b>Finance:</b>				
Salaries and benefits	88,964	90,595	(1,631)	88,080
Other operating expenditures	56,083	53,707	2,376	55,554
Salaries allocated to Water and Sewer	(44,579)	(44,578)	(1)	(43,200)
Total finance	<u>100,468</u>	<u>99,724</u>	<u>744</u>	<u>100,434</u>
<b>Tax Listing:</b>				
Contracted services	<u>12,468</u>	<u>12,084</u>	<u>384</u>	<u>11,362</u>
<b>Legal:</b>				
Professional services	<u>25,000</u>	<u>9,335</u>	<u>15,665</u>	<u>12,926</u>
<b>Elections:</b>				
Contracted services	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,591</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, 2017**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017			2016
	Final Budget	Actual	Variance Over/Under	Actual
<b>Public Buildings:</b>				
Salaries and benefits	14,520	14,090	430	14,422
Other operating expenditures	58,079	50,161	7,918	44,516
Total public buildings	72,599	64,251	8,348	58,938
<b>Central Services - Planning:</b>				
Salaries and benefits	63,638	65,081	(1,443)	57,057
Other operating expenditures	7,910	2,579	5,331	2,173
Salaries allocated to Water and Sewer	(23,855)	(23,856)	1	(23,008)
Total central services - planning	47,693	43,804	3,889	36,222
Total general government	516,488	479,688	36,800	477,398
<b>Public Safety:</b>				
<b>Police:</b>				
Salaries and benefits	467,362	421,420	45,942	447,405
Other operating expenditures	67,960	46,739	21,221	45,379
Salaries allocated to Water and Sewer	(4,272)	(4,272)	-	(4,172)
Capital outlay	25,000	25,337	(337)	28,660
Total police	556,050	489,224	66,826	517,272
<b>Animal Control:</b>				
Salaries and benefits	14,840	14,371	469	15,020
Other operating expenditures	-	105	(105)	156
Salaries allocated to Water and Sewer	(3,030)	(3,030)	-	(3,148)
Total animal control	11,810	11,446	364	12,028
Total public safety	567,860	500,670	67,190	529,300
<b>Transportation:</b>				
<b>Powell Bill:</b>				
Salaries and benefits	37,099	35,944	1,155	30,243
Other operating expenditures	21,298	17,070	4,228	24,145
Salaries allocated to Water and Sewer	(7,575)	(7,574)	(1)	(7,872)
Contracted services	7,300	6,300	1,000	7,300
Capital outlay	117,647	111,725	5,922	149,100
Total Powell Bill	175,769	163,465	12,304	202,916

**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, 2017**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017			2016
	Final Budget	Actual	Variance Over/Under	Actual
<b>Non-Powell Bill:</b>				
Salaries and benefits	52,936	50,322	2,614	52,554
Other operating expenditures	62,096	60,322	1,774	54,952
Salaries allocated to Water and Sewer	(10,605)	(10,604)	(1)	(11,020)
Utilities	40,300	38,334	1,966	39,209
Contracted services	5,000	1,191	3,809	958
Capital outlay	22,381	20,423	1,958	-
Total Non-Powell Bill	172,108	159,988	12,120	136,653
 Total transportation	 347,877	 323,453	 24,424	 339,569
<b>Environmental Protection:</b>				
Salaries and benefits	22,259	21,572	687	22,528
Other operating expenditures	81,956	62,736	19,220	41,024
Salaries allocated to Water and Sewer	(4,545)	(4,544)	(1)	(4,724)
Contracted services	4,000	815	3,185	7,225
Capital outlay	19,560	19,566	(6)	77,781
Total environmental protection	123,230	100,145	23,085	143,834
<b>Parks &amp; Recreation:</b>				
Salaries and benefits	22,259	25,579	(3,320)	24,359
Other operating expenditures	22,375	17,349	5,026	20,190
Salaries allocated to Water and Sewer	(4,545)	(4,544)	(1)	(4,724)
Contracted services	3,900	1,604	2,296	546
Total parks & recreation	43,989	39,988	4,001	40,371
 Total expenditures	 1,599,444	 1,443,944	 155,500	 1,530,472
 Revenue over (under) expenditures	 76,055	 312,330	 (74,725)	 156,797



**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, 2017**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<u>2017</u>			<u>2016</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	99,000	99,000	-	220,553
Transfers to other funds	(175,052)	(175,052)	-	(241,000)
Sale of fixed assets	1,657	6,901	5,244	5,950
Contingency	(12,468)	-	(12,468)	-
Appropriated fund balance	10,808	-	10,808	-
Total other financing sources (uses)	<u>(76,055)</u>	<u>(69,151)</u>	<u>3,584</u>	<u>(14,497)</u>
Net change in fund balance	<u>\$ -</u>	243,179	<u>\$ (71,141.00)</u>	142,300
<b>Fund Balance:</b>				
Beginning of year - July 1		1,863,339		1,654,439
Change in accounting principle		-		66,600
Fund balances, beginning, as restated		<u>1,863,339</u>		<u>1,721,039</u>
End of year - June 30		<u>\$ 2,106,518</u>		<u>\$ 1,863,339</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, 2017

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Investment income	\$ 1,405	\$ 1,828	\$ 423	\$ 610
<b>Other Financing Sources (Uses):</b>				
Transfers out	(99,000)	(99,000)	-	(220,553)
Transfers in	175,052	175,052	-	241,000
Contingency	-	-	-	-
Total other financing sources (uses)	76,052	76,052	-	20,447
Net change in fund balance	\$ 77,457	77,880	\$ 423	21,057
<b>Fund Balance:</b>				
Beginning of year - July 1		278,654		257,597
End of year - June 30		\$ 356,534		\$ 278,654



## **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, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
<b>Operating Revenues:</b>				
Charges for services	\$ 517,147	\$ 522,780	\$ 5,633	\$ 515,986
Water taps	1,250	5,250	4,000	2,820
Other operating revenues	13,800	17,216	3,416	16,036
Total operating revenues	532,197	545,246	13,049	534,842
<b>Non-Operating Revenues:</b>				
Interest earnings	2,776	4,190	1,414	1,557
Miscellaneous	-	-	-	-
Total non-operating revenues	2,776	4,190	1,414	1,557
Total revenues	534,973	549,436	14,463	536,399
<b>Expenditures:</b>				
<b>Water Administration:</b>				
Salaries and benefits	130,264	130,754	(490)	123,835
Allocated costs reimbursed by General Fund	(33,238)	(33,238)	-	(32,019)
Operating expenses	145,493	139,225	6,268	132,310
Repairs and maintenance	7,406	8,323	(917)	6,504
Capital outlay	13,640	14,041	(401)	-
Total administration	263,565	259,105	4,460	230,630
<b>Water Operations:</b>				
Operating expenses	102,467	40,914	61,553	38,494
Repairs and maintenance	40,146	27,792	12,354	27,397
Capital outlay	-	-	-	-
Total operations	142,613	68,706	73,907	65,891
<b>Debt Service:</b>				
Principal repayment	115,372	115,372	-	110,006
Interest	32,116	32,116	-	34,317
Other costs	-	-	-	-
Total debt service	147,488	147,488	-	144,323
Total expenditures	553,666	475,299	78,367	440,844

**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, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<u>2017</u>			<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenue over (under) expenditures	<u>(18,693)</u>	<u>74,137</u>	<u>92,830</u>	<u>95,555</u>
<b>Other Financing Sources (Uses):</b>				
Sale of fixed assets	3,400	2,953	(447)	-
Transfers from (to) other funds	-	-	-	-
Appropriated fund balance (contingency)	<u>15,293</u>	<u>-</u>	<u>(15,293)</u>	<u>-</u>
Total other financing sources (uses)	<u>18,693</u>	<u>2,953</u>	<u>(15,740)</u>	<u>-</u>
Revenue and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>77,090</u>	<u>\$ 77,090</u>	<u>\$ 95,555</u>

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

Reconciling items:

Depreciation	(104,730)
Amortization	1,189
Capital outlay	14,041
Repayment of long-term debt principal	115,372
(Increase) decrease in compensated absences	(627)
Increase in deferred outflows of resources - pensions	22,102
Increase in net pension liability	(27,125)
Decrease in deferred inflows of resources - pensions	<u>2,233</u>
Change in net position	<u>\$ 99,545</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, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
<b>Operating Revenues:</b>				
Charges for services	\$ 616,368	\$ 623,554	\$ 7,186	\$ 610,585
Sewer taps	1,250	2,500	1,250	2,500
Other operating revenues	9,300	10,000	700	11,027
Total operating revenues	626,918	636,054	9,136	624,112
<b>Non-Operating Revenues:</b>				
Interest earnings	1,699	2,549	850	820
Miscellaneous	-	-	-	55
Total non-operating revenues	1,699	2,549	850	875
Total revenues	628,617	638,603	9,986	624,987
<b>Expenditures:</b>				
<b>Sewer Administration:</b>				
Salaries and benefits	144,993	144,243	750	138,366
Allocated costs reimbursed by General Fund	(33,238)	(33,237)	(1)	(32,019)
Operating expenses	147,206	139,220	7,986	132,719
Repairs and maintenance	5,136	4,803	333	4,444
Capital outlay	13,640	14,041	(401)	-
Total administration	277,737	269,070	8,667	243,510
<b>Sewer Operations:</b>				
Operating expenses	96,470	74,559	21,911	73,150
Repairs and maintenance	75,151	44,869	30,282	49,991
Capital outlay	64,938	-	64,938	49,646
Total operations	236,559	119,428	117,131	172,787
<b>Debt Service:</b>				
Principal repayment	99,628	99,628	-	94,994
Interest	27,734	27,734	-	29,633
Other costs	-	-	-	-
Total debt service	127,362	127,362	-	124,627
Total expenditures	641,658	515,860	125,798	540,924



**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, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<u>2017</u>			<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenue over (under) expenditures	<u>(13,041)</u>	<u>122,743</u>	<u>135,784</u>	<u>84,063</u>
<b>Other Financing Sources (Uses):</b>				
Sale of fixed assets	3,400	2,953	(447)	-
Transfers from (to) other funds	-	-	-	-
Appropriated fund balance	<u>9,641</u>	<u>-</u>	<u>(9,641)</u>	<u>-</u>
Total other financing sources (uses)	<u>13,041</u>	<u>2,953</u>	<u>(10,088)</u>	<u>-</u>
Revenue and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>125,696</u>	<u>\$ 125,696</u>	<u>\$ 84,063</u>

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

Reconciling items:

Depreciation	(91,941)
Amortization	1,026
Capital outlay	14,041
Repayment of long-term debt principal	99,628
(Increase) decrease in compensated absences	(2,028)
Increase in deferred outflows of resources - pensions	24,279
Increase in net pension liability	(29,591)
Decrease in deferred inflows of resources - pensions	<u>2,435</u>

Change in net position \$ 143,545

## **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, 2017

<b>Fiscal Year June 30</b>	<b>Uncollected Balance July 1, 2016</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2017</b>
2016-2017	\$ -	\$ 926,556	\$ 923,576	\$ 2,980
2015-2016	2,021	-	1,646	375
2014-2015	299	-	110	189
2013-2014	481	-	16	465
2012-2013	767	-	19	748
2011-2012	746	-	16	730
2010-2011	549	-	16	533
2009-2010	606	-	17	589
2008-2009	486	-	17	469
2007-2008	832	-	85	747
2006-2007	491	-	491	-
Total	<u>\$ 7,278</u>	<u>\$ 926,556</u>	<u>\$ 926,009</u>	<u>\$ 7,825</u>

Less: allowance for uncollectible ad valorem taxes receivable: (1,707)

Ad valorem taxes receivable, net \$ 6,118

**Reconciliation of Collections and Credits with Revenues:**

Ad valorem taxes - General Fund	\$ 926,035
Taxes written off, statute of limitations	497
Miscellaneous adjustments	<u>(523)</u>
Total collections and credits	<u>\$ 926,009</u>

## TOWN OF RIVER BEND, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY - GENERAL FUND PROPERTY TAX  
FOR THE YEAR ENDED JUNE 30, 2017

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy	\$ 298,219,301	\$ 0.3105	\$ 925,971	\$ 832,567	\$ 93,404
Discoveries	229,546	\$ 0.3105	713	713	-
Abatements	(41,266)	\$ 0.3105	(128)	(128)	-
Total property valuation	<u>298,407,581</u>				
Net Levy			926,556	833,152	93,404
Uncollected taxes at June 30, 2014			(2,980)	(2,980)	-
Current Year's Taxes Collected			<u>\$ 923,576</u>	<u>\$ 830,172</u>	<u>\$ 93,404</u>
Current Levy Collection Percentage			<u>99.68%</u>	<u>99.64%</u>	<u>100.00%</u>
Prior Year's Collection Percentage			<u>99.77%</u>	<u>99.75%</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**

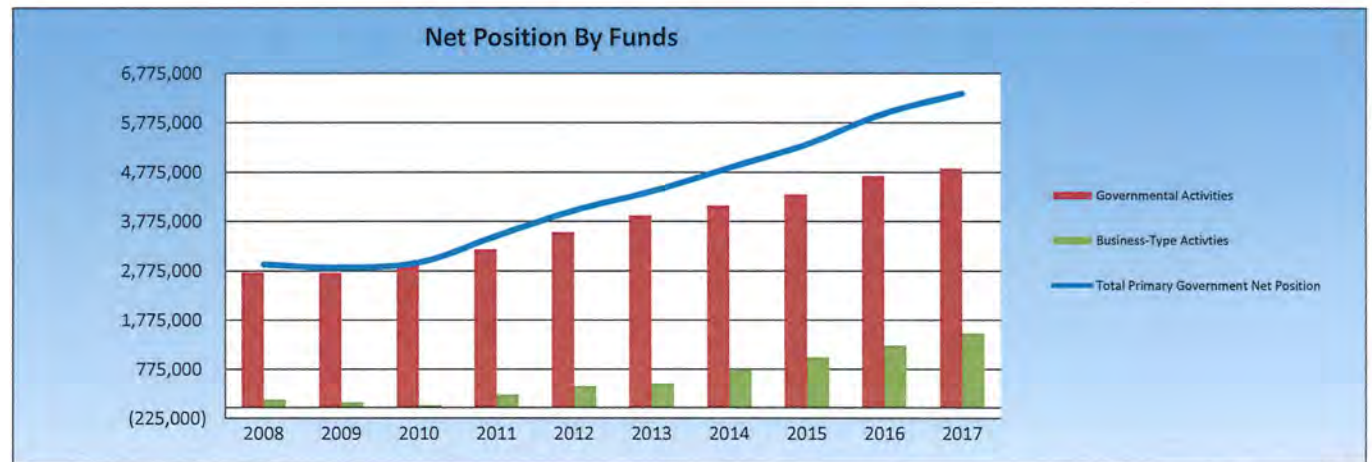
These tables contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 1,676,660	\$ 1,797,362	\$ 1,911,738	\$ 2,064,362	2,082,418	2,192,207	2,327,727	2,434,124	2,568,370	2,612,284
Restricted	39,338	1,432	31,187	89,296	151,533	115,098	139,611	144,785	138,198	129,245
Unrestricted	1,027,172	937,840	953,263	1,060,670	1,321,972	1,582,190	1,627,704	1,743,224	1,991,502	2,115,580
<b>Total Governmental Activities Net Position</b>	<b>2,743,170</b>	<b>2,736,634</b>	<b>2,896,188</b>	<b>3,214,328</b>	<b>3,555,923</b>	<b>3,889,495</b>	<b>4,095,042</b>	<b>4,322,133</b>	<b>4,698,070</b>	<b>4,857,109</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	(730,288)	(713,360)	(724,167)	(730,646)	(495,050)	(791,348)	(687,217)	(417,397)	(245,853)	(197,227)
Restricted										
Unrestricted	897,251	820,790	774,247	995,724	932,910	1,287,220	1,460,573	1,436,045	1,510,835	1,705,299
<b>Total Business-type Activities Net Position</b>	<b>166,963</b>	<b>107,430</b>	<b>50,080</b>	<b>265,078</b>	<b>437,860</b>	<b>495,872</b>	<b>773,356</b>	<b>1,018,648</b>	<b>1,264,982</b>	<b>1,508,072</b>
<b>Primary Government</b>										
Net Investment in Capital Assets	946,372	1,084,002	1,187,571	1,333,716	1,587,368	1,400,859	1,640,510	2,016,727	2,322,517	2,415,057
Restricted	39,338	1,432	31,187	89,296	151,533	115,098	139,611	144,785	138,198	129,245
Unrestricted	1,924,423	1,758,630	1,727,510	2,056,394	2,254,882	2,869,410	3,088,277	3,179,269	3,502,337	3,820,879
<b>Total Primary Government Net Position</b>	<b>2,910,133</b>	<b>2,844,064</b>	<b>2,946,268</b>	<b>3,479,406</b>	<b>3,993,783</b>	<b>4,385,367</b>	<b>4,868,398</b>	<b>5,340,781</b>	<b>5,963,052</b>	<b>6,365,181</b>



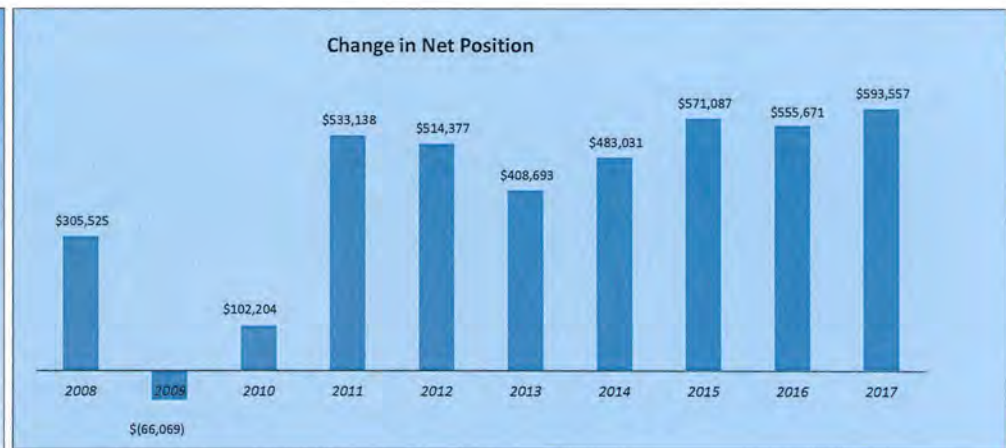
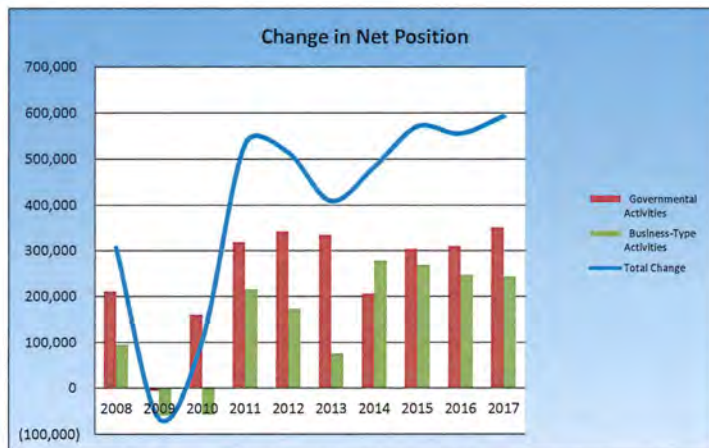


**TABLE 2**  
**TOWN OF RIVER BEND, NORTH CAROLINA**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 483,896	\$ 467,913	\$ 501,046	\$ 492,988	\$ 531,899	\$ 557,376	\$ 617,455	\$ 531,640	\$ 567,114	\$ 615,785
Public Safety	359,958	384,117	404,431	418,392	643,318	472,581	522,568	494,107	496,151	459,255
Transportation	157,234	326,031	162,517	172,681	193,329	188,420	206,270	210,594	211,497	214,804
Environmental Protection	12,085	154,148	49,194	51,301	45,227	51,972	51,960	84,328	65,071	79,573
Cultural and Recreational	59,404	34,709	39,715	40,268	41,676	44,149	49,876	52,512	45,448	45,638
Interest on Long-Term Debt	8,591	6,668	2,795	525	-	-	-	-	-	-
Total Governmental Activities	1,081,168	1,373,586	1,159,698	1,176,155	1,455,449	1,314,499	1,448,129	1,373,181	1,385,281	1,415,055
Business-Type Activities:										
Water	476,270	632,884	583,940	505,453	499,053	537,884	439,060	426,220	431,291	452,844
Sewer	488,463	544,872	575,616	521,159	535,959	600,186	477,208	461,629	483,761	498,011
Total Business-Type Activities	964,733	1,177,756	1,159,556	1,026,612	1,035,012	1,138,070	916,268	887,849	915,052	950,855
<b>Total Primary Government Expenses</b>	<b>\$ 2,045,901</b>	<b>\$ 2,551,342</b>	<b>\$ 2,319,254</b>	<b>\$ 2,202,767</b>	<b>\$ 2,490,461</b>	<b>\$ 2,452,569</b>	<b>\$ 2,364,397</b>	<b>\$ 2,261,030</b>	<b>\$ 2,300,333</b>	<b>\$ 2,365,910</b>
<b>Program Revenue</b>										
Governmental Activities:										
Charges for Services										
General Government	120,814	138,440	112,903	86,110	78,215	81,018	86,957	80,935	71,544	79,198
Public Safety	7,551	6,033	200	117	234	480	1,266	3,615	3,586	3,733
Environmental protection	-	-	2,152	-	2,147	1,975	1,755	1,980	1,964	2,061
Operating Grants and Contributions										
General Government	-	-	-	-	-	-	-	-	-	-
Public Safety	2,886	-	-	-	199,652	636	367	338	-	17,636
Environmental protection	-	926	-	-	-	-	-	-	-	-
Transportation	107,886	97,215	86,525	87,854	90,479	93,318	93,909	92,300	90,502	88,873
Cultural and Recreational	10,000	10,000	2,000	6,000	-	-	-	-	-	-
Capital Grants and Contributions										
Cultural and Recreational	-	-	30,533	680	-	55,092	-	-	-	-
Public Safety	-	-	-	-	-	-	13,272	140	-	-
Total Governmental Activities Program Revenue	249,137	252,614	234,313	180,761	370,727	232,519	197,526	179,308	167,596	191,501
Business-Type Activities:										
Charges for Services - Water	546,270	579,459	573,250	609,163	603,094	611,303	591,985	531,268	534,842	545,246
Charges for Services - Sewer	492,489	531,017	522,666	630,247	601,786	596,143	597,489	623,644	624,112	636,054
Operating Grants and Contributions	-	-	5,491	1,488	2,489	5,410	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenue	1,038,759	1,110,476	1,101,407	1,240,898	1,207,369	1,212,856	1,189,474	1,154,912	1,158,954	1,181,300
<b>Total Primary Government Revenues</b>	<b>\$ 1,287,896</b>	<b>\$ 1,363,090</b>	<b>\$ 1,335,720</b>	<b>\$ 1,421,659</b>	<b>\$ 1,578,096</b>	<b>\$ 1,445,375</b>	<b>\$ 1,387,000</b>	<b>\$ 1,334,220</b>	<b>\$ 1,326,550</b>	<b>\$ 1,372,801</b>
<b>Net (Expense) Revenue</b>										
Governmental Activities	(832,031)	(1,120,972)	(925,385)	(995,394)	(1,084,722)	(1,081,980)	(1,250,603)	(1,193,873)	(1,217,685)	(1,223,554)
Business-Type Activities	74,026	(67,280)	(58,149)	214,286	172,357	74,786	273,206	267,063	243,902	230,445
<b>Total Primary Government Net Expense</b>	<b>\$ (758,005)</b>	<b>\$ (1,188,252)</b>	<b>\$ (983,534)</b>	<b>\$ (781,108)</b>	<b>\$ (912,365)</b>	<b>\$ (1,007,194)</b>	<b>\$ (977,397)</b>	<b>\$ (926,810)</b>	<b>\$ (973,783)</b>	<b>\$ (993,109)</b>

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

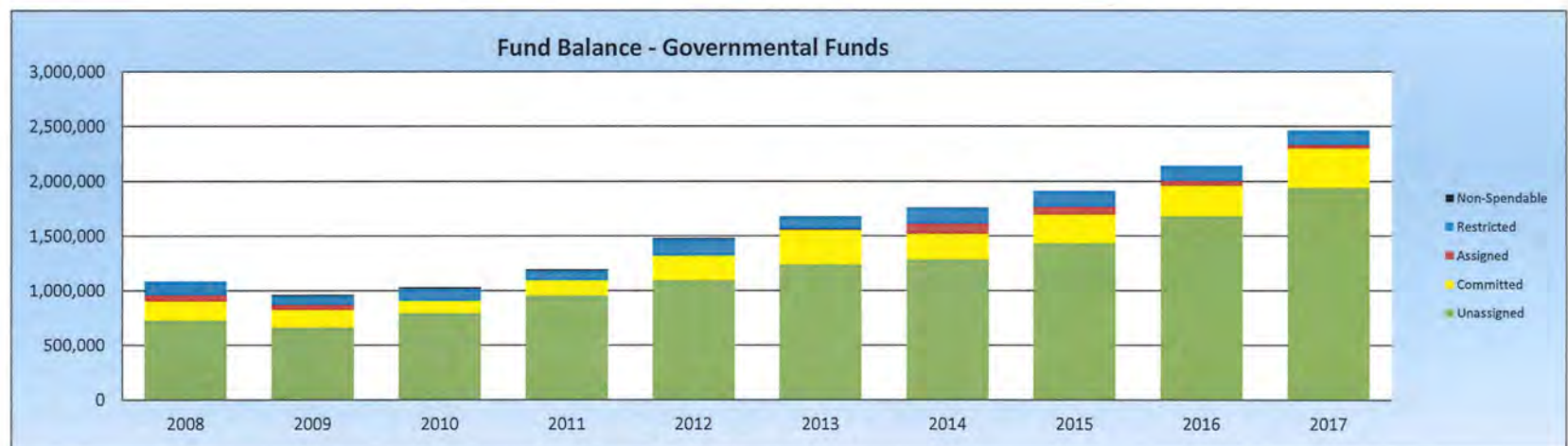
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes:										
Property Taxes, levied for general purpose	598,856	680,260	669,688	877,172	876,418	879,221	907,885	889,746	892,127	926,553
Local Option Sales Tax	261,467	253,044	289,062	278,696	373,886	369,175	371,846	394,208	411,712	417,859
Other Taxes and Licenses	151,370	168,304	124,666	156,511	175,331	166,530	176,176	212,617	211,163	208,107
Grants and Contributions not Restricted to Specific Programs										
Investment Earnings, unrestricted	26,561	11,928	1,523	1,155	682	626	243	394	3,689	9,012
Miscellaneous, unrestricted	4,367	900	-	-	-	-	-	-	8,331	12,490
<b>Total Governmental Activities</b>	<b>1,042,621</b>	<b>1,114,436</b>	<b>1,084,939</b>	<b>1,313,534</b>	<b>1,426,317</b>	<b>1,415,552</b>	<b>1,456,150</b>	<b>1,496,965</b>	<b>1,527,022</b>	<b>1,574,021</b>
Business-Type Activities:										
Investment Earnings, unrestricted	20,909	7,747	799	712	425	335	98	190	2,377	6,739
Miscellaneous, unrestricted	-	-	-	-	-	-	4,180	742	55	5,906
<b>Total Business Type Revenues</b>	<b>20,909</b>	<b>7,747</b>	<b>799</b>	<b>712</b>	<b>425</b>	<b>335</b>	<b>4,278</b>	<b>932</b>	<b>2,432</b>	<b>12,645</b>
<b>Total Primary Government</b>	<b>\$ 1,063,530</b>	<b>\$ 1,122,183</b>	<b>\$ 1,085,738</b>	<b>\$ 1,314,246</b>	<b>\$ 1,426,742</b>	<b>\$ 1,415,887</b>	<b>\$ 1,460,428</b>	<b>\$ 1,497,897</b>	<b>\$ 1,529,454</b>	<b>\$ 1,586,666</b>
<b>Change in Net Position</b>										
Governmental Activities	210,590	(6,536)	159,554	318,140	341,595	333,572	205,547	303,092	309,337	350,467
Business-Type Activities	94,935	(59,533)	(57,350)	214,998	172,782	75,121	277,484	267,995	246,334	243,090
<b>Total Primary Government Change in Net Position</b>	<b>\$ 305,525</b>	<b>\$ (66,069)</b>	<b>\$ 102,204</b>	<b>\$ 533,138</b>	<b>\$ 514,377</b>	<b>\$ 408,693</b>	<b>\$ 483,031</b>	<b>\$ 571,087</b>	<b>\$ 555,671</b>	<b>\$ 593,557</b>



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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Non-Spendable:										
Prepaid Items	-	8,935	10,988	10,292	9,315	2,958	3,619	-	-	-
Restricted:										
Streets	37,925	1	31,187	-	-	-	-	-	-	-
Stabilization by State Statute	90,131	81,331	81,071	89,296	151,533	115,098	139,611	144,785	138,198	129,245
Assigned:										
Subsequent years' expenditures	60,260	50,160	-	-	-	6,144	97,322	77,029	46,729	-
Law Enforcement Separation Allowance Fund										36,064
Unassigned	722,821	662,079	792,592	956,829	1,096,091	1,240,360	1,287,611	1,432,625	1,678,409	1,941,209
Total General Fund	783,081	712,239	792,592	1,056,417	1,256,939	1,364,560	1,528,163	1,654,439	1,863,336	2,106,518
Other Governmental Funds										
Committed										
General Government Capital Outlay	176,559	158,706	114,214	137,598	223,224	312,155	228,892	257,594	278,654	356,534
Total Other Governmental Funds	176,559	158,706	114,214	137,598	223,224	312,155	228,892	257,594	278,654	356,534
<b>Total Governmental Funds</b>	<b>\$ 959,640</b>	<b>\$ 870,945</b>	<b>\$ 906,806</b>	<b>\$ 1,194,015</b>	<b>\$ 1,480,163</b>	<b>\$ 1,676,715</b>	<b>\$ 1,757,055</b>	<b>\$ 1,912,033</b>	<b>\$ 2,141,990</b>	<b>\$ 2,463,052</b>

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



**TABLE 4**  
**TOWN OF RIVER BEND, NORTH CAROLINA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Ad Valorem Taxes	\$ 596,425	\$ 681,014	\$ 667,826	\$ 875,264	882,943	874,300	918,326	891,577	891,338	926,035
Other Taxes and Licenses	283,652	289,347	289,924	296,192	374,978	380,440	387,091	413,408	427,023	433,766
Unrestricted Intergovernmental	129,185	132,001	123,804	139,015	174,239	155,265	160,931	193,417	195,852	192,200
Restricted Intergovernmental	120,772	108,141	121,210	94,534	276,458	150,557	109,303	94,758	92,466	108,569
Permits and Fees	7,551	6,033	4,557	5,802	8,843	4,304	7,189	6,311	7,227	8,674
Sales and Services	125,181	139,340	110,382	80,425	79,458	77,658	81,034	78,240	67,903	74,257
Investment Earnings	26,561	11,928	1,523	1,155	682	626	243	394	3,689	9,012
Miscellaneous	-	-	-	-	-	-	-	-	2,381	5,589
Total Revenues	1,289,327	1,367,804	1,319,226	1,492,387	1,797,601	1,643,150	1,664,117	1,678,105	1,687,879	1,758,102
<b>Expenditures</b>										
Current										
General Government	454,754	516,278	437,023	438,331	453,655	473,771	527,309	473,932	477,398	479,688
Public Safety	344,711	373,839	399,050	429,441	667,012	483,414	538,998	506,223	500,640	475,333
Transportation	213,386	305,288	200,523	319,237	274,881	303,089	368,962	336,878	190,469	191,305
Environmental Protection	26,899	154,148	49,194	62,279	60,186	67,764	97,760	158,122	66,053	80,579
Cultural and Recreational	59,404	46,215	84,823	41,482	55,719	118,560	50,748	47,972	40,371	39,988
Capital Projects	-	-	-	-	-	-	-	-	255,541	177,051
Debt Service										
Principal	69,134	91,852	76,979	37,129	-	-	-	-	-	-
Interest	8,591	6,668	2,729	525	-	-	-	-	-	-
Total Expenditures	1,176,879	1,494,288	1,250,321	1,328,424	1,511,453	1,446,598	1,583,777	1,523,127	1,530,472	1,443,944
Revenues Over (Under) Expenditures	\$ 112,448	\$ (126,484)	\$ 68,905	\$ 163,963	\$ 286,148	\$ 196,552	\$ 80,340	\$ 154,978	\$ 157,407	\$ 314,158
<b>Other Financing Sources (Uses)</b>										
Transfers to Other Funds	(86,335)	(122,935)	(149,163)	(153,800)	(127,500)	(108,000)	(105,000)	(105,000)	(461,553)	(274,052)
Transfers from Other Funds	86,335	122,935	149,163	153,800	127,500	108,000	105,000	105,000	461,553	274,052
Installment Purchase Obligations Issued	91,478	-	-	-	-	-	-	-	-	-
Sale of Fixed Assets	-	-	-	-	-	-	-	-	5,950	6,901
Total Other Financing Sources (Uses)	\$ 91,478	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,950	\$ 6,901
<b>Net Change in Fund Balance</b>	<b>\$ 203,926</b>	<b>\$ (126,484)</b>	<b>\$ 68,905</b>	<b>\$ 163,963</b>	<b>\$ 286,148</b>	<b>\$ 196,552</b>	<b>\$ 80,340</b>	<b>\$ 154,978</b>	<b>\$ 163,357</b>	<b>\$ 321,059</b>
Debt Service as a percentage of noncapital expenditures	7.97%	7.83%	7.77%	3.53%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

Fiscal Year	Assessed Value <sup>(1)</sup>				Property Tax Rate <sup>(3)</sup>	Percent Increase in Value <sup>(4)</sup>
	Real Property	Personal Property <sup>(2)</sup>	Public Service Companies	Total		
2008	205,367,495	33,902,378	1,299,727	240,569,600	0.25	1.3%
2009	209,055,595	32,586,740	1,407,665	243,050,000	0.28	1.0%
2010	209,530,520	30,970,647	1,162,762	241,663,929	0.28	-0.6%
2011	299,654,043	29,153,944	1,580,323	330,388,310	0.265	36.7%
2012	299,057,633	29,643,132	1,611,985	330,312,750	0.265	-0.02%
2013	298,728,561	31,087,835	1,600,952	331,417,348	0.265	0.33%
2014	299,442,588	40,404,718	1,578,248	341,425,554	0.265	3.02%
2015	300,275,280	33,006,898	1,561,531	334,843,709	0.265	-1.93%
2016	301,092,296	33,931,156	1,551,397	336,574,849	0.265	0.52%
2017	262,250,563	34,319,949	1,837,069	298,407,581	0.311	-11.34%

Notes:

<sup>(1)</sup> Assessed Value is established by Craven County Tax Department.

<sup>(2)</sup> Includes motor vehicles.

<sup>(3)</sup> All tax rates are expressed in dollars of tax per \$100 of assessed valuation.

<sup>(4)</sup> A revaluation of all property is required at least every eight years by North Carolina General Statutes.

The last revaluation was on January 1, 2010 and was the basis for fiscal 2011 taxes.

The calculated tax revenue neutral rate was \$.2169.

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

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

<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>
2008	2007	0.22	0.61	0.0425
2009	2008	0.25	0.61	0.0425
2010	2009	0.28	0.61	0.0475
2011	2010	0.265	0.4728	0.0314
2012	2011	0.265	0.4728	0.0414
2013	2012	0.265	0.47	0.0414
2014	2013	0.265	0.4675	0.0389
2015	2014	0.265	0.4675	0.0389
2016	2015	0.265	0.4675	0.0389
2017 <sup>(1)</sup>	2016	0.3105	0.5394	0.0457

Notes:

<sup>(1)</sup> 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 and then a four-year revaluation thereafter which is 2016 and 2020, effective with fiscal 2016-17 and 2020-21 tax levys.

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

Taxpayer	Type of Business	Fiscal Year 2017			Fiscal Year 2008		
		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 <sup>(2)</sup>	Assisted Living Facility	2,317,700	2	0.78%	1,782,152	2	0.74%
Conjer Green, LLC	Country Club and Golf Course	1,952,860	3	0.65%	\$ 5,758,223	1	2.39%
Jonathan & Karen Segal Revocable Trust	Residence	1,880,910	4	0.63%	(1)		
Berit Peck	Residence	1,494,000	5	0.50%	1,242,390	3	0.52%
Duke Energy Progress, Inc. <sup>(3)</sup>	Electricity	1,337,922	6	0.45%	1,097,416	4	0.46%
J. Frank Efird & Margaret M.	Land Development	1,103,990	7	0.37%	(1)		
Camille Hoffman	Residence	1,086,810	8	0.36%	717,493	6	0.30%
Roland S. & Susan Pridgen	Real Estate	859,140	9	0.29%	684,620	7	0.28%
RAC Development LLC <sup>(4)</sup>	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%
B-Bud LLC	Dollar General Store	(1)			638,150	9	0.27%
KM Biggs, Inc.	Child Day Care facility	(1)			607,930	10	0.25%

Notes:

Source: Craven County Tax Office

<sup>(1)</sup> Not within top ten ranking

<sup>(2)</sup> Formerly known as Pierce Management Group

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

<sup>(4)</sup> 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
2008	2007	601,424	595,037	98.94%	5,640	600,677	99.88%
2009	2008	680,540	675,807	99.30%	4,264	680,071	99.93%
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%
2017	2016	926,556	923,576	99.68%	<sup>(1)</sup>	923,576	99.68%

Notes:

Source: Craven County Tax Office

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

<sup>(1)</sup> Information not yet available



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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Population <sup>(3)</sup>	Per Capita	Median Household Income (MHI) <sup>(4)</sup>	Percentage of MHI
	General Obligation Bonds	Installment Financing	Capital Leases	General Obligation Bonds <sup>(2)</sup>	Installment Financing	Capital Leases					
2008	-	205,959	-	3,795,000	92,236	-	4,093,195	3075	1,331	63,862	1.56%
2009	-	114,107	-	3,645,000	59,420	-	3,818,527	3110	1,228	63,607	1.67%
2010	-	37,129	-	3,520,782	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	-	-	-	3,291,022 <sup>(5)</sup>	-	-	3,291,022	3119	1,055	51,939	1.58%
2014	-	-	-	3,079,878	-	-	3,079,878	3119	987	52,251	1.70%
2015	-	-	-	2,863,734	-	-	2,863,734	3084	929	52,507	1.83%
2016	-	-	-	2,647,590	-	-	2,647,590	3063	864	53,562	2.02%
2017	-	-	-	2,421,446	-	-	2,421,446	3058	792	<sup>(6)</sup>	<sup>(6)</sup>

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.

<sup>(1)</sup> The Town does not have any long-term debt that is backed by pledged revenues.

<sup>(2)</sup> 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.

<sup>(3)</sup> N.C. State Demographer, Office of State Budget and Management.

<sup>(4)</sup> Median household income is adjusted annually after the Decennial Census calendar year by the annual Consumer Price Index - Southern urban consumers.

<sup>(5)</sup> 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.

<sup>(6)</sup> 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
2008	240,569,600	19,245,568	2,056,737	\$ 17,100,000
2009	243,050,000	19,444,000	1,862,561	\$ 17,500,000
2010	241,663,929	19,333,114	1,682,438	\$ 17,600,000
2011	330,388,310	26,431,065	1,545,385	\$ 24,800,000
2012	330,312,750	26,425,020	1,471,101	\$ 24,900,000
2013	331,417,348	26,513,388	1,452,756	\$ 25,000,000
2014	341,425,554	27,314,044	1,360,079	\$ 25,900,000
2015	332,276,611	26,582,129	1,265,085	\$ 25,300,000
2016	336,574,849	26,925,988	1,170,091	\$ 25,700,000
2017	298,407,114	23,872,569	1,070,463	\$ 22,800,000

Gross debt:

Installment financing	\$ -
Water & Sewer General Obligation Bonds	2,310,000
Total gross debt	<u>2,310,000</u>
Less: Statutory Deductions	
Water GO Bonds	<u>1,239,537</u>
Amount of debt applicable to limit - net debt	<u><u>\$ 1,070,463</u></u>

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 <sup>(1)</sup>	Percentage Applicable to Town <sup>(2)</sup>	Bonded Debt Applicable to River Bend	Population	Per Capita
	General Obligation Bonds	Assessed					
	Outstanding <sup>(1)</sup>	Valuation <sup>(1)</sup>					
2008	35,347,429	6,693,478,551	240,569,600	3.59%	1,270,418	3075	413
2009	32,785,876	6,937,167,570	243,050,000	3.50%	1,148,683	3110	369
2010	32,706,707	6,977,756,448	241,663,929	3.46%	1,132,747	3162	358
2011	29,915,363	9,582,126,280	330,388,310	3.45%	1,031,471	3119	331
2012	27,144,019	9,612,789,921	330,312,750	3.44%	932,717	3144	297
2013	24,402,675	9,738,049,583	331,417,348	3.40%	830,502	3119	266
2014	21,711,331	9,443,258,112	341,425,554	3.62%	784,984	3119	252
2015	19,059,987	9,904,145,988	334,843,709	3.38%	644,388	3084	209
2016	16,448,638	10,023,728,864	336,574,849	3.36%	552,309	3063	180
2017	13,808,847	9,205,214,703	298,407,581	3.24%	447,645	3058	146

Notes:

<sup>(1)</sup> Provided by Craven County Finance Department.

<sup>(2)</sup> 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 <sup>(1)</sup>	Personal Income (in thousands) <sup>(2)</sup>	Per Capita Personal Income <sup>(3)</sup>	Public School Enrollment <sup>(4)</sup>	Unemployment Rate <sup>(5)</sup>
2008	99,626	3,490,666	35,683	14,538	4.30%
2009	102,381	3,665,246	36,865	14,597	6.00%
2010	104,162	3,761,100	36,901	14,513	10.50%
2011	104,696	3,816,083	36,732	14,817	11.00%
2012	105,240	3,910,918	37,420	14,749	11.00%
2013	104,446	4,094,203	39,078	14,606	9.70%
2014	104,520	4,100,424	39,243	14,472	9.00%
2015	105,052	4,121,440	39,436	14,297	6.80%
2016	105,773	4,195,496	40,555	14,120	6.12%
2017	102,826	<sup>(6)</sup>	<sup>(6)</sup>	14,002	5.26%

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

<sup>(1)</sup> N.C. State Data Center. Estimates are as of the beginning of the fiscal year (July 1).

<sup>(2)</sup> U.S. Department of Commerce, Bureau of Economic Analysis.

Figures are as of the end of the calendar year ended during the fiscal year.

<sup>(3)</sup> Information is not available for Town of River Bend. County data is from the U.S. Department of Commerce, Bureau of Economic Analysis.

<sup>(4)</sup> N.C. Department of Public Instruction, First Month Average Daily Membership.

<sup>(5)</sup> N.C. Employment Security Commission, Annual Average as of the end of the calendar year ended during the fiscal year.

<sup>(6)</sup> Information not yet available.

**TABLE 13**  
**TOWN OF RIVER BEND, NORTH CAROLINA**  
**PRINCIPAL EMPLOYERS**  
**Current Year and Nine Years Ago**

Employer <sup>(1)</sup>	2017			2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Department of Defense <sup>(2)</sup>	5,173	1	13.12%	5,000	1	13.39%
CarolinaEast Health Systems	2,400	2	6.09%	1,500	3	4.02%
Craven County Schools	1,880	3	4.77%	1,800	2	4.82%
BSH Home Appliances	1,300	4	3.30%			
Moen Incorporated	1,000	5	2.54%	950	4	2.54%
State of North Carolina	754	6	1.91%	900	5	2.41%
Wal-Mart	686	7	1.74%			
Craven County	622	8	1.58%	570	8	1.53%
Craven Community College	567	9	1.44%	450	9	1.21%
City of New Bern	440	10	1.12%	400	10	1.07%
Hatteras Yachts				800	6	2.14%
Weyerhaeuser Company				700	7	1.87%
	<u>14,822</u>		<u>37.58%</u>	<u>13,070</u>		<u>35.00%</u>

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

<sup>(1)</sup> County data is from the Craven County Economic Development Commission and N.C. Employment Security Commission.

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

**TABLE 14**  
**TOWN OF RIVER BEND, NORTH CAROLINA**  
**EMPLOYEE POSITION AUTHORIZATION BY DEPARTMENT**  
**Last Ten Fiscal Years**

<u>Full-time Equivalent Employees as of June 30</u>										
<u>Department</u>	<u>2008</u>	<u>2009</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>
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	1
Public Works	2.5	2.5	2.5	2.5	2.5	2.5	3.5	3.5	3.5	3.5
Public safety- Police	5.17	5.26	5.40	5.48	5.39	5.36	6.48	6.48	6.48	6.48
Water/Sewer:										
Finance	1	1	1	1	1	1	1	1	1	1
Utility Operators	3.6	3.6	4	4	4	4	3	3	3	3
Total	<u>17.27</u>	<u>17.36</u>	<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>

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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety - Police										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	3	3	3	3	3	3	3	3	4	4
Cultural and Recreational										
Recreation and Parks										
Number of Parks	3	3	3	3	3	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	108	108	112	112	112	112	112	112
Water Mains (miles)	18	18	18	18	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**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b><u>Police Activity</u></b>										
Violent Crime	59	31	63	60	41	48	58	97	44	9
Property Crime	65	68	101	98	114	134	83	109	54	65
Arrests	76	51	73	76	95	235	252	178	225	45
Motor Vehicle	193	173	199	206	450	827	1,400	1,112	1,127	1115
Agency Assist	417	313	425	490	506	1,144	691	903	647	33
Quality of Life	433	386	430	524	466	445	297	362	308	2124
Community Policing	1,124	1,153	1,635	1,903	3,444	13,245	15,079	15,126	14,873	10753
Total Activity	2,367	2,175	2,926	3,357	5,116	16,078	17,860	17,887	17,278	14,144
<b><u>Roadway Maintenance</u></b>										
Miles of Paved Road	16.48	16.48	16.48	16.48	16.48	16.48	16.48	16.48	16.48	16.48
Miles of Road Resurfaced	0.16	0.75	0.34	0.50	0.45	0.52	0.53	0.25	0.43	0.40
<b><u>Zoning</u></b>										
Permits Issued	112	59	49	69	89	26	54	42	26	72
New Residences	2	1	0	2	1	2	1	1	2	1
<b><u>Water</u></b>										
Treatment Capacity	337,625,000	337,625,000	337,625,000	337,625,000	337,625,000	337,625,000	337,625,000	337,625,000	337,625,000	337,625,000
Water Treated	84,634,000	71,429,000	78,267,000	74,885,000	75,801,000	78,471,000	90,976,000	87,865,000	85,674,000	78,935,000
Residential Water Customers	1,315	1,313	1,335	1,352	1409	1411	1412	1417	1418	1431
<b><u>Wastewater</u></b>										
Treatment Capacity	120,450,000	120,450,000	120,450,000	120,450,000	120,450,000	120,450,000	120,450,000	120,450,000	120,450,000	120,450,000
Wastewater Treated	56,752,000	49,300,000	46,230,000	45,063,000	36,784,000	32,081,000	35,094,000	36,655,000	38,079,000	43,672,000
Residential Sewer Customers	919	912	924	930	936	950	952	951	948	954
<b><u>Leaf and Limb</u></b>										
Total Tons Collected <sup>(1)</sup>	186.83	349.63	249.41	241.82	149.01	257.50	222.93	343.63	317.69	279.90

Notes:

Source: Town of River Bend Department Heads.

<sup>(1)</sup> Does not include tonnage picked up after a storm event in which the Town received disaster assistance funds.



**TABLE 17**  
**TOWN OF RIVER BEND, NORTH CAROLINA**  
**INSURANCE IN FORCE**  
**July 1, 2016 - June 30, 2017**

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	7,858,302 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 2017 Approved Operating Budget Ordinance**

WATER RATES

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

SEWER RATES

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

<sup>(1)</sup> 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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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, 2017, 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 11, 2017.

### 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 11, 2017

**TOWN OF RIVER BEND, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2017**

**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, 2017**

**SECTION II. FINANCIAL STATEMENT FINDINGS**

None.

# **TOWN OF RIVER BEND, NORTH CAROLINA**

## **CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2017**

### **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, 2017**

There were no prior year audit findings.

# TOWN OF RIVER BEND, NORTH CAROLINA

## SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2017

<u>Grantor/Pass-through/ Grantor-Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
<b>FEDERAL AWARDS</b>				
<b>U.S. Dept of Homeland Security</b>				
Passed through the NC Dept of Public Safety:				
Division of Emergency Management				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		\$ 13,227	\$ 4,409
<b>TOTAL FEDERAL AWARDS</b>			13,227	4,409
<b>STATE AWARDS</b>				
<b>NC Department of Transportation</b>				
Powell Bill		DOT-4	-	88,747
<b>TOTAL STATE AWARDS</b>			-	88,747
<b>TOTAL FEDERAL AND STATE ASSISTANCE</b>			\$ 13,227	\$ 93,156

### Notes to the Schedule of Expenditures of Federal and State Financial Awards

#### Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards includes the federal and State grant activity of the Town under the programs of the federal government and the State of North Carolina for the year ended June 30, 2017. 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.

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

