



CAFR COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2018

TOWN OF RIVER BEND • NORTH CAROLINA

TOWN OF RIVER BEND, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

**PREPARED BY
FINANCE DEPARTMENT**

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

**MARGARET THEIS
FINANCE ADMINISTRATOR**

**MANDY GILBERT
FINANCE ASSISTANT**

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



**THE TOWN OF RIVER BEND, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year ended June 30, 2018**

TABLE OF CONTENTS

<u>SCHEDULE</u>	<u>PAGE</u>
INTRODUCTORY SECTION	
Letter of Transmittal.....	9
Certificate of Achievement In Financial Reporting	20
Distinguished Budget Presentation Award.....	21
Map of River Bend, North Carolina.....	22
List of Principal Officials.....	23
Organization Chart	24
FINANCIAL SECTION	
Independent Auditor's Report.....	29
Management's Discussion and Analysis.....	35
Basic Financial Statements:	
Government-wide Financial Statements:	
1 Statement of Net Position.....	53
2 Statement of Activities	54
Fund Financial Statements:	
3 Balance Sheet - Governmental Funds	55
4 Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	56
5 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities.....	57
6 Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	58
7 Statement of Net Position – Proprietary Funds.....	59
8 Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	60
9 Statement of Cash Flows - Proprietary Funds.....	61
Notes to Financial Statements	65

**THE TOWN OF RIVER BEND, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year ended June 30, 2018**

TABLE OF CONTENTS

<u>SCHEDULE</u>		<u>PAGE</u>
FINANCIAL SECTION (Continued)		
Required Supplemental Financial Data:		
A-1	Schedule of the Proportionate Share of the Net Pension Liability (Asset) - Local Government Employees' Retirement System	97
A-2	Schedule of Contributions – Local Government Employees' Retirement System	98
A-3	Schedule of Changes in Total Pension Liability for Law Enforcement Officers' Special Separation Allowance	99
A-4	Schedule of Total Pension Liability as a Percentage of Covered Payroll for Law Enforcement Officers' Special Separation Allowance	100
Individual Fund Schedules:		
General Fund:		
1	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds.....	103
2	Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	104
3	Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Reserve Fund.....	109
Enterprise Funds:		
4	Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP) – Water Fund.....	113
5	Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP) – Sewer Fund.....	115
Supplementary Financial Data:		
6	Schedule of Ad Valorem Taxes Receivable.....	119
7	Analysis of Current Year Levy – General Fund Property Tax.....	120

**THE TOWN OF RIVER BEND, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year ended June 30, 2018**

TABLE OF CONTENTS

<u>TABLE</u>		<u>PAGE</u>
STATISTICAL SECTION		
Financial Trends Information:		
1	Net Position by Component	123
2	Changes in Net Position	124
3	Fund Balances, Governmental Funds	125
4	Changes in Fund Balances, Governmental Funds	127
Revenue Capacity Information:		
5	Assessed Value of Taxable Property	128
6	Property Tax Rates – Direct and Overlapping Government	129
7	Principal Property Taxpayers	130
8	Property Tax Levies and Collections	131
Debt Capacity Information:		
9	Ratios of Outstanding Debt by Type	132
10	Computation of Legal Debt Margin	133
11	Direct and Overlapping Debt	134
Demographic and Economic Information:		
12	Demographic Statistics	135
13	Principal Employers	136
Operating Information:		
14	Employee Position Authorization by Department	137
15	Capital Asset Statistics by Function/Program	138

**THE TOWN OF RIVER BEND, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year ended June 30, 2018**

TABLE OF CONTENTS

<u>TABLE</u>		<u>PAGE</u>
	STATISTICAL SECTION (Continued)	
16	Operating Indicators by Function/Program	139
17	Insurance in Force	140
18	Utility Rate Information	141
	COMPLIANCE SECTION	
	Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	145
	Schedule of Findings and Responses	147
	Corrective Action Plan	149
	Summary Schedule of Prior Year's Findings	150
	Schedule of Expenditures of Federal and State Awards	151

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

**45 Shoreline Drive
River Bend, NC 28562**

T 252.638.3870
F 252.638.2580

www.riverbendnc.org

October 19, 2018

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, 2018 is presented herewith for your review.

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

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

The Town's financial statements and supplemental schedules in the Financial Section have been audited by the independent, certified public accounting firm of Petway Mills & Pearson, PA. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town, for the fiscal year ended June 30, 2018 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditors concluded, based on the audit, that there was reasonable basis for rendering an unmodified opinion that the Town's basic financial statements for the year ended June 30, 2018 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

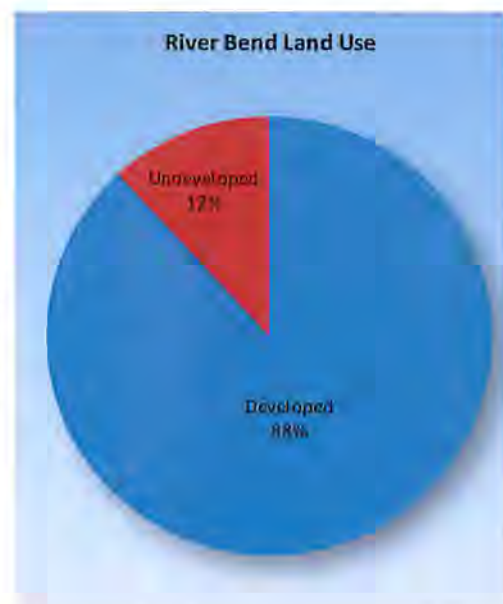
The Town of River Bend operates under the Council-Manager form of government. All five members of the Town Council (Council) are popularly elected to serve four-year terms. Terms of office are staggered so an election for at least a portion of the Council is held every two years.

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

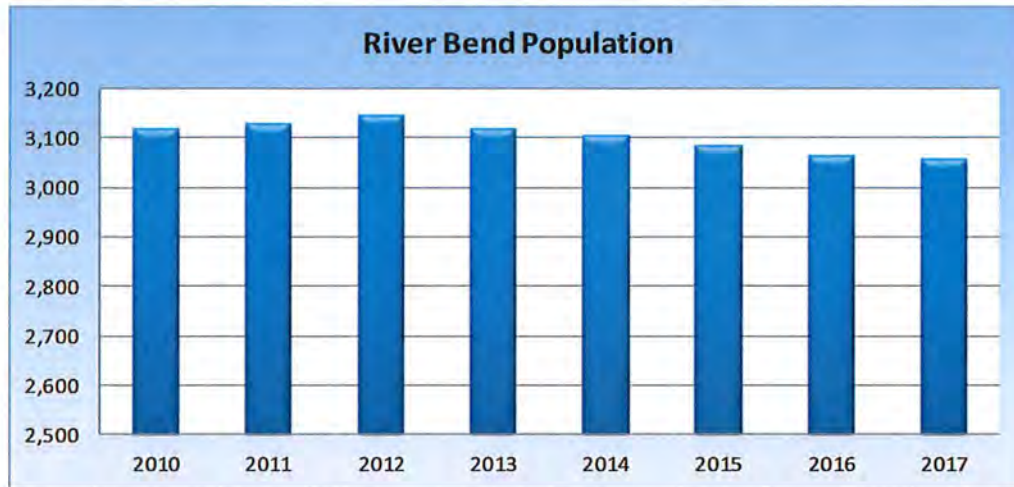
According to the US Census Bureau, the town has a total area of 2.8 square miles, of which 2.6 square miles is land and 0.2 square mile is water. The latest Craven County GIS data indicates land is divided into 1,754 parcels, of which 1,545 are developed and 209 undeveloped. There are approximately 29 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 2010 census was to be 3,119. The 2010 Census provided an accurate count of 3,119 residents, which is a 6.7% increase from the 2000 Census count of 2,923. The next census will be 2020.

According to the latest estimate from the North Carolina Office of Budget and Management (OBM), the July 1, 2017 population of River Bend is 3,058. The chart below shows the change in population since 2006.

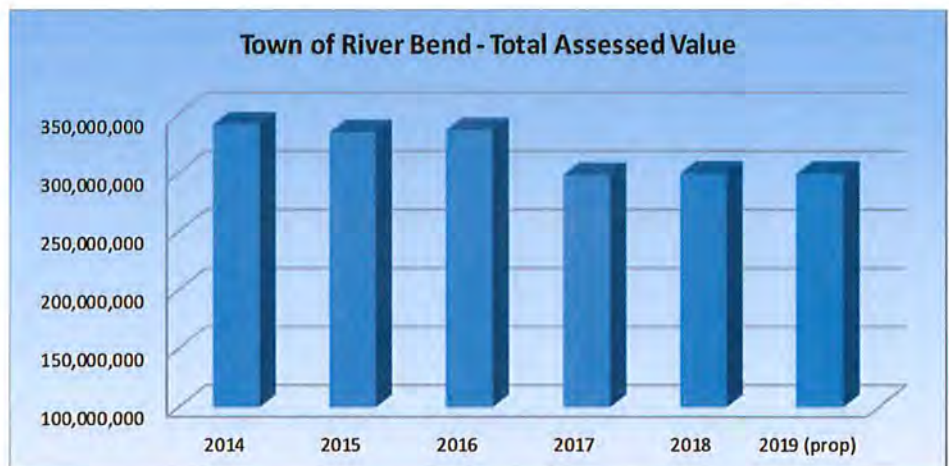


According to the OBM, there are 553 municipalities in North Carolina and the Town of River Bend is the 209th largest by population. The median age in River Bend is 57.8 years old. According to the 2010 Census, veterans make up 24.1% of our population, compared to a national percentage of 9.9%.

Housing

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

Based on the six-year revaluation in 2016 by the Craven County Tax Department, the value of real property decreased 14.65%, which equated to a \$49,072,191 reduction in assessed value for FY 2017. The next revaluation is scheduled for 2020.



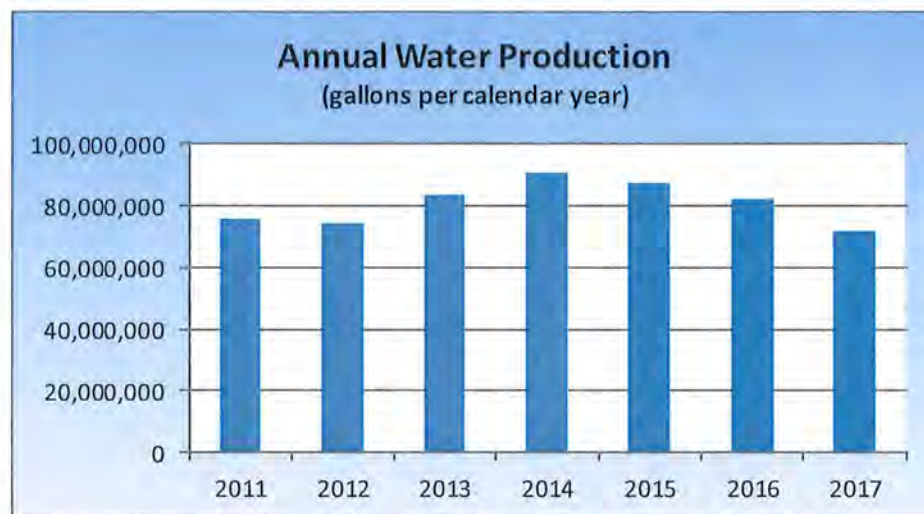
The chart above shows the Town's total assessed since 2014.

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 2017 (calendar year), we treated 72,192,000 gallons with a daily average of 197,800 gallons. In 2016, we treated 84,668,000 gallons of water, an average of 231,658 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 2017, we treated 47.8 million gallons of wastewater compared to 39.6 million gallons in 2016. The daily average treatment rate was 130,904 gallons in 2017 and 108,458 gallons in 2016. The State standard for waste treatment capacity is 330 gallons per day per household, which in our case translates to 318,780 gallons per day. This standard shows that we should be using 97% of our permitted capacity. On average, in 2017, we used 40% 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

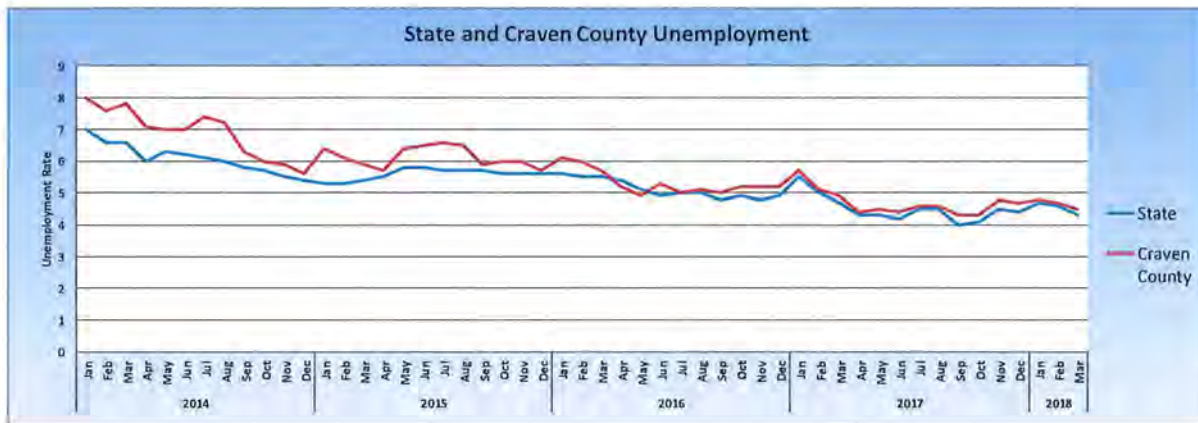
The 2010 Census reported that the majority of River Bend's workers were employed in the educational, health and social services (23%), and the manufacturing (20%) industries. Of our population over 16 years old, 56.8% were listed as "not in the labor force" in 2010. This reflects the level of retirees in the Town. Of those in the labor force, 1.7% were listed as unemployed. Table 13 on page 136 of this report provides the top ten employers in Craven County.

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

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

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

Craven County and North Carolina have experienced a downward trend of rates over the last four years. The chart below tracks unemployment over the past four full years comparing the State and County rates. At the end of June 2018, the Craven County unemployment rate was 4.4% compared to the State seasonally adjusted rate of 4.2%, and the national rate of 4.0%.



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

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

Initiatives

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

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

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

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

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

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

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

In planning for the 2018-19 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 five streets and providing patching in miscellaneous areas, for a budgeted amount of \$133,500 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 \$88,000, so local revenue in the amount of \$45,500 will be budgeted to complete this project.

In this budget, we propose to address two drainage projects at a cost of \$15,000. Those projects are pipe repair on Lakemere Drive and bulkhead replacement on Channel Run Drive.

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 \$3,142 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.

We plan to continue our efforts to be good custodians of our public facilities by making a few needed repairs and some modest improvements. 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 in this budget.

Programs are being funded to support the Parks and Recreation Advisory Board plans to continue its efforts to provide yoga, craft making, and special events throughout the year, the largest of which is the annual 4th of July parade and picnic.

For the enterprise funds, water and sewer, we utilize a professionally designed utility rate model so the impact of the proposed expenditures and desired level of reserves can be compared to revenue at various rate levels. The Town Council voted to reduce the demand component of the water rate (residential) by \$5.00 to \$5.44 per month. Sewer rates remained unchanged.

Plans for the water utility include routine maintenance of buildings and replacement of equipment for a total of \$20,200. The CIP expenditure for the Water Fund this year provides for installing a special coating inside the treatment house for water filters for \$9,200. The cash balance in this utility is sufficient to respond to unknown conditions and there are no identified long-term capital needs that require the continued building of cash reserves. An appropriation from Water Fund reserves, \$99,775, will be necessary to balance this budget. It is projected that Water Fund cash reserves will be at 68% of expenditures at the end of FY 2021.

Wastewater treatment system projects include the purchase of a sewer cleaning machine, blower motor, and an inspection and analysis of the digester, for a total budgeted cost of \$11,500. No plans are being made to change the permitted capacity of the treatment plant, but rather to maintain the life of the plant. Our permit renewal in 2018 for the wastewater treatment plant required no major changes from the application submitted. Sewer Fund cash reserves are projected to be at least 97% of expenditures for the next five years.

One major consideration during the budget preparation this year was the tax rate. After reviewing all proposed expenditures and revenues, the Council decided to lower the tax rate by \$.05 to \$0.24 per 100 dollars of valuation. The Council chose to balance the General Fund budget by using \$147,270 from fund balance, which is projected to be at 118% at the end of FY 2019.

Financial Management

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

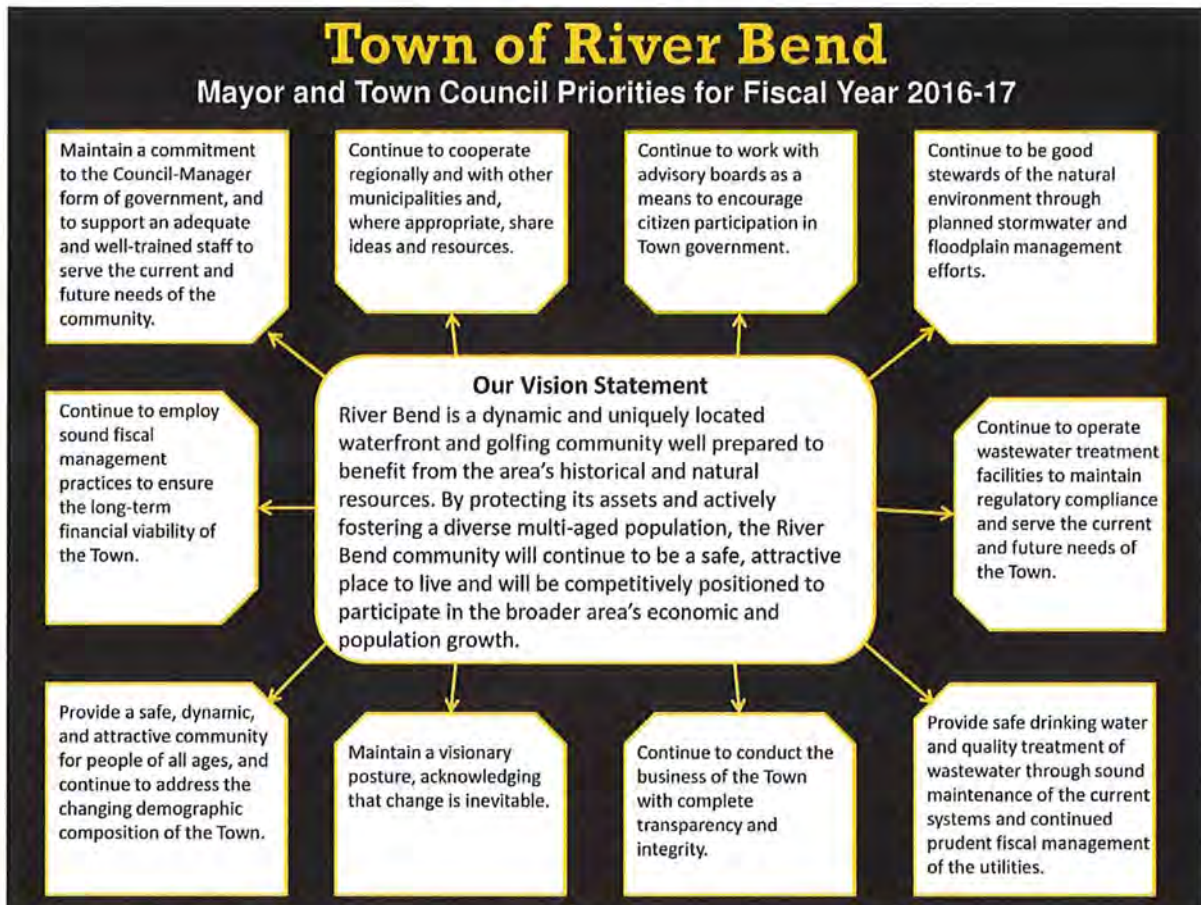
- To link long-term financial planning with short-term daily operations and decision-making.
- To maintain and improve the Town's financial position.
- To maintain and improve the Town's credit ratings by meeting or exceeding the requirements of rating agencies through sound financial policies.
- To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

The Town's Financial and Budgetary Policies states that the target goal for the General Fund's unrestricted and unassigned fund balance shall be no less than 50% of the actual expenditures of the then completed fiscal year. The Town Council is committed to maintaining this level of fund balance.

Budgetary Control

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

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



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

Independent Bond Rating

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

Standard and Poor's

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

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

Moody's

Following their review in 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

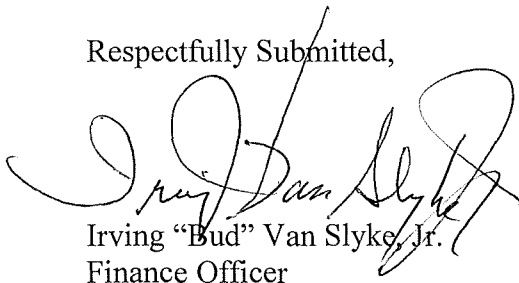
Long-range planning and budgeting efforts focus on maintenance of current services, Town-owned property and infrastructure while attempting to keep rates and fees reasonable. Our Town Council members accept their responsibility with great conviction and sincerity, and remain well informed and engaged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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for the Excellence in Financial Reporting to the Town of River Bend for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. This was the seventh 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.

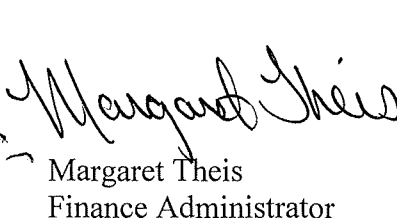
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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 Kevin Quinn. 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, 2017

Christopher P. Morill

Executive Director/CEO

Distinguished Budget Presentation Award



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

Town of River Bend

North Carolina

For the Fiscal Year Beginning

July 1, 2017

Christopher P. Morrell

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, 2017. 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 2017 award was our eighth 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, 2018

MAYOR

John Kirkland

TOWN COUNCIL

Eugene Bauer

William Camp

Morris "Buddy" Sheffield

Irving "Bud" Van Slyke, Jr.*

William Wanamaker

*also serves as Mayor Pro Tem and Finance Officer

ADMINISTRATIVE STAFF

Delane Jackson

Town Manager

Margaret Theis

Finance Administrator

Ann Katsuyoshi

Town Clerk

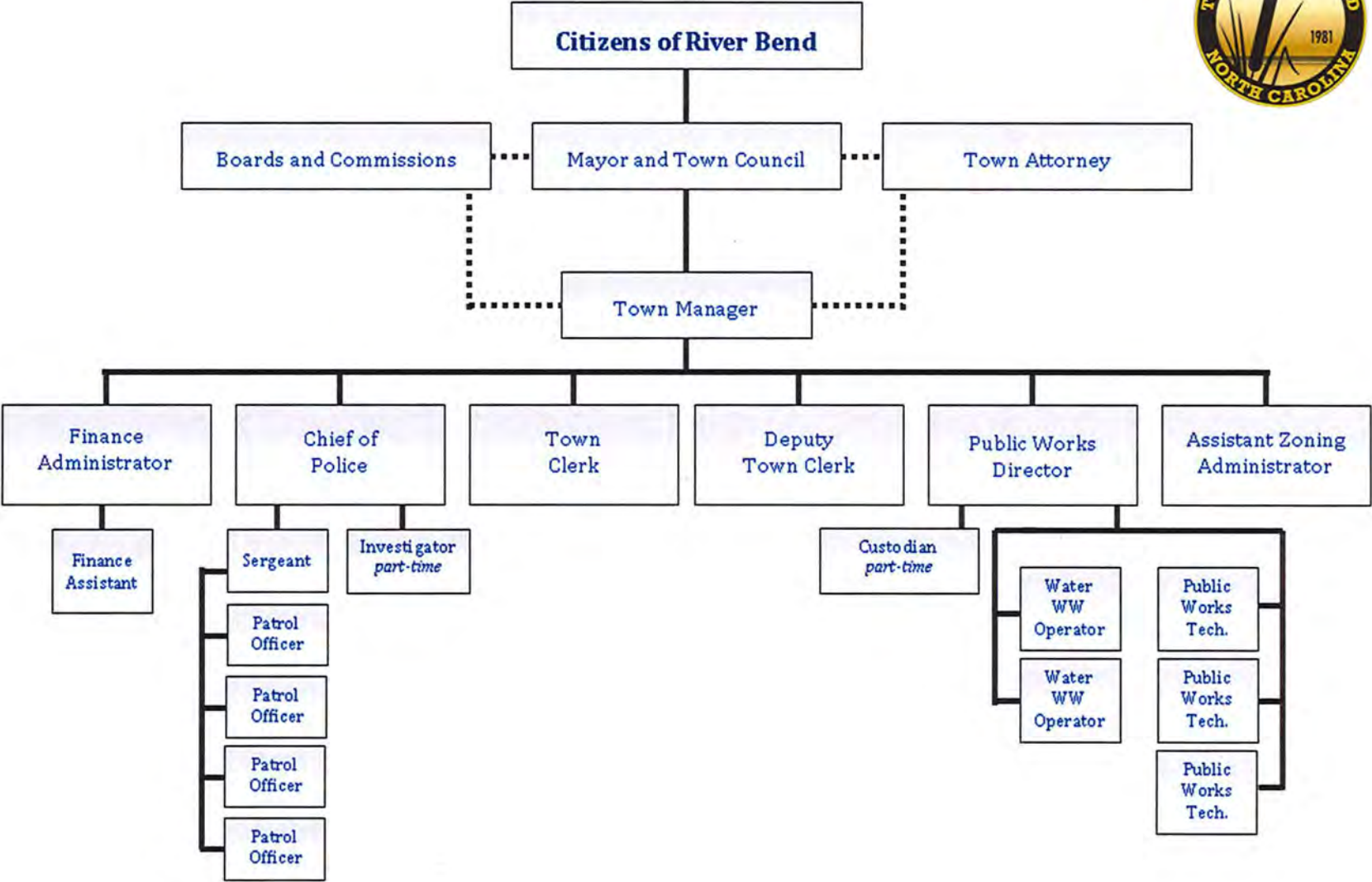
Sean Joll

Police Chief

Brandon Mills

Public Works Director

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



FINANCIAL SECTION

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



**REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**





PETWAY
MILLS &
PEARSON, PA
CERTIFIED PUBLIC ACCOUNTANTS

C. Briggs Petway, Jr.
Phyllis M. Pearson

Zebulon Office
P.O. Box 1036
806 N. Arendell Ave.
Zebulon, NC 27597
919.269.7405
919.269.8728 Fax

Raleigh Office
9121 Anson Way
Raleigh, NC 27615
919-781-1047

www.pmpcpa.com

Memberships:

North Carolina
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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, 2018, 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, 2018, 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 State Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules and other schedules, and the Schedule of Expenditures of State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements, budgetary schedules, other

schedules and the accompanying Schedule of Expenditures of State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2018, on our consideration of the Town of River Bend, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of River Bend, North Carolina's internal control over financial reporting and compliance.

Petway Mills & Pearson, PA

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

October 19, 2018



MANAGEMENT'S DISCUSSION & ANALYSIS



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

**Town of River Bend
Management's Discussion and Analysis
June 30, 2018**

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, 2018. 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 \$6,942,013 (*net position*) at the close of the fiscal year.
- For governmental type activities, the Town's net position showed an increase of 6.1% at the close of the fiscal year at \$5,152,364. Net position for business-type activities, which exclusively include the Water and Sewer Enterprise Funds, were \$868,448 and \$921,201, respectively, for a total of \$1,789,649. This represents an increase of \$107,644 in the value of net position in the Water Fund, and an increase of \$173,933 in the value of net position in the Sewer Fund. Capital improvements for the water and wastewater systems amounted to \$22,002. On-going depreciation of the infrastructure, a total of \$201,078, continues to be a significant expense. The government's total net position increased by \$576,832.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,709,726 an increase of \$246,674. Approximately 5.4% of this amount, or \$146,368, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,974,278 or 135% of total General Fund expenditures for the fiscal year. The Town Council's policy is that this ratio should be no less than 50% of the completed fiscal year's actual expenditures. For the year ending June 30, 2018, this amounted to \$732,043; therefore, the available fund balance for the General Fund was \$1,242,235.
- The Town's total General Obligation bond debt decreased by \$215,000 (9.3%) during the current fiscal year. The key factor in this decrease is the timely payments of debt service expenditures.
- The Town holds a AA+ bond rating by Standard and Poor's Rating Services on its G.O. Series 2013 refunding bonds. The original bonds were used to purchase and upgrade the water and wastewater operations. The Town of River Bend received a stable A1 bond rating from Moody's Investor Service.

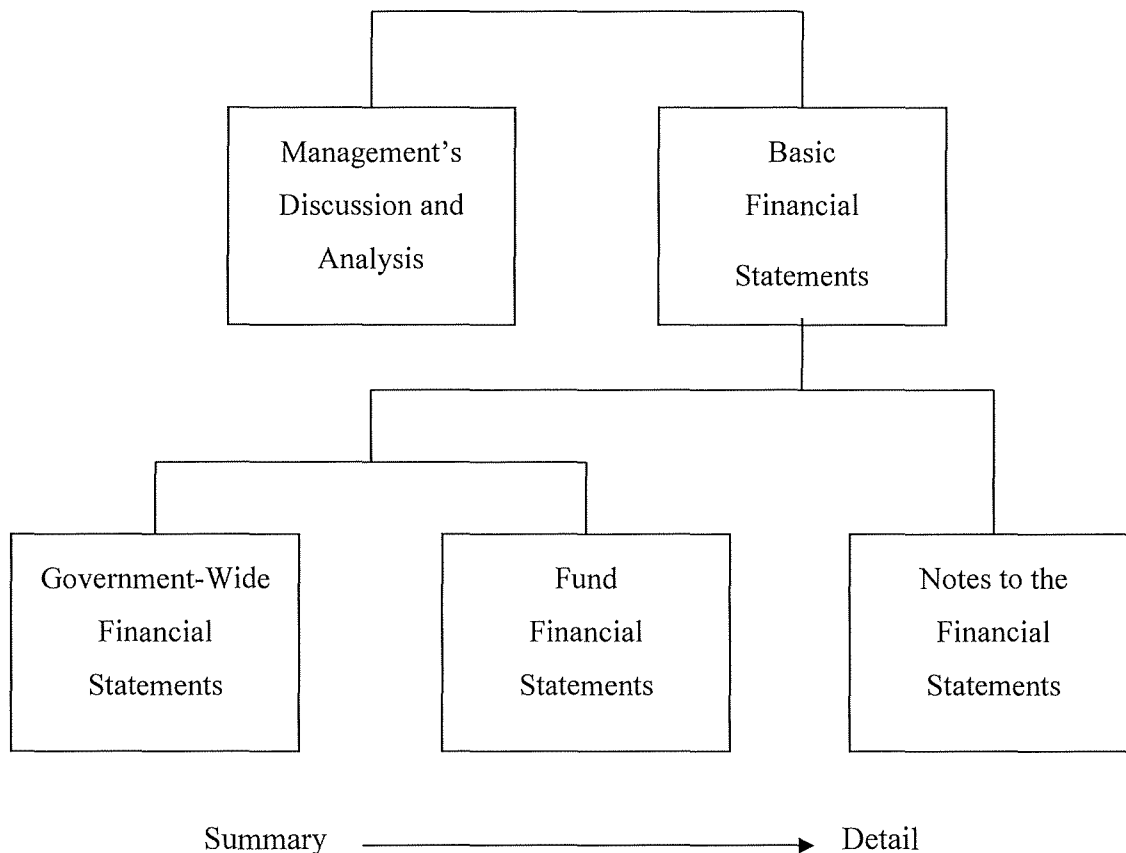
Overview of the Financial Statements

This discussion and analysis serves as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town with the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of River Bend.

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are four parts to the fund financial statements: 1) the governmental funds statements, 2) the budgetary comparison statements, 3) the proprietary fund statements, and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **Notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes is the **Required Supplemental Information** containing funding information about the Town's pension benefits. **Supplemental Information** provides detail about the Town's individual funds. Budgetary information required by the General Statutes is located in this part of the statements.

Management Discussion and Analysis

Town of River Bend

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

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

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

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of River Bend, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of River Bend can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

The Town of River Bend adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Town Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and utilizes the same format, language, and classifications as the legal budget document.

Management Discussion and Analysis

Town of River Bend

The statement shows four columns: 1) the original budget as adopted by the Town Council, 2) the final budget as amended by the Town Council, 3) the actual resources, charges to appropriations, and ending balances in the General Fund, and 4) the difference or variance between the final budget and the actual resources and charges.

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

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow Exhibit 9 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of River Bend's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 97 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 \$6,942,013 as of June 30, 2018. The Town's net position increased by \$576,832 for the fiscal year ended June 30, 2018. The largest portion (62%) of total net position is the Town's unrestricted net position, \$4,309,872 that is available for future spending. The Town reports net investments in capital assets (e.g. land, buildings, machinery, and equipment) as 36 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 \$146,368 represents resources that are subject to external restrictions on how they may be used.

Management Discussion and Analysis
Town of River Bend

Town of River Bend's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and other assets	\$ 2,767,686	\$ 2,507,562	\$ 2,022,250	\$ 1,773,871	\$ 4,789,936	\$ 4,281,433
Net pension asset - Separation Allowance	-	-	-	-	-	-
Net pension asset - LGERS	-	-	-	-	-	-
Capital assets, net	2,644,862	2,612,284	1,955,858	2,134,935	4,600,720	4,747,219
Total assets	<u>5,412,548</u>	<u>5,119,846</u>	<u>3,978,108</u>	<u>3,908,806</u>	<u>9,390,656</u>	<u>9,028,652</u>
Deferred Outflows of Resources:						
Contributions to pension plan, current year - LGERS	45,746	46,487	14,781	13,355	60,527	59,842
Contributions to pension plan, current year - LEO	31,558	-	-	-	31,558	-
Pension deferrals	85,551	174,728	25,707	47,323	111,258	222,051
Deferred charges on refunding	-	-	80,355	89,284	80,355	89,284
Total deferred outflows of resources	<u>162,855</u>	<u>221,215</u>	<u>120,843</u>	<u>149,962</u>	<u>283,698</u>	<u>371,177</u>
Liabilities:						
Current liabilities	81,982	62,039	283,591	278,281	365,573	340,320
Long-term liabilities	283,754	382,371	2,022,400	2,267,536	2,306,154	2,649,907
Total liabilities	<u>365,736</u>	<u>444,410</u>	<u>2,305,991</u>	<u>2,545,817</u>	<u>2,671,727</u>	<u>2,990,227</u>
Deferred Inflows of Resources:						
Pension deferrals	<u>57,303</u>	<u>39,542</u>	<u>3,311</u>	<u>4,879</u>	<u>60,614</u>	<u>44,421</u>
Net Position:						
Net investment in capital assets	2,644,862	2,612,284	(159,089)	(197,227)	2,485,773	2,415,057
Restricted	146,368	129,245	-	-	146,368	129,245
Unrestricted	2,361,134	2,115,580	1,948,738	1,705,299	4,309,872	3,820,879
Total net position	<u>\$ 5,152,364</u>	<u>\$ 4,857,109</u>	<u>\$ 1,789,649</u>	<u>\$ 1,508,072</u>	<u>\$ 6,942,013</u>	<u>\$ 6,365,181</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 99.44%, compared to the statewide average of 99.03%. 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 99.65 % statewide collection rate.
- Ad valorem collections provided \$6,825 in revenues above budgeted level. The majority of this amount, \$4,185, was from motor vehicle tax collections.
- Sales & Use Tax revenue which the County distributes based on the proportion our tax levy bears to the total levy of all local government units in the County, increased slightly from last fiscal year but because the Town Council budgets conservatively, this revenue was greater than budgeted amount by \$21,521.
- Investment earnings performed better than the budgeted amount by \$6,375.
- General Fund departmental expenditures to budget ended favorably (\$164,350) while providing budgeted services. Some projects, in the amount of \$18,432, were completed in the next fiscal year.
- The annual comprehensive study of the operations and capital needs of the Water and Sewer systems, using a professionally designed rate model, confirmed that our current utility rates would enable the enterprise funds to cover operating costs, fund capital improvements and maintain cash reserves this fiscal year. Water and sewer rates remained unchanged this fiscal year.

Management Discussion and Analysis
Town of River Bend

- 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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 69,097	\$ 84,992	\$ 1,183,727	\$ 1,181,300	\$ 1,252,824	\$ 1,266,292
Operating grants and contributions	89,226	106,509	-	-	89,226	106,509
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	870,529	926,553	-	-	870,529	926,553
Other taxes	655,363	625,966			655,363	625,966
Investment earnings, unrestricted	26,544	9,012	19,889	6,739	46,433	15,751
Miscellaneous, unrestricted	-	12,490	2,800	5,906	2,800	18,396
Total revenues	1,710,759	1,765,522	1,206,416	1,193,945	2,917,175	2,959,467
Expenses:						
General government	687,079	615,785	-	-	687,079	615,785
Public safety	426,631	459,255	-	-	426,631	459,255
Transportation	190,723	214,804	-	-	190,723	214,804
Environmental protection	59,221	79,573	-	-	59,221	79,573
Cultural and recreational	51,850	45,638	-	-	51,850	45,638
Water	-	-	446,522	452,844	446,522	452,844
Sewer	-	-	478,317	498,011	478,317	498,011
Total expenses	1,415,504	1,415,055	924,839	950,855	2,340,343	2,365,910
Increase in net position	295,255	350,467	281,577	243,090	576,832	593,557
Net Position:						
Beginning of year - July 1	4,857,109	4,698,070	1,508,072	1,264,982	6,365,181	5,963,052
Change in accounting principle	-	(191,428)	-	-	-	(191,428)
Beginning of year - July 1, restated	4,857,109	4,506,642	1,508,072	1,264,982	6,365,181	5,771,624
End of year - June 30	\$ 5,152,364	\$ 4,857,109	\$ 1,789,649	\$ 1,508,072	\$ 6,942,013	\$ 6,365,181

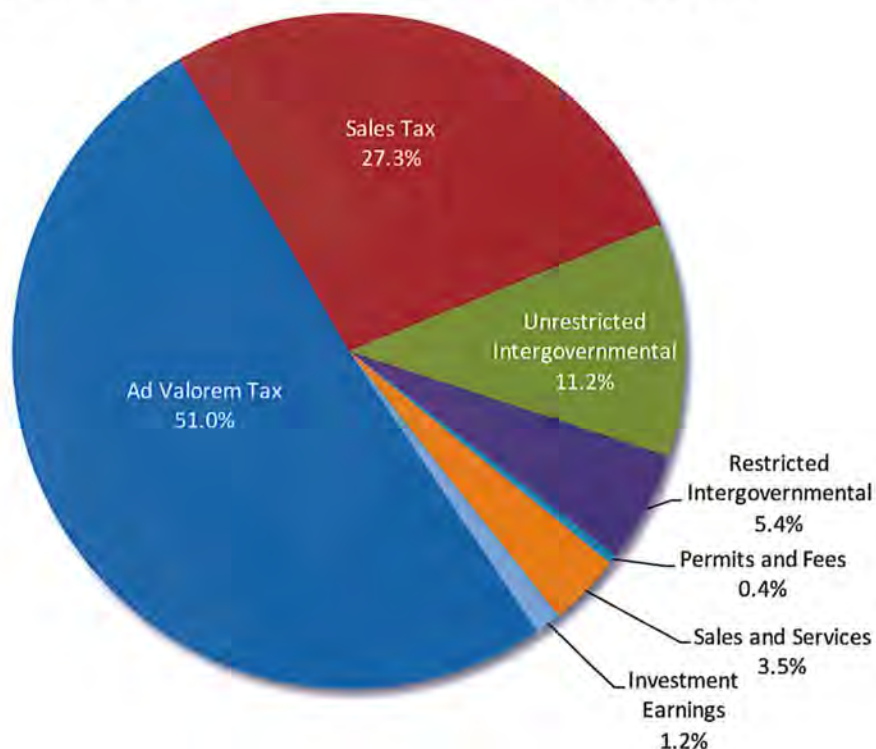
Management Discussion and Analysis

Town of River Bend

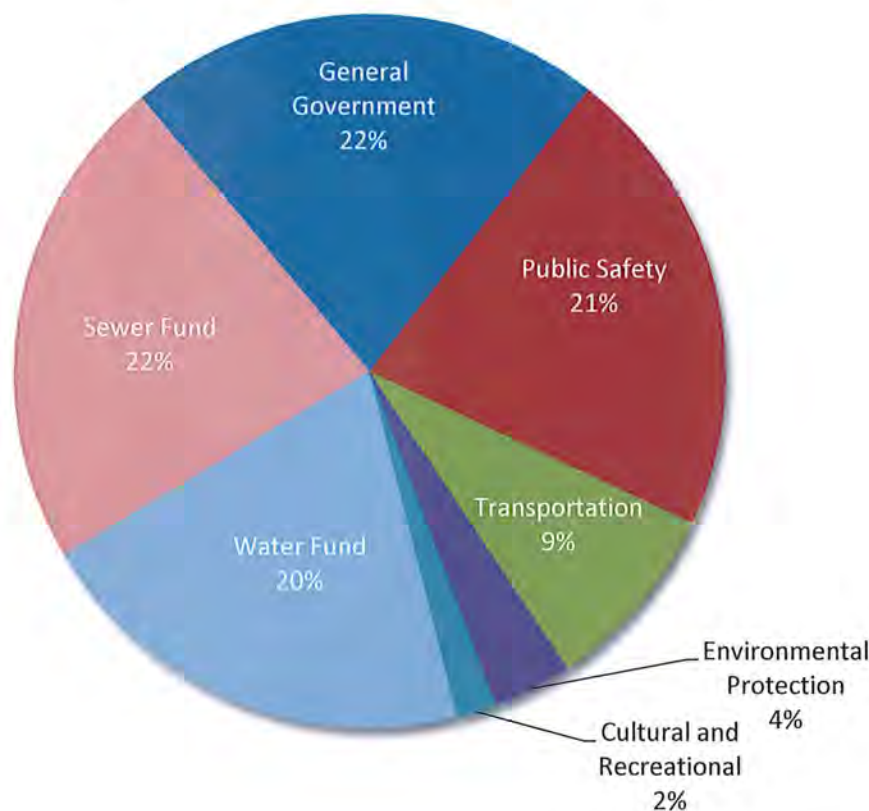
Governmental Activities. Governmental activities increased the Town's net position by \$350,465, thereby accounting for 59% of the total growth in the net position of the Town. Key elements of this increase are as follows:

- Ad valorem taxes make up 51% of the governmental activity revenue. Craven County's six-year revaluation, effective FY 2016-17, resulted in a 14.65% reduction in the value of taxable property. The revenue neutral tax rate, in accordance with North Carolina General Statute 159.11, was \$0.3114 and the Town then adopted a tax rate of \$0.3105 per hundred dollars of valuation. This fiscal year the adopted rate was \$0.29 with a total property tax valuation of \$300,323,341. Craven County collection rate was 99.44%; tax revenue was \$2,640 in excess of the budgeted amount. Motor vehicle tax collections administered by the North Carolina Tax and Tag collection program decreased slightly along with the tax rate.
- Sales tax is the second largest revenue source accounting for 27% of total governmental revenues. These revenues outperformed the budgeted level by \$26,817. 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 \$164,350 to the Town's net position for the fiscal year. Capital outlays increased capital assets for \$173,424; the General Fund Capital Improvement Plan contributed \$60,693 from Capital Reserves for capital outlay.

Town of River Bend
Figure 4. Revenue Sources - Governmental Activities - Fiscal Year 2018



Town of River Bend
Figure 5. Functional Expenses - Fiscal Year 2018



Business-Type Activities. Business-type activities increased the Town's net position by \$281,577, accounting for 49% 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 97% of expenditures at the end of the next five years.
- The water utility base fee was decreased in fiscal year 2019 in light of sufficient cash reserves to respond to routine maintenance and emergent conditions; operating cash is forecast to be at least 68% of expenditures at the end of the next three years.
- Natural conservation and other factors affecting billed usage have leveled out this fiscal year from past falling trends for the 1438 households with water service and 958 households with sewer service.
- Operating revenues from water and sewer services adequately covered the operating expenses, resulting in operating income and an increase in net position for both funds.
- The Water Fund increased its cash and cash equivalents balance by \$89,431, resulting in ending cash balance of \$1,014,619.
- The Sewer Fund increased its cash and cash equivalents balance by \$163,168, resulting in an ending cash balance of \$810,502.

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 \$107,644 from last year to \$868,448 at year-end.
- Operating income was \$124,309, almost identical as last year.
- Capital assets for \$11,001 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 \$107,316 compared to \$104,730 last year.

Sewer Fund:

- The Sewer Fund increased net position \$173,933 from last year to \$921,201 at year-end.
- Operating income was \$190,129, up \$24,352 from last year.
- Capital assets for \$11,001 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 \$93,762, compared to \$91,941 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 \$2,709,726, an increase of \$246,674 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. \$58,694 represents the increase of committed funds retained in the Capital Reserve Fund. Conservative revenue budgeting, increases in sales tax revenue and investment revenue from the recovering economy, 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 \$2,563,358 and unassigned fund balance of the General Fund was \$1,974,278 a 1.7% increase from prior year. Total fund balance reached \$2,709,726. 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 135% of total General Fund expenditures. The Town Council's policy states this ratio should be no less than 50% of the completed fiscal year's actual General Fund expenditures. Total fund balance represents 185% of total General Fund expenditures and available fund balance represents 175% of that same amount.

The Department of State Treasurer reported the average fund balance of 76.65 percent for the group of non-electric cities with a population of 2,500 – 9,999 for the year ended June 30, 2017.

General Fund Budgetary Highlights. During the fiscal year, the Town amended the budget on six occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

The budget was amended for:

- Fund balance was appropriated for various incomplete projects rolled over from FY16-17, \$18,432.
- Funds appropriated from fund balance for Law Enforcement Separation Allowance employer FICA, \$2,610.
- Contingency funds used to cover the replacement of a heat pump at Town Hall Annex, \$4,500, Legal Services to cover a shortfall, \$5,500, a lease for Red Caboose Library space, \$4,900, and additional funds for the kayak launch repair contract, \$6,000.
- Excess budgeted funds from the Road Paving Program in Street Maintenance were shifted to Public Buildings for expansion of open space rentals, \$3,200, engineering costs for the barn demolition, \$4,800, and Phase I of the Town entrance project, \$13,500.
- Barn demolition cost of \$30,000 funded by the Capital Reserve Fund.
- Additional revenue recognized from yoga classes, \$6,100, sales tax, \$11,313, and investment interest, \$8,787. Reduced revenue for rents due to the barn demolition, \$8,200.
- Recreation budget increased to pay yoga instructors, \$7,000, Administrative Department bonus & merit pay, \$5,500, and Legal Services to cover a potential shortfall to the end of the year, \$5,500.

Actual operating revenues for the General Fund were greater than the final budget by \$29,668. Ad Valorem tax collections represent 49% of this, or \$38,911. A favorable variance of \$28,737 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 revenue dropped due to the demolition of the barn, which eliminated rental space. Included in Rents revenue are charges to the Enterprise funds for use of facilities. Other revenues also fell short of their budgeted amounts. Investment earnings increased and ended with \$6,375 over budget.

The most recently completed reappraisal of real property by Craven County was effective FY 2016-17 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%. The tax rate was reduced to \$.29 in FY 2017-18. Craven County adopted a four-year revaluation schedule effective with the FY 2020-21 tax levies.

Departmental expenditures were less than the final budgeted amounts by \$164,350. Although each functional area contributed to this total amount, the most significant, \$45,551, came from the Police Department due to employee changes. Total general government also contributed \$56,067.

Management Discussion and Analysis

Town of River Bend

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 104. 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 \$868,448 and \$921,201, respectively, for a total of \$1,789,649. This represents an increase for \$281,577 from last fiscal year. As stated before, a key element each year is depreciation, for this year in the Water Fund, \$107,316, and the Sewer Fund, \$93,762. Unrestricted net position of the Water Fund and Sewer Fund at the end of the fiscal year amounted to \$1,948,738.

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, 2018 totaled \$4,600,720 (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:

- \$43,500, Construction in Progress, Public Safety & Community building.
- \$16,626, Town Hall restrooms & sewer service upgrade.
- \$6,951, vinyl seawall at Bowline Drive
- \$8,150, Town Hall audio system
- \$98,768, 2018 Street Paving Program

Water Fund:

- \$11,001, Shared cost of F150 truck.

Sewer Fund:

- \$11,001, Shared cost of F150 truck.

Management Discussion and Analysis

Town of River Bend

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

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

Town of River Bend's Capital Assets

Figure 6

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 929,320	\$ 929,320	\$ 183,357	\$ 183,357	\$ 1,112,677	\$ 1,112,677
Construction in progress	43,500	571	220,070	220,070	263,570	220,641
Plant and distribution system	-	-	5,772,919	5,772,919	5,772,919	5,772,919
Furniture and equipment	-	-	278,749	278,454	278,749	278,454
Building and improvements	1,306,821	1,741,344	8,960	8,960	1,315,781	1,750,304
Equipment and vehicles	377,943	369,793	-	-	377,943	369,793
Infrastructure	1,869,466	1,770,698	-	-	1,869,466	1,770,698
Subtotal	4,527,050	4,811,726	6,464,055	6,463,760	10,991,105	11,275,486
Less accumulated depreciation	(1,882,188)	(2,107,136)	(4,508,197)	(4,146,581)	(6,390,385)	(6,253,717)
Capital assets, net	\$ 2,644,862	\$ 2,704,590	\$ 1,955,858	\$ 2,317,179	\$ 4,600,720	\$ 5,021,769

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, 2018, the Town had total bonded debt outstanding of \$2,095,000, 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	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ -	\$ -	\$ 2,095,000	\$ 2,310,000	\$ 2,095,000	\$ 2,310,000
Unamortized premium on bonds	-	-	100,302	111,446	100,302	111,446
Compensated absences	36,320	27,819	17,036	15,322	53,356	43,141
Net pension liability (LGERS)	167,079	235,090	53,983	68,404	221,062	303,494
Total pension liability (LEO)	111,227	143,109	-	-	111,227	143,109
Total debt	<u>\$ 314,626</u>	<u>\$ 406,018</u>	<u>\$ 2,266,321</u>	<u>\$ 2,505,172</u>	<u>\$ 2,580,947</u>	<u>\$ 2,911,190</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 90 in the notes to the basic financial statements. The Town's legal debt margin at June 30, 2018 was \$22,900,000.

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%, along with the national rate of 4.0% at the end of June 2018. Craven County unemployment rate at the end of June 2017 was reported at 4.4%, the State average, 4.2%, and a national average of 4.4%.

Budget Highlights for the Fiscal Year Ending June 30, 2019

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 2018. These goals are the foundation upon which the budget is built. We invite you to review the annual budget report on our website www.riverbendnc.org/finance. This is the seventh year the Town has been awarded the Distinguished Budget Presentation Award by the Government Finance Officers Association.

The adopted tax rate of \$0.24 is lower from the prior year's rate of \$0.29. The General Fund budget is formulated in compliance with the Financial and Budgetary Policies, which stipulate a minimum contingency level of one percent of budgeted General Fund expenditures and a target of no less than 50% unassigned fund balance at the end of the fiscal year. General Fund revenues and other financing sources

Management Discussion and Analysis

Town of River Bend

are budgeted at \$1,719,566, a 2.29% decrease from the 2018 fiscal year-end budgeted revenues and a .37% 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 1.8% cost-of-living increase and 1% for longevity increases. An additional 2% merit pool is available to recognize outstanding performance of individual employees.

Included in the budget is an allocation for \$13,500 to fund the Law Enforcement Officers' Separation Allowance. Our financial obligation for eligible retirees is \$28,205 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 five streets 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 \$45,500 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, \$124,000 include vehicle and information technology replacement plans, storm water and canal maintenance, and the Wildwood facility replacement.

CIP budgeted expenditures this year of \$59,142 include a storm water drainage project, \$30,000, replacement of information technology hardware, \$3,142, and replacement of a police vehicle, \$26,000. Storm water maintenance is an ongoing focus for the Town and specific projects will be funded, as they are prioritized and emergent issues addressed when necessary.

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

Business-Type Activities. The adopted rate schedule reflects a base rate reduction in the Water Fund and no rate change in 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 32.8% or \$5 per month for residential users (and by Equivalent Residential Units for other customers). The cash balance in this utility is sufficient to respond to unknown conditions; there are no identified long-term capital needs that require the continued building of cash reserves. At the end of the next three years, it is projected that Water Fund cash reserves will be 68% of expenditures.

Management Discussion and Analysis

Town of River Bend

According to the Bureau of Labor Statistics, the consumer price index increased 6.87% since the last sewer rate increase in FY 2011. This factor was applied to the FY 2015 rates to arrive at the rates approved in the FY 2015 budget. Business, commercial, and industrial rates are determined by Equivalent Residential Units and changed proportionately. At the end of the next five years, it is projected that the Sewer Fund cash reserves will be at 97% of expenditures.

Water Capital Improvement Plan (CIP) annually budgeted funds remains at \$3,500 in this fiscal year. These funds support the vehicle replacement plan, well pump replacements, and all other planned or emergency cash-funded capital expenditures. As explained above, the Water Fund has sufficient cash reserves to address these needs. The CIP expenditure for the Water Fund this year provides for installing a special coating inside the treatment house for water filters in the amount \$9,200.

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 2019, we plan to upgrade diverter boxes at the Wastewater Treatment Plant, \$13,000, and purchase a new blower motor \$3,500.

The FY 2015 project in the sewer enterprise was a contract for the design and permitting for renovation and upgrades to the wastewater treatment plant to continue to serve residents who are currently served by the collection and treatment systems. No plans have been made to change the permitted capacity of the treatment plant; rather, the Council is attempting to remain proactive in their approach to maintaining the life of the plant and to be ready for changes in nutrient limits that may occur in the permit renewal process. The design and permitting phase of the project, costing \$210,000, resulted in the Town obtaining a construction permit from the State in January 2016 to allow us to renovate and upgrade the wastewater treatment plant. 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. *Note: On October 11, 2018, we received notification that our approved NPDES discharge permit for the wastewater treatment plant includes no major changes from the application submitted.*

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

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Margaret Theis, Finance Administrator, 45 Shoreline Drive, River Bend, North Carolina 28562-8970 or finance@riverbendnc.org. Get to know us on the Town of River Bend's web site: www.riverbendnc.org.



BASIC FINANCIAL STATEMENTS



TOWN OF RIVER BEND, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 2,199,240	\$ 1,807,987	\$ 4,007,227
Taxes receivable, net	6,850	-	6,850
Accounts receivable, net	6,076	197,129	203,205
Prepaid items	-	-	-
Due from other governments	140,292	-	140,292
Total current assets	2,352,458	2,005,116	4,357,574
Non-current assets:			
Restricted cash and cash equivalents	415,228	17,134	432,362
Capital assets:			
Land and construction in progress	972,820	403,427	1,376,247
Other capital assets, net of depreciation	1,672,042	1,552,431	3,224,473
Total capital assets, net	2,644,862	1,955,858	4,600,720
Total non-current assets	3,060,090	1,972,992	5,033,082
Total assets	5,412,548	3,978,108	9,390,656
Deferred Outflows of Resources:			
Contributions to pension plan in current fiscal year - LGERS	45,746	14,781	60,527
Contributions to pension plan in current fiscal year - LEO	31,558	-	31,558
Pension deferrals	85,551	25,707	111,258
Deferred charge on refunding	-	80,355	80,355
Total deferred outflows of resources:	162,855	120,843	283,698
Liabilities:			
Current liabilities:			
Accounts payable	41,575	22,536	64,111
Accrued expenses	350	-	350
Unearned revenue - rents	9,185	-	9,185
Liabilities payable from restricted assets	-	17,134	17,134
Current portion of compensated absences	30,872	12,777	43,649
Current portion of long-term debt	-	231,144	231,144
Total current liabilities	81,982	283,591	365,573
Non-current liabilities:			
Non-current portion of compensated absences	5,448	4,259	9,707
Net pension liability - LGERS	167,079	53,983	221,062
Total pension liability - LEO	111,227	-	111,227
Non-current portion of long-term debt	-	1,964,158	1,964,158
Total long-term liabilities	283,754	2,022,400	2,306,154
Total liabilities	365,736	2,305,991	2,671,727
Deferred Inflows of Resources			
Pension deferrals	57,303	3,311	60,614
Total deferred inflows of resources	57,303	3,311	60,614
Net Position			
Net investment in capital assets	2,644,862	(159,089)	2,485,773
Restricted for stabilization by State statute	146,368	-	146,368
Restricted for Streets	-	-	-
Unrestricted	2,361,134	1,948,738	4,309,872
Total net position	\$ 5,152,364	\$ 1,789,649	\$ 6,942,013

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, 2018

	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Functions/Programs:							
Primary Government:							
Governmental Activities:							
General government	\$ 687,079	\$ 63,302	\$ -	\$ -	\$ (623,777)	\$ -	\$ (623,777)
Public safety	426,631	3,706	-	-	(422,925)	-	(422,925)
Transportation	190,723	-	89,226	-	(101,497)	-	(101,497)
Environmental protection	59,221	2,089	-	-	(57,132)	-	(57,132)
Cultural and recreational	51,850	-	-	-	(51,850)	-	(51,850)
Total governmental activities	<u>1,415,504</u>	<u>69,097</u>	<u>89,226</u>	<u>-</u>	<u>(1,257,181)</u>	<u>-</u>	<u>(1,257,181)</u>
Business-Type Activities:							
Water Fund	446,522	541,022	-	-	-	94,500	94,500
Sewer Fund	478,317	642,705	-	-	-	164,388	164,388
Total business-type activities	<u>924,839</u>	<u>1,183,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>258,888</u>	<u>258,888</u>
Total primary government	<u>\$ 2,340,343</u>	<u>\$ 1,252,824</u>	<u>\$ 89,226</u>	<u>\$ -</u>	<u>(1,257,181)</u>	<u>258,888</u>	<u>(998,293)</u>
General Revenues:							
Ad valorem taxes					870,529	-	870,529
Local option sales taxes					451,350	-	451,350
Franchise taxes					118,750	-	118,750
Other taxes and licenses					85,263	-	85,263
Interest earned on investments, unrestricted					26,544	19,889	46,433
Miscellaneous, unrestricted					-	2,800	2,800
Total general revenues					<u>1,552,436</u>	<u>22,689</u>	<u>1,575,125</u>
Change in net position					<u>295,255</u>	<u>281,577</u>	<u>576,832</u>
Net Position:							
Beginning of year - July 1					4,857,109	1,508,072	6,365,181
End of year - June 30					<u>\$ 5,152,364</u>	<u>\$ 1,789,649</u>	<u>\$ 6,942,013</u>

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

TOWN OF RIVER BEND, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund
Assets:	
Cash and cash equivalents	\$ 2,199,240
Restricted cash	415,228
Taxes receivable, net	6,850
Accounts receivable, net	6,076
Prepaid items	-
Due from other governments	140,292
Total assets	<u>\$ 2,767,686</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:	
Liabilities:	
Accounts payable	\$ 41,575
Accrued expenses	350
Unearned revenue - rents	9,185
Total liabilities	<u>51,110</u>
Deferred Inflows of Resources:	
Unavailable revenue - property taxes	<u>6,850</u>
Fund Balances:	
Restricted for stabilization by State statute	146,368
Committed for general government capital outlay	415,228
Assigned	173,852
Unassigned	1,974,278
Total fund balances	<u>2,709,726</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,767,686</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.	\$ 2,644,862
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position (Exhibit 1)	77,304
Earned revenues considered deferred inflows of resources in fund statements.	6,850
Pension related deferrals	28,248
Net pension liability	(167,079)
Total pension liability	(111,227)
Other long-term liabilities (compensated absences) are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(36,320)</u>
Net position of governmental activities per Exhibit 1	<u>\$ 5,152,364</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, 2018

	General Fund
Revenues:	
Ad valorem taxes	\$ 870,529
Other taxes and licenses	464,930
Unrestricted intergovernmental revenues	190,433
Restricted intergovernmental revenues	91,315
Permits and fees	7,587
Sales and services	59,421
Investment earnings	26,544
Miscellaneous	-
Total revenues	<u>1,710,759</u>
Expenditures:	
Current:	
General government	561,307
Public safety	456,309
Transportation	166,859
Environmental protection	60,300
Cultural and recreational	45,886
Capital Outlay	173,424
Total expenditures	<u>1,464,085</u>
Revenues over (under) expenditures	246,674
Other Financing Sources (Uses):	
Total other financing sources	<u>-</u>
Net change in fund balance	246,674
Fund Balance:	
Beginning of year - July 1	<u>2,463,052</u>
End of year - June 30	<u>\$ 2,709,726</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, 2018

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)	\$	246,674
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.	173,424	
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(140,846)	
This is the amount by which capital outlays exceeded depreciation in the current period.		32,578
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities (Exhibit 2).		77,304
Benefit payments paid and administrative expense for LEOSSA are not included on the Statement of Activities (Exhibit 2).		5,986
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		(954)
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		(8,501)
Pension expense		(57,832)
Change in net position of governmental activities, per Exhibit 2	\$	<u>295,255</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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over/Under
Revenues:				
Ad valorem taxes	\$ 863,703	\$ 863,704	\$ 870,529	\$ 6,825
Other taxes and licenses	411,300	438,113	464,930	26,817
Unrestricted intergovernmental revenues	208,600	193,100	190,433	(2,667)
Restricted intergovernmental revenues	90,000	92,000	91,315	(685)
Permits and fees	5,750	5,750	7,587	1,837
Sales and services	64,780	61,880	59,421	(2,459)
Investment earnings	6,006	14,892	21,267	6,375
Miscellaneous	1,200	-	-	-
Total revenues	<u>1,651,339</u>	<u>1,669,439</u>	<u>1,705,482</u>	<u>36,043</u>
Expenditures:				
General government	520,937	616,387	561,307	55,080
Public safety	507,551	502,393	456,309	46,084
Transportation	180,184	169,184	166,859	2,325
Environmental protection	75,010	86,210	60,300	25,910
Cultural and recreational	42,370	52,370	45,886	6,484
Capital Outlay	<u>201,891</u>	<u>201,891</u>	<u>173,424</u>	<u>28,467</u>
Total expenditures	<u>1,527,943</u>	<u>1,628,435</u>	<u>1,464,085</u>	<u>164,350</u>
Revenues over (under) expenditures	<u>123,396</u>	<u>41,004</u>	<u>241,397</u>	<u>200,393</u>
Other Financing Sources (Uses):				
Transfers from other funds	21,993	60,693	85,693	25,000
Transfers to other funds	(114,110)	(139,110)	(139,110)	-
Contingency	(31,279)	(10,379)	-	10,379
Appropriated fund balance	<u>-</u>	<u>47,792</u>	<u>-</u>	<u>(47,792)</u>
Total other financing sources (uses)	<u>(123,396)</u>	<u>(41,004)</u>	<u>(53,417)</u>	<u>(12,413)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>187,980</u>	<u>\$ 187,980</u>
Fund balances, beginning			<u>2,106,518</u>	
Fund balances, ending			<u>\$ 2,294,498</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, 2018

	Major Enterprise Funds		
	Water Fund	Sewer Fund	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,007,252	\$ 800,735	\$ 1,807,987
Accounts receivable, net	98,289	98,840	197,129
Total current assets	1,105,541	899,575	2,005,116
Non-current assets:			
Restricted cash and cash equivalents	7,367	9,767	17,134
Capital assets, net:			
Land and construction in progress	118,171	285,256	403,427
Other capital assets, net of depreciation	801,016	751,415	1,552,431
Total capital assets, net	919,187	1,036,671	1,955,858
Total non-current assets	926,554	1,046,438	1,972,992
Total assets	2,032,095	1,946,013	3,978,108
Deferred Outflows of Resources:			
Contributions to pension plan in current fiscal year	6,985	7,796	14,781
Pension deferrals	12,148	13,559	25,707
Deferred charge on refunding	43,120	37,235	80,355
Total deferred outflows of resources	62,253	58,590	120,843
Liabilities:			
Current liabilities:			
Accounts payable	5,128	17,408	22,536
Liabilities payable from restricted assets - customer deposits	7,367	9,767	17,134
Compensated absences - current	6,258	6,519	12,777
Current portion of long-term debt	124,036	107,108	231,144
Total current liabilities	142,789	140,802	283,591
Non-current liabilities:			
Compensated absences	2,086	2,173	4,259
Net pension liability	25,510	28,473	53,983
Long-term debt	1,053,950	910,208	1,964,158
Total non-current liabilities	1,081,546	940,854	2,022,400
Total liabilities	1,224,335	1,081,656	2,305,991
Deferred Inflows of Resources:			
Pension deferrals	1,565	1,746	3,311
Total deferred inflows of resources	1,565	1,746	3,311
Net Position:			
Net investment in capital assets	(215,679)	56,590	(159,089)
Unrestricted	1,084,127	864,611	1,948,738
Total net position	\$ 868,448	\$ 921,201	\$ 1,789,649

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, 2018

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for services	\$ 520,427	\$ 631,952	\$ 1,152,379
Water and sewer taps	2,500	2,500	5,000
Other operating revenues	18,095	8,253	26,348
Total operating revenues	<u>541,022</u>	<u>642,705</u>	<u>1,183,727</u>
Operating Expenses:			
Administration	246,271	258,868	505,139
Operations	64,315	100,972	165,287
Depreciation and amortization	106,127	92,736	198,863
Total operating expenses	<u>416,713</u>	<u>452,576</u>	<u>869,289</u>
Operating income (loss)	<u>124,309</u>	<u>190,129</u>	<u>314,438</u>
Non-Operating Revenues (Expenses):			
Investment earnings	11,744	8,145	19,889
Interest and fees	(29,809)	(25,741)	(55,550)
Other non-operating revenues	1,400	1,400	2,800
Total non-operating revenues (expenses)	<u>(16,665)</u>	<u>(16,196)</u>	<u>(32,861)</u>
Income (loss) before capital contributions and transfers	107,644	173,933	281,577
Transfers to other funds	-	-	-
Total income (loss) after contributions and transfers	<u>107,644</u>	<u>173,933</u>	<u>281,577</u>
Change in net position	107,644	173,933	281,577
Total net position, beginning	<u>760,804</u>	<u>747,268</u>	<u>1,508,072</u>
Total net position, ending	<u>\$ 868,448</u>	<u>\$ 921,201</u>	<u>\$ 1,789,649</u>

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, 2018

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash Flows from Operating Activities:			
Cash received from customers	\$ 521,690	\$ 639,909	\$ 1,161,599
Cash paid for goods and services	(175,411)	(208,285)	(383,696)
Cash paid to/on behalf of employees	(132,077)	(150,425)	(282,502)
Net customer deposits	172	540	712
Other operating revenues	18,095	8,253	26,348
Net cash provided (used) by operating activities	232,469	289,992	522,461
Cash Flows from Non-Capital Financing Activities:			
Net cash provided (used) by noncapital financing activities	-	-	-
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(11,001)	(11,000)	(22,001)
Long-term debt issued	-	-	-
Sale of capital assets	1,400	1,400	2,800
Principal paid on long-term debt	(115,372)	(99,628)	(215,000)
Interest and other costs paid on long-term debt	(29,809)	(25,741)	(55,550)
Net cash provided (used) by capital and related financing activities	(154,782)	(134,969)	(289,751)
Cash Flows from Investing Activities:			
Investment income received	11,744	8,145	19,889
Net increase (decrease) in cash and cash equivalents	89,431	163,168	252,599
Cash and Cash Equivalents:			
Balances, beginning	925,188	647,334	1,572,522
Balances, ending	\$ 1,014,619	\$ 810,502	\$ 1,825,121
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 124,309	\$ 190,129	\$ 314,438
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	107,316	93,762	201,078
Amortization	(1,189)	(1,026)	(2,215)
Change in assets and liabilities:			
(Increase) decrease in accounts receivables	(1,237)	5,457	4,220
(Increase) decrease in prepaid expenses	-	-	-
Increase in deferred outflows of resources - pensions	9,926	10,264	20,190
Increase in net pension liability	(6,475)	(7,946)	(14,421)
Decrease in deferred inflows of resources - pensions	(1,578)	10	(1,568)
Increase (decrease) in accounts payable	423	(2,110)	(1,687)
Increase (decrease) in customer deposits	172	540	712
Increase (decrease) in compensated absences	802	912	1,714
Total Adjustments	108,160	99,863	208,023
Net cash provided (used) by operating activities	\$ 232,469	\$ 289,992	\$ 522,461
Noncash investing, capital, and financing activities:			
Net amortization of bond premium and deferred charges on refunding	\$ 1,189	\$ 1,026	\$ 2,215

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



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, 2018

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, 2018

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, 2018

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, six amendments to the original budget were necessary.

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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, 2018 for customer deposits were \$17,134. 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, 2018 for the General Fund was \$415,228.

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, 2017.

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, 2018

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, 2018

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, 2018

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, 2018, commitment for capital outlay was \$415,228.

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

Subsequent year's expenditures – portion of fund balance that is appropriated in the FY 2018-19 budget to balance the budget, \$147,270.

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, 2018, assigned fund balance for this purpose was \$26,582.

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 50% of the actual expenditures of the then completed fiscal year.

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - Summary of Significant Accounting Policies (continued)

Fund Balances (continued)

Unassigned Fund Balance (continued)

These funds will be utilized to avoid cash flow interruptions, generate interest income, eliminate the need for short-term borrowing, and maintain the Town's credit ratings. The fund balance may be purposefully drawn down below the target percentage for emergencies, economic influences, non-recurring expenditures, or major capital projects.

If the fund balance falls below the target percentage for two consecutive years, the Town will replenish funds by direct appropriation in the next budget developed for the fiscal year after the occurrence is known. In that instance, the Town will annually appropriate 25% of the difference between the target percentage level and the actual balance until the target level is met. In the event appropriating 25% is not feasible, the Town will appropriate a lesser amount and shall reaffirm by Council resolution its commitment to fully replenish the fund balance over a longer period.

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	\$ 2,709,706
Less:	
Stabilization by State statute	146,368
Streets	-
General Government Capital Reserve Fund	415,228
LEO Separation Allowance	26,582
Fund Balance policy	<u>732,043</u>
Remaining available fund balance	<u>\$ 1,242,235</u>

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

The Capital Reserve Fund is a legally budgeted fund that is consolidated into the General Fund for fund balance reporting purposes under the requirements of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Exhibit 6 presents only the General Fund and Exhibit 4 presents the General Fund and the Capital Reserve Fund consolidated as follows:

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - Summary of Significant Accounting Policies (continued)

Fund Balances (continued)

End of year (Exhibit 6) - June 30	\$ 2,294,498
Capital Reserve Fund:	
Revenues:	
Investment earnings	5,277
Expenditures:	
Transfers in - General Fund	114,110
Transfers out - General Fund	(60,693)
Fund balance:	
Beginning of year - July 1	<u>356,534</u>
End of year (Exhibit 4) - June 30	<u><u>\$ 2,709,726</u></u>

12. Pensions

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

NOTE 2 - Stewardship, Compliance, and Accountability

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

1. Noncompliance with North Carolina General Statutes

None.

2. Contractual Violations

None.

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

None.

C. Excess of Expenditures over Appropriations

None.

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 - Detail Notes on All Funds

A. Assets

1. Deposits

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

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

However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2018, the Town's deposits had a carrying amount of \$370,427 and a bank balance of \$386,232. 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 \$136,232 was covered by collateral held under the Pooling Method. The Town had petty cash of \$1,100 at June 30, 2018.

2. Investments

At June 30, 2018, the Town had \$4,068,062 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, 2018 were as follows:

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 - Detail Notes on All Funds (continued)

Receivables (continued)

	<u>Accounts</u>	<u>Taxes</u>	<u>Total</u>
Governmental Activities:			
General	\$ -	\$ 8,451	\$ 8,451
Wildwood storage receivables	10,041	-	10,041
Other receivables	2,203	-	2,203
Due from other governments	140,292	-	140,292
Allowance for doubtful accounts	(6,168)	(1,601)	(7,769)
Total governmental activities	<u>\$ 146,368</u>	<u>\$ 6,850</u>	<u>\$ 153,218</u>
Business-Type Activities:			
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Accounts	\$ 62,451	\$ 47,952	\$ 110,403
Unbilled receivables	83,190	103,290	186,480
Due from other governments	-	-	-
Allowance for doubtful accounts	(47,352)	(52,402)	(99,754)
Total business-type activities	<u>\$ 98,289</u>	<u>\$ 98,840</u>	<u>\$ 197,129</u>

Due from other governments consisted of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Local option sales tax	\$ 120,777	\$ -
Sales tax refund receivable	11,588	-
Due from Craven County	7,927	-
Total	<u>\$ 140,292</u>	<u>\$ -</u>

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 - Detail Notes on All Funds (continued)

4. Capital Assets

Governmental Activities

Capital assets activity for the year ended June 30, 2018 was as follows:

	<u>June 30, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2018</u>
By Asset Type:				
Non-Depreciable Assets:				
Land	\$ 929,320	\$ -	\$ -	\$ 929,320
Construction in progress	<u>571</u>	<u>43,500</u>	<u>571</u>	<u>43,500</u>
Total non-depreciable assets	<u>929,891</u>	<u>43,500</u>	<u>-</u>	<u>972,820</u>
Depreciable Assets:				
Buildings and improvements	1,741,344	23,577	458,100	1,306,821
Equipment and vehicles	369,793	8,150	-	377,943
Infrastructure	<u>1,770,698</u>	<u>98,768</u>	<u>-</u>	<u>1,869,466</u>
Total depreciable assets	<u>3,881,835</u>	<u>130,495</u>	<u>458,100</u>	<u>3,554,230</u>
Less Accumulated Depreciation:				
Buildings and improvements	1,468,258	24,732	458,100	1,034,890
Equipment and vehicles	288,496	28,102	-	316,598
Infrastructure	<u>442,688</u>	<u>88,012</u>	<u>-</u>	<u>530,700</u>
Total accumulated depreciation	<u>2,199,442</u>	<u>\$ 140,846</u>	<u>\$ 458,100</u>	<u>1,882,188</u>
Depreciable capital assets, net	<u>1,682,393</u>			<u>1,672,042</u>
Total capital assets, net	<u>\$ 2,612,284</u>			<u>\$ 2,644,862</u>

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

Governmental Activities:

General government	\$ 91,550
Public safety	14,085
Transportation	28,169
Cultural and recreational	<u>7,042</u>
Total	<u>\$ 140,846</u>

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 - Detail Notes on All Funds (continued)

Capital Assets (continued)

Business-Type Activities

Capital assets activity for the Water Fund for the year ended June 30, 2018 was as follows:

	<u>June 30, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2018</u>
By Asset Type:				
Non-Depreciable Assets:				
Land	\$ 118,171	\$ -	\$ -	\$ 118,171
Depreciable Assets:				
Plant and distribution system	3,148,654	-	-	3,148,654
Buildings and improvements	4,480	-	-	4,480
Furniture and equipment	143,825	11,001	10,853	143,973
Total depreciable assets	<u>3,296,959</u>	<u>11,001</u>	<u>10,853</u>	<u>3,297,107</u>
Less Accumulated Depreciation:				
Plant and distribution system	2,267,189	102,746	-	2,369,935
Buildings and improvements	784	112	-	896
Furniture and equipment	131,655	4,458	10,853	125,260
Total accumulated depreciation	<u>2,399,628</u>	<u>\$ 107,316</u>	<u>\$ 10,853</u>	<u>2,496,091</u>
Depreciable capital assets, net	<u>897,331</u>			<u>801,016</u>
Total Water capital assets, net	<u>\$ 1,015,502</u>			<u>\$ 919,187</u>

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 - Detail Notes on All Funds (continued)

Capital Assets (continued)

Capital assets activity for the Sewer Fund for the year ended June 30, 2018 was as follows:

	<u>June 30, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2018</u>
By Asset Type:				
Non-Depreciable Assets:				
Land	\$ 65,186	\$ -	\$ -	\$ 65,186
Construction in progress	<u>220,070</u>	<u>-</u>	<u>-</u>	<u>220,070</u>
Total non-depreciable assets	<u>285,256</u>	<u>-</u>	<u>-</u>	<u>285,256</u>
Depreciable Assets:				
Plant and collection system	2,624,265	-	-	2,624,265
Buildings and improvements	4,480	-	-	4,480
Furniture and equipment	<u>134,629</u>	<u>11,000</u>	<u>10,853</u>	<u>134,776</u>
Total depreciable assets	<u>2,763,374</u>	<u>11,000</u>	<u>10,853</u>	<u>2,763,521</u>
Less Accumulated Depreciation:				
Plant and distribution system	1,806,207	88,937	-	1,895,144
Buildings and improvements	784	112	-	896
Furniture and equipment	<u>122,206</u>	<u>4,713</u>	<u>10,853</u>	<u>116,066</u>
Total accumulated depreciation	<u>1,929,197</u>	<u>\$ 93,762</u>	<u>\$ 10,853</u>	<u>2,012,106</u>
Depreciable capital assets, net	<u>834,177</u>			<u>751,415</u>
Total Sewer capital assets, net	<u>\$ 1,119,433</u>			<u>\$ 1,036,671</u>
Total business-type activities				
capital assets, net	<u>\$ 2,134,935</u>			<u>\$ 1,955,858</u>

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2018 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	\$ 2,644,862	\$ 919,187	\$ 1,036,671	\$ 4,600,720
Deferred outflows of resources- refunding	-	43,120	37,235	80,355
Less: Debt related to capital assets	<u>-</u>	<u>(1,177,986)</u>	<u>(1,017,316)</u>	<u>(2,195,302)</u>
Net investment in capital assets	<u>\$ 2,644,862</u>	<u>\$ (215,679)</u>	<u>\$ 56,590</u>	<u>\$ 2,485,773</u>

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 - Detail Notes on All Funds (continued)

B. Liabilities

1. Accounts Payable

Payables at the government-wide level at June 30, 2018, were as follows:

	<u>Vendors</u>
Governmental Activities:	
General	\$ <u>41,575</u>
Business-type Activities:	
Water fund	\$ 5,128
Sewer fund	<u>17,408</u>
Total	<u>\$ 22,536</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.

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, 2018

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, 2018, was 8.25% of compensation for law enforcement officers and 7.50% 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 \$60,527 for the year ended June 30, 2018.

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, 2018, the Town reported a liability of \$221,062 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the Town's proportion was 0.014%, which was a decrease of 0.002% from its proportion measured as of June 30, 2016.

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 - Detail Notes on All Funds (continued)

Local Governmental Employees' Retirement System (continued)

For the year ended June 30, 2018, the Town recognized pension expense of \$77,395. At June 30, 2018, 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	\$ 12,735	\$ 6,258
Changes of assumptions	31,571	-
Net difference between projected and actual earnings on pension plan investments	53,674	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	7,292	7,300
Town contributions subsequent to the measurement date	60,527	-
Total	\$ 165,799	\$ 13,558

The amount of \$60,527 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 13,748
2020	63,282
2021	32,366
2022	(17,682)
2023	-
Thereafter	-
	\$ 91,714

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

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

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 - Detail Notes on All Funds (continued)

Local Governmental Employees' Retirement System (continued)

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

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

Future ad hoc COLA amounts are not considered 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, 2018

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 7.20%. 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 7.20 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 (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Town's proportionate share of the net pension liability (asset)	\$ 663,632	\$ 221,062	\$ (148,345)

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

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

The Town administers a public employee retirement system (the *Separation Allowance*). A single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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	2.0 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount	3.16 percent

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

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

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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 \$31,558, 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 \$30,564 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, 2018, the Town reported a total pension liability of 111,227. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing procedures incorporating the actuarial assumption. For the year ended June 30, 2018 the Town recognized pension expense of \$7,864.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 14,587
Changes of assumptions	5,986	917
Town benefit and plan administrative expense made subsequent to the measurement date	31,558	-
Total	<u>\$ 37,544</u>	<u>\$ 15,504</u>

\$37,544 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, 2019. 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:

2019	\$ 2,100
2020	2,100
2021	1,786
2022	0
2023	0
Thereafter	0
	<u>\$ 5,986</u>

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 - Detail Notes on All Funds (continued)

Law Enforcement Officers' Special Separation Allowance (continued)

\$30,564 paid as benefits came due subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 3.16 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 (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Town's proportionate share of the net pension liability (asset)	\$ 117,896	\$ 111,227	\$ 105,155

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

	2018
Beginning balance	\$ 143,109
Service cost	5,367
Interest on the total pension liability	4,934
Changes of benefit terms	-
Difference between expected and actuarial experience	(19,705)
Changes of assumptions and other inputs	8,086
Benefit payments	(30,564)
Other	-
Ending balance of the total pension liability	<u>\$ 111,227</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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 - Detail Notes on All Funds (continued)

Law Enforcement Officers' Special Separation Allowance (continued)

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 77,395	\$ 7,864	\$ 85,259
Pension Liability	221,062	111,227	332,289
Proportionate share of the net pension liability	0.01447%	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	12,735	-	12,735
Changes of assumptions	31,571	5,986	37,557
Net difference between projected and actual earnings on plan investments	53,674	-	53,674
Changes in proportion and differences between contributions and proportionate share of contributions	7,292	-	7,292
Benefit payments and administrative costs paid subsequent to the measurement date	60,527	31,558	92,085
Deferred Inflows of Resources			
Differences between expected and actual experience	6,258	14,587	20,845
Changes of assumptions	-	917	917
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	7,300	-	7,300

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, 2018

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 \$11,729 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, 2018, the Town contributed to the State for death benefits of \$328. 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, 2018

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 \$80,355. The second item included in deferred outflows of resources is contributions to the pension plan in the current fiscal year and totals \$92,085. The final item included in deferred outflows of resources is pension deferrals and totals \$111,258. Of that amount \$5,986 are benefit payments made for the LEOSA subsequent to the measurement date. The remaining \$105,272 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)	\$ 6,850
Pension deferrals	\$ 60,614

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, 2018

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, 2018 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%

\$1,124,163

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%

\$970,837

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

Year Ending June	Serviced by the Water Fund			Serviced by the Sewer Fund		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 118,056	\$ 27,502	\$ 145,558	\$ 101,944	\$ 23,748	\$ 125,692
2020	120,739	25,140	145,879	104,261	21,710	125,971
2021	126,105	22,726	148,831	108,895	19,624	128,519
2022	128,788	20,204	148,992	111,212	17,446	128,658
2023	128,788	17,628	146,416	111,212	15,222	126,434
2024-2027	501,687	37,670	539,357	433,313	32,530	465,843
Total	<u>\$ 1,124,163</u>	<u>\$ 150,870</u>	<u>\$ 1,275,033</u>	<u>\$ 970,837</u>	<u>\$ 130,280</u>	<u>\$ 1,101,117</u>

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 - Detail Notes on All Funds (continued)

Long-Term Obligations (continued)

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, 2018, the Town's legal debt margin was approximately \$23,000,000.

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, 2018, the remaining unamortized balances for the refunding charge and premium were \$80,355 and \$100,302, respectively.

d. Changes in Long-Term Liabilities

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

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Current Portion
Compensated Absences	\$ 27,819	\$ 8,501	\$ -	\$ 36,320	\$ 30,872
Net pension liability (LGERS)	235,090	-	68,011	167,079	-
Total pension liability (LEO)	143,109	-	31,882	111,227	-
	<u>\$ 406,018</u>	<u>\$ 8,501</u>	<u>\$ 99,893</u>	<u>\$ 314,626</u>	<u>\$ 30,872</u>

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 - Detail Notes on All Funds (continued)

Long-Term Obligations (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 July 1, 2017	Increases	Decreases	Balance June 30, 2018	Current Portion
General Obligation Bonds	\$ 1,239,537	\$ -	\$ 115,372	\$ 1,124,165	\$ 118,056
Unamortized premium on bonds	59,801	-	5,980	53,821	5,980
Compensated Absences	7,542	802	-	8,344	6,258
Net pension liability (LGERS)	31,985	-	6,475	25,510	-
Total Water Fund	1,338,865	802	127,827	1,211,840	130,294
General Obligation Bonds	1,070,463	-	99,628	970,835	101,944
Unamortized premium on bonds	51,645	-	5,164	46,481	5,164
Compensated Absences	7,780	912	-	8,692	6,519
Net pension liability (LGERS)	36,419	-	7,946	28,473	-
Total Sewer Fund	1,166,307	912	112,738	1,054,481	113,627
Total Business-Type Activities	\$ 2,505,172	\$ 1,714	\$ 240,565	\$ 2,266,321	\$ 243,921

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 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.

TOWN OF RIVER BEND, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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, 2018, the Water Fund and the Sewer Fund each reimbursed the General Fund \$80,068 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, 2018, the General Fund reimbursed the Water Fund and the Sewer Fund \$33,405 each, in accordance with the Town's indirect cost plan. The reimbursement was reported as expenditures in the General Fund and as a reduction of expenses in the Water Fund and the Sewer Fund.

NOTE 6 - Subsequent Events

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

NOTE 7 – Continuing Obligations

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

The Town entered into a contract with Cintas Corporation for uniform services. The contract agrees that the Town will pay an average cost of \$8,000 per year until July 18, 2019.

The Town entered into a contract with Karen Dorothy, LLC for office space for the Red Caboose Library. The contract agrees that the Town will pay \$750 per month until October 31, 2018.

The Town entered into a contract with VC3, Inc. for Virtual Office services and security. The contract agrees that the Town will pay \$43,000 per year until July 1, 2019. The Town entered into a contract with VC3, Inc. for cloud based and voice solutions. The Town will pay \$5,500 per year until January 31, 2023.

NOTE 8 – Transfers

The General Fund transferred \$114,110 to the Capital Reserve Fund, and the Capital Reserve Fund transferred \$60,693 to the General Fund. These funds were allocated for capital acquisitions.



REQUIRED SUPPLEMENTAL FINANCIAL DATA

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 FIVE FISCAL YEARS*

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
River Bend's proportion of the net pension liability (asset) (%)	0.01447%	0.01430%	0.01268%	0.01409%	0.0128%
River Bend's proportion of the net pension liability (asset) (\$)	\$ 221,062	\$ 303,494	\$ 56,906	\$ (83,096)	\$ 154,289
River Bend's covered-employee payroll	\$ 798,855	\$ 810,291	\$ 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	27.67%	37.45%	7.09%	(10.68%)	20.77%
Plan fiduciary net position as a percentage of the total pension liability	94.18%	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 FIVE FISCAL YEARS

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 60,527	\$ 59,842	\$ 55,392	\$ 57,802	\$ 55,585
Contributions in relation to the contractually required contribution	<u>60,527</u>	<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>	<u>\$ -</u>
Town of River Bend's covered-employee payroll	\$ 783,565	\$ 798,855	\$ 810,291	\$ 803,165	\$ 777,738
Contributions as a percentage of covered-employee payroll	7.72%	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, 2018

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

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

TOWN OF RIVER BEND, NORTH CAROLINA

SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
 LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
 REQUIRED SUPPLEMENTARY INFORMATION
 JUNE 30, 2018

	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 111,227	\$ 143,109
Covered payroll	293,489	306,026
Total pension liability as a percentage of covered payroll	37.90%	46.76%

Notes to the Schedules:

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

GENERAL FUND

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



TOWN OF RIVER BEND, NORTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Capital Reserve Fund	Eliminations	Total General Fund
Revenues:				
Ad valorem taxes	\$ 870,529	\$ -	\$ -	\$ 870,529
Other taxes and licenses	464,930	-	-	464,930
Unrestricted intergovernmental revenues	190,433	-	-	190,433
Restricted intergovernmental revenues	91,315	-	-	91,315
Permits and fees	7,587	-	-	7,587
Sales and services	59,421	-	-	59,421
Investments earnings	21,267	5,277	-	26,544
Miscellaneous	-	-	-	-
Total revenues	<u>1,705,482</u>	<u>5,277</u>	<u>-</u>	<u>1,710,759</u>
Expenditures:				
Current:				
General government	586,083	-	-	586,083
Public safety	456,309	-	-	456,309
Transportation	308,556	-	-	308,556
Environmental protection	67,251	-	-	67,251
Cultural and Recreation	45,886	-	-	45,886
Total expenditures	<u>1,464,085</u>	<u>-</u>	<u>-</u>	<u>1,464,085</u>
Revenue over (under) expenditures	<u>241,397</u>	<u>5,277</u>	<u>-</u>	<u>246,674</u>
Other Financing Sources (Uses):				
Transfers out	85,693	114,110	(199,803)	-
Transfers in	(139,110)	(60,693)	199,803	-
Total other financing sources (uses)	<u>(53,417)</u>	<u>53,417</u>	<u>-</u>	<u>-</u>
Net change in fund balance	187,980	58,694	-	246,674
Fund Balances:				
Beginning of year - July 1, as previously reported	<u>2,106,518</u>	<u>356,534</u>	<u>-</u>	<u>2,463,052</u>
End of year - June 30	<u>\$ 2,294,498</u>	<u>\$ 415,228</u>	<u>\$ -</u>	<u>\$ 2,709,726</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, 2018

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

	2018			2017
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 863,704	\$ 870,529	\$ 6,825	\$ 926,035
Other Taxes and Licenses:				
Local option sales tax	328,413	349,934	21,521	320,539
Hold harmless tax	94,200	101,416	7,216	97,320
Telecommunications sales tax	15,500	13,580	(1,920)	15,907
Total other taxes and licenses	438,113	464,930	26,817	433,766
Unrestricted Intergovernmental Revenues:				
Utility franchise tax	119,000	118,750	(250)	117,963
Video programming	60,800	58,438	(2,362)	60,373
Beer and wine tax	13,300	13,245	(55)	13,864
Total unrestricted intergovernmental revenues	193,100	190,433	(2,667)	192,200
Restricted Intergovernmental Revenues:				
Federal and State grants	-	-	-	17,635
Solid waste disposal tax	2,000	2,089	89	2,061
Powell Bill allocation	90,000	89,226	(774)	88,873
Total restricted intergovernmental revenues	92,000	91,315	(685)	108,569
Permits and Fees:				
Zoning permits	2,500	3,881	1,381	4,941
Animal licenses	2,400	3,297	897	3,121
Court cost fees	850	409	(441)	612
Total permits and fees	5,750	7,587	1,837	8,674
Sales and Services:				
Rents and concessions	48,680	45,347	(3,333)	62,015
Contributions and refunds	1,200	1,125	(75)	3,678
Miscellaneous	12,000	12,949	949	8,564
Total sales and services	61,880	59,421	(2,459)	74,257

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, 2018

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

	2018			2017
	Final Budget	Actual	Variance Over/Under	Actual
Investments Earnings	14,892	21,267	6,375	7,184
Miscellaneous Revenue	-	-	-	5,589
Total revenues	1,669,439	1,705,482	36,043	1,756,274
Expenditures:				
General Government:				
Governing Body:				
Salaries and benefits	29,250	24,155	5,095	18,557
Other operating expenditures	10,754	8,407	2,347	10,469
Salaries allocated to Water and Sewer	(8,451)	(8,450)	(1)	(8,450)
Total governing body	31,553	24,112	7,441	20,576
Administration:				
Salaries and benefits	206,225	214,495	(8,270)	210,217
Other operating expenditures	78,328	67,983	10,345	70,787
Salaries allocated to Water and Sewer	(51,165)	(51,164)	(1)	(51,090)
Total administration	233,388	231,314	2,074	229,914
Finance:				
Salaries and benefits	90,029	91,401	(1,372)	90,595
Other operating expenditures	57,842	54,468	3,374	53,707
Salaries allocated to Water and Sewer	(44,998)	(44,998)	-	(44,578)
Total finance	102,873	100,871	2,002	99,724
Tax Listing:				
Contracted services	12,182	11,191	991	12,084
Legal:				
Professional services	36,000	28,710	7,290	9,335
Elections:				
Contracted services	8,500	4,631	3,869	-

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, 2018

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

	2018			2017
	Final Budget	Actual	Variance Over/Under	Actual
Public Buildings:				
Salaries and benefits	14,903	13,566	1,337	14,090
Other operating expenditures	137,455	112,963	24,492	50,161
Capital outlay	25,763	24,776	987	-
Total public buildings	178,121	151,305	26,816	64,251
Central Services - Planning:				
Salaries and benefits	52,956	51,455	1,501	65,081
Other operating expenditures	7,759	3,676	4,083	2,579
Salaries allocated to Water and Sewer	(21,182)	(21,182)	-	(23,856)
Total central services - planning	39,533	33,949	5,584	43,804
Total general government	642,150	586,083	56,067	479,688
Public Safety:				
Police:				
Salaries and benefits	375,191	348,077	27,114	421,420
Other operating expenditures	119,254	100,817	18,437	46,739
Salaries allocated to Water and Sewer	(4,222)	(4,222)	-	(4,272)
Capital outlay	-	-	-	25,337
Total police	490,223	444,672	45,551	489,224
Animal Control:				
Salaries and benefits	14,168	11,482	2,686	14,371
Other operating expenditures	1,014	3,167	(2,153)	105
Salaries allocated to Water and Sewer	(3,012)	(3,012)	-	(3,030)
Total animal control	12,170	11,637	533	11,446
Total public safety	502,393	456,309	46,084	500,670
Transportation:				
Powell Bill:				
Salaries and benefits	35,419	36,211	(792)	35,944
Other operating expenditures	14,300	12,651	1,649	17,070
Salaries allocated to Water and Sewer	(7,530)	(7,530)	-	(7,574)
Contracted services	1,354	5,611	(4,257)	6,300
Capital outlay	111,932	98,768	13,164	111,725
Total Powell Bill	155,475	145,711	9,764	163,465

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, 2018

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

	2018			2017
	Final Budget	Actual	Variance Over/Under	Actual
Non-Powell Bill:				
Salaries and benefits	51,692	50,701	991	50,322
Other operating expenditures	18,787	17,842	945	60,322
Salaries allocated to Water and Sewer	(10,542)	(10,542)	-	(10,604)
Utilities	39,000	38,184	816	38,334
Contracted services	26,704	23,731	2,973	1,191
Capital outlay	44,196	42,929	1,267	20,423
Total Non-Powell Bill	169,837	162,845	6,992	159,988
 Total transportation	 325,312	 308,556	 16,756	 323,453
Environmental Protection:				
Salaries and benefits	27,251	21,724	5,527	21,572
Other operating expenditures	44,684	33,092	11,592	62,736
Salaries allocated to Water and Sewer	(4,518)	(4,518)	-	(4,544)
Contracted services	18,793	10,002	8,791	815
Capital outlay	20,000	6,951	13,049	19,566
Total environmental protection	106,210	67,251	38,959	100,145
 Parks & Recreation:				
Salaries and benefits	27,111	28,766	(1,655)	25,579
Other operating expenditures	20,057	16,978	3,079	17,349
Salaries allocated to Water and Sewer	(4,518)	(4,518)	-	(4,544)
Contracted services	9,720	4,660	5,060	1,604
Total parks & recreation	52,370	45,886	6,484	39,988
 Total expenditures	 1,628,435	 1,464,085	 164,350	 1,443,944
 Revenue over (under) expenditures	 41,004	 241,397	 200,393	 312,330

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, 2018

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

	<u>2018</u>			<u>2017</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Other Financing Sources (Uses):				
Transfers from other funds	60,693	85,693	25,000	99,000
Transfers to other funds	(139,110)	(139,110)	-	(175,052)
Sale of capital assets	-	-	-	6,901
Contingency	(10,379)	-	10,379	-
Appropriated fund balance	<u>47,792</u>	<u>-</u>	<u>(47,792)</u>	<u>-</u>
Total other financing sources (uses)	<u>(41,004)</u>	<u>(53,417)</u>	<u>(12,413)</u>	<u>(69,151)</u>
Net change in fund balance	<u>\$ -</u>	187,980	<u>\$ 187,980</u>	243,179
Fund Balance:				
Beginning of year - July 1		2,106,518		1,863,339
End of year - June 30		<u>\$ 2,294,498</u>		<u>\$ 2,106,518</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, 2018

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

	<u>2018</u>			<u>2017</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Investment income	\$ 1,150	\$ 5,277	\$ 4,127	\$ 1,828
Other Financing Sources (Uses):				
Transfers out	(60,693)	(60,693)	-	(99,000)
Transfers in	114,110	114,110	-	175,052
Contingency	(54,567)	-	54,567	-
Total other financing sources (uses)	(1,150)	53,417	54,567	76,052
Net change in fund balance	\$ -	58,694	\$ 58,694	77,880
Fund Balance:				
Beginning of year - July 1		356,534		278,654
End of year - June 30		\$ 415,228		\$ 356,534



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, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017**

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating Revenues:				
Charges for services	\$ 521,215	\$ 520,427	\$ (788)	\$ 522,780
Water taps	1,250	2,500	1,250	5,250
Other operating revenues	17,120	18,095	975	17,216
Total operating revenues	<u>539,585</u>	<u>541,022</u>	<u>1,437</u>	<u>545,246</u>
Non-Operating Revenues:				
Interest earnings	3,536	11,744	8,208	4,190
Miscellaneous	-	-	-	-
Total non-operating revenues	<u>3,536</u>	<u>11,744</u>	<u>8,208</u>	<u>4,190</u>
Total revenues	<u>543,121</u>	<u>552,766</u>	<u>9,645</u>	<u>549,436</u>
Expenditures:				
Water Administration:				
Salaries and benefits	131,183	132,077	(894)	130,754
Allocated costs reimbursed by General Fund	(33,404)	(33,405)	1	(33,238)
Operating expenses	144,601	129,339	15,262	139,225
Repairs and maintenance	9,000	9,000	-	8,323
Capital outlay	15,500	11,001	4,499	14,041
Total administration	<u>266,880</u>	<u>248,012</u>	<u>18,868</u>	<u>259,105</u>
Water Operations:				
Operating expenses	70,154	32,226	37,928	40,914
Repairs and maintenance	25,616	25,615	1	27,792
Capital outlay	13,000	-	13,000	-
Total operations	<u>108,770</u>	<u>57,841</u>	<u>50,929</u>	<u>68,706</u>
Debt Service:				
Principal repayment	115,372	115,372	-	115,372
Interest	29,809	29,809	-	32,116
Other costs	-	-	-	-
Total debt service	<u>145,181</u>	<u>145,181</u>	<u>-</u>	<u>147,488</u>
Total expenditures	<u>520,831</u>	<u>451,034</u>	<u>69,797</u>	<u>475,299</u>

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, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2018</u>			<u>2017</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenue over (under) expenditures	<u>22,290</u>	<u>101,732</u>	<u>79,442</u>	<u>74,137</u>
Other Financing Sources (Uses):				
Sale of capital assets	1,500	1,400	(100)	2,953
Transfers from (to) other funds	(23,790)	-	23,790	-
Appropriated fund balance (contingency)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(22,290)</u>	<u>1,400</u>	<u>23,690</u>	<u>2,953</u>
Revenue and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>103,132</u>	<u>\$ 103,132</u>	<u>\$ 77,090</u>

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

Reconciling items:

Depreciation	(107,316)
Amortization	1,189
Capital outlay	11,001
Repayment of long-term debt principal	115,372
(Increase) decrease in compensated absences	(912)
Increase in deferred outflows of resources - pensions	(9,926)
Increase in net pension liability	(6,474)
Decrease in deferred inflows of resources - pensions	<u>1,578</u>
Change in net position	<u>\$ 107,644</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, 2018

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

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating Revenues:				
Charges for services	\$ 626,764	\$ 631,952	\$ 5,188	\$ 625,454
Sewer taps	1,250	2,500	1,250	2,500
Other operating revenues	7,800	8,253	453	8,100
Total operating revenues	635,814	642,705	6,891	636,054
Non-Operating Revenues:				
Interest earnings	2,859	8,145	5,286	2,549
Miscellaneous	-	-	-	-
Total non-operating revenues	2,859	8,145	5,286	2,549
Total revenues	638,673	650,850	12,177	638,603
Expenditures:				
Sewer Administration:				
Salaries and benefits	146,074	150,425	(4,351)	144,243
Allocated costs reimbursed by General Fund	(33,404)	(33,405)	1	(33,237)
Operating expenses	142,999	125,470	17,529	139,220
Repairs and maintenance	9,750	9,000	750	4,803
Capital outlay	12,000	11,000	1,000	14,041
Total administration	277,419	262,490	14,929	269,070
Sewer Operations:				
Operating expenses	119,785	65,256	54,529	74,559
Repairs and maintenance	39,600	35,716	3,884	44,869
Capital outlay	15,000	-	15,000	-
Total operations	174,385	100,972	73,413	119,428
Debt Service:				
Principal repayment	99,628	99,628	-	99,628
Interest	25,741	25,741	-	27,734
Other costs	-	-	-	-
Total debt service	125,369	125,369	-	127,362
Total expenditures	577,173	488,831	88,342	515,860

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, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2018</u>			<u>2017</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenue over (under) expenditures	<u>61,500</u>	<u>162,019</u>	<u>100,519</u>	<u>122,743</u>
Other Financing Sources (Uses):				
Sale of capital assets	1,500	1,400	(100)	2,953
Transfers from (to) other funds	(63,000)		63,000	-
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(61,500)</u>	<u>1,400</u>	<u>62,900</u>	<u>2,953</u>
Revenue and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>163,419</u>	<u>\$ 163,419</u>	<u>\$ 125,696</u>

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

Reconciling items:

Depreciation	(93,762)
Amortization	1,026
Capital outlay	11,000
Repayment of long-term debt principal	99,628
(Increase) decrease in compensated absences	(912)
Increase in deferred outflows of resources - pensions	(14,402)
Increase in net pension liability	7,946
Decrease in deferred inflows of resources - pensions	<u>(10)</u>

Change in net position \$ 173,933

SUPPLEMENTARY FINANCIAL DATA

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, 2018

Fiscal Year June 30	Uncollected Balance July 1, 2017	Additions	Collections and Credits	Uncollected Balance June 30, 2018
2017-2018	\$ -	\$ 870,939	\$ 866,556	\$ 4,383
2016-2017	2,980	-	2,734	246
2015-2016	375	-	181	194
2014-2015	189	-	-	189
2013-2014	465	-	4	461
2012-2013	748	-	4	744
2011-2012	730	-	-	730
2010-2011	533	-	87	446
2009-2010	589	-	-	589
2008-2009	469	-	-	469
2007-2008	747	-	747	-
Total	<u>\$ 7,825</u>	<u>\$ 870,939</u>	<u>\$ 870,313</u>	<u>\$ 8,451</u>
Less: allowance for uncollectible ad valorem taxes receivable:				<u>(1,601)</u>
Ad valorem taxes receivable, net				<u>\$ 6,850</u>
Reconciliation of Collections and Credits with Revenues:				
Ad valorem taxes - General Fund			\$ 870,529	
Taxes written off, statute of limitations			749	
Miscellaneous adjustments			<u>(965)</u>	
Total collections and credits			<u>\$ 870,313</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	\$ 300,025,741	\$ 0.2900	\$ 870,075	\$ 778,890	\$ 91,185
Discoveries	337,759	\$ 0.2900	980	980	-
Abatements	(40,159)	\$ 0.2900	(116)	(116)	-
Total property valuation	<u>300,323,341</u>				
Net Levy			870,939	779,754	91,185
Uncollected taxes at June 30, 2014			(4,383)	(4,383)	-
Current Year's Taxes Collected			<u>\$ 866,556</u>	<u>\$ 775,371</u>	<u>\$ 91,185</u>
Current Levy Collection Percentage			<u>99.50%</u>	<u>99.44%</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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net Investment in Capital Assets	\$ 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	2,644,862
Restricted	1,432	31,187	89,296	151,533	115,098	139,611	144,785	138,198	129,245	146,368
Unrestricted	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	2,361,134
Total Governmental Activities Net Position	2,736,634	2,896,188	3,214,328	3,555,923	3,889,495	4,095,042	4,322,133	4,698,070	4,857,109	5,152,364
Business-Type Activities										
Net Investment in Capital Assets	(713,360)	(724,167)	(730,646)	(495,050)	(791,348)	(687,217)	(417,397)	(245,853)	(197,227)	(159,089)
Restricted										
Unrestricted	820,790	774,247	995,724	932,910	1,287,220	1,460,573	1,436,045	1,510,835	1,705,299	1,948,738
Total Business-type Activities Net Position	107,430	50,080	265,078	437,860	495,872	773,356	1,018,648	1,264,982	1,508,072	1,789,649
Primary Government										
Net Investment in Capital Assets	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	2,485,773
Restricted	1,432	31,187	89,296	151,533	115,098	139,611	144,785	138,198	129,245	146,368
Unrestricted	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	4,309,872
Total Primary Government Net Position	2,844,064	2,946,268	3,479,406	3,993,783	4,385,367	4,868,398	5,340,781	5,963,052	6,365,181	6,942,013

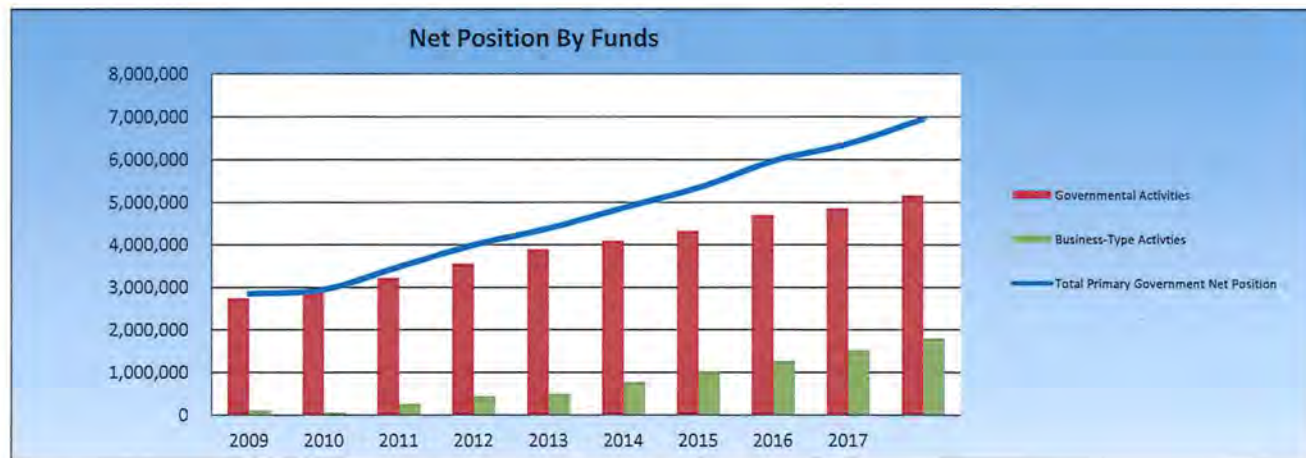


TABLE 2
TOWN OF RIVER BEND, NORTH CAROLINA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities:										
General Government	\$ 467,913	\$ 501,046	\$ 492,988	\$ 531,899	\$ 557,376	\$ 617,455	\$ 531,640	\$ 567,114	\$ 615,785	\$ 687,079
Public Safety	384,117	404,431	418,392	643,318	472,581	522,568	494,107	496,151	459,255	426,631
Transportation	326,031	162,517	172,681	193,329	188,420	206,270	210,594	211,497	214,804	190,723
Environmental Protection	154,148	49,194	51,301	45,227	51,972	51,960	84,328	65,071	79,573	59,221
Cultural and Recreational	34,709	39,715	40,268	41,676	44,149	49,876	52,512	45,448	45,638	51,850
Interest on Long-Term Debt	6,668	2,795	525	-	-	-	-	-	-	-
Total Governmental Activities	<u>1,373,586</u>	<u>1,159,698</u>	<u>1,176,155</u>	<u>1,455,449</u>	<u>1,314,499</u>	<u>1,448,129</u>	<u>1,373,181</u>	<u>1,385,281</u>	<u>1,415,055</u>	<u>1,415,504</u>
Business-Type Activities:										
Water	632,884	583,940	505,453	499,053	537,884	439,060	426,220	431,291	452,844	446,522
Sewer	544,872	575,616	521,159	535,959	600,186	477,208	461,629	483,761	498,011	478,317
Total Business-Type Activities	<u>1,177,756</u>	<u>1,159,556</u>	<u>1,026,612</u>	<u>1,035,012</u>	<u>1,138,070</u>	<u>916,268</u>	<u>887,849</u>	<u>915,052</u>	<u>950,855</u>	<u>924,839</u>
Total Primary Government Expenses	<u>\$ 2,551,342</u>	<u>\$ 2,319,254</u>	<u>\$ 2,202,767</u>	<u>\$ 2,490,461</u>	<u>\$ 2,452,569</u>	<u>\$ 2,364,397</u>	<u>\$ 2,261,030</u>	<u>\$ 2,300,333</u>	<u>\$ 2,365,910</u>	<u>\$ 2,340,343</u>
Program Revenue										
Governmental Activities:										
Charges for Services										
General Government	138,440	112,903	86,110	78,215	81,018	86,957	80,935	71,544	79,198	63,302
Public Safety	6,033	200	117	234	480	1,266	3,615	3,586	3,733	3,706
Environmental protection	-	2,152	-	2,147	1,975	1,755	1,980	1,964	2,061	2,089
Operating Grants and Contributions										
General Government	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	199,652	636	367	338	-	17,636	-
Environmental protection	926	-	-	-	-	-	-	-	-	-
Transportation	97,215	86,525	87,854	90,479	93,318	93,909	92,300	90,502	88,873	89,226
Cultural and Recreational	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	<u>252,614</u>	<u>234,313</u>	<u>180,761</u>	<u>370,727</u>	<u>232,519</u>	<u>197,526</u>	<u>179,308</u>	<u>167,596</u>	<u>191,501</u>	<u>158,323</u>
Business-Type Activities:										
Charges for Services - Water	579,459	573,250	609,163	603,094	611,303	591,985	531,268	534,842	545,246	541,022
Charges for Services - Sewer	531,017	522,666	630,247	601,786	596,143	597,489	623,644	624,112	636,054	642,705
Operating Grants and Contributions	-	5,491	1,488	2,489	5,410	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenue	<u>1,110,476</u>	<u>1,101,407</u>	<u>1,240,898</u>	<u>1,207,369</u>	<u>1,212,856</u>	<u>1,189,474</u>	<u>1,154,912</u>	<u>1,158,954</u>	<u>1,181,300</u>	<u>1,183,727</u>
Total Primary Government Revenues	<u>\$ 1,363,090</u>	<u>\$ 1,335,720</u>	<u>\$ 1,421,659</u>	<u>\$ 1,578,096</u>	<u>\$ 1,445,375</u>	<u>\$ 1,387,000</u>	<u>\$ 1,334,220</u>	<u>\$ 1,326,550</u>	<u>\$ 1,372,801</u>	<u>\$ 1,342,050</u>
Net (Expense) Revenue										
Governmental Activities	(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)	(1,257,181)
Business-Type Activities	(67,280)	(58,149)	214,286	172,357	74,786	273,206	267,063	243,902	230,445	258,888
Total Primary Government Net Expense	<u>\$ (1,188,252)</u>	<u>\$ (983,534)</u>	<u>\$ (781,108)</u>	<u>\$ (912,365)</u>	<u>\$ (1,007,194)</u>	<u>\$ (977,397)</u>	<u>\$ (926,810)</u>	<u>\$ (973,783)</u>	<u>\$ (993,109)</u>	<u>\$ (998,293)</u>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes, levied for general purpose	680,260	669,688	877,172	876,418	879,221	907,885	889,746	892,127	926,553	870,529
Local Option Sales Tax	253,044	289,062	278,696	373,886	369,175	371,846	394,208	411,712	417,859	451,350
Other Taxes and Licenses	168,304	124,666	156,511	175,331	166,530	176,176	212,617	211,163	208,107	204,013
Grants and Contributions not Restricted to Specific Programs										
Investment Earnings, unrestricted	11,928	1,523	1,155	682	626	243	394	3,689	9,012	26,544
Miscellaneous, unrestricted	900	-	-	-	-	-	-	8,331	12,490	-
Total Governmental Activities	1,114,436	1,084,939	1,313,534	1,426,317	1,415,552	1,456,150	1,496,965	1,527,022	1,574,021	1,552,436
Business-Type Activities:										
Investment Earnings, unrestricted	7,747	799	712	425	335	98	190	2,377	6,739	19,889
Miscellaneous, unrestricted	-	-	-	-	-	4,180	742	55	5,906	2,800
Total Business Type Revenues	7,747	799	712	425	335	4,278	932	2,432	12,645	22,689
Total Primary Government	\$ 1,122,183	\$ 1,085,738	\$ 1,314,246	\$ 1,426,742	\$ 1,415,887	\$ 1,460,428	\$ 1,497,897	\$ 1,529,454	\$ 1,586,666	\$ 1,575,125
Change in Net Position										
Governmental Activities	(6,536)	159,554	318,140	341,595	333,572	205,547	303,092	309,337	350,467	295,255
Business-Type Activities	(59,533)	(57,350)	214,998	172,782	75,121	277,484	267,995	246,334	243,090	281,577
Total Primary Government Change in Net Position	\$ (66,069)	\$ 102,204	\$ 533,138	\$ 514,377	\$ 408,693	\$ 483,031	\$ 571,087	\$ 555,671	\$ 593,557	\$ 576,832

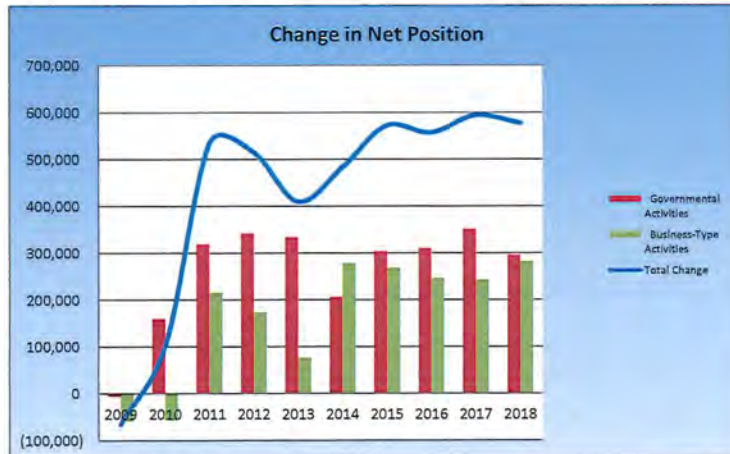


TABLE 3
TOWN OF RIVER BEND, NORTH CAROLINA
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Non-Spendable:										
Prepaid Items	8,935	10,988	10,292	9,315	2,958	3,619	-	-	-	-
Restricted:										
Streets	1	31,187	-	-	-	-	-	-	-	-
Stabilization by State Statute	81,331	81,071	89,296	151,533	115,098	139,611	144,785	138,198	129,245	146,368
Assigned:										
Subsequent years' expenditures	50,160	-	-	-	6,144	97,322	77,029	46,729	-	147,270
Law Enforcement Separation Allowance Fund									36,064	26,582
Unassigned	662,079	792,592	956,829	1,096,091	1,240,360	1,287,611	1,432,625	1,678,409	1,941,209	1,974,278
Total General Fund	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	2,294,498
Other Governmental Funds										
Committed										
General Government Capital Outlay	158,706	114,214	137,598	223,224	312,155	228,892	257,594	278,654	356,534	415,228
Total Other Governmental Funds	158,706	114,214	137,598	223,224	312,155	228,892	257,594	278,654	356,534	415,228
Total Governmental Funds	\$ 870,945	\$ 906,806	\$ 1,194,015	\$ 1,480,163	\$ 1,676,715	\$ 1,757,055	\$ 1,912,033	\$ 2,141,990	\$ 2,463,052	\$ 2,709,726

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

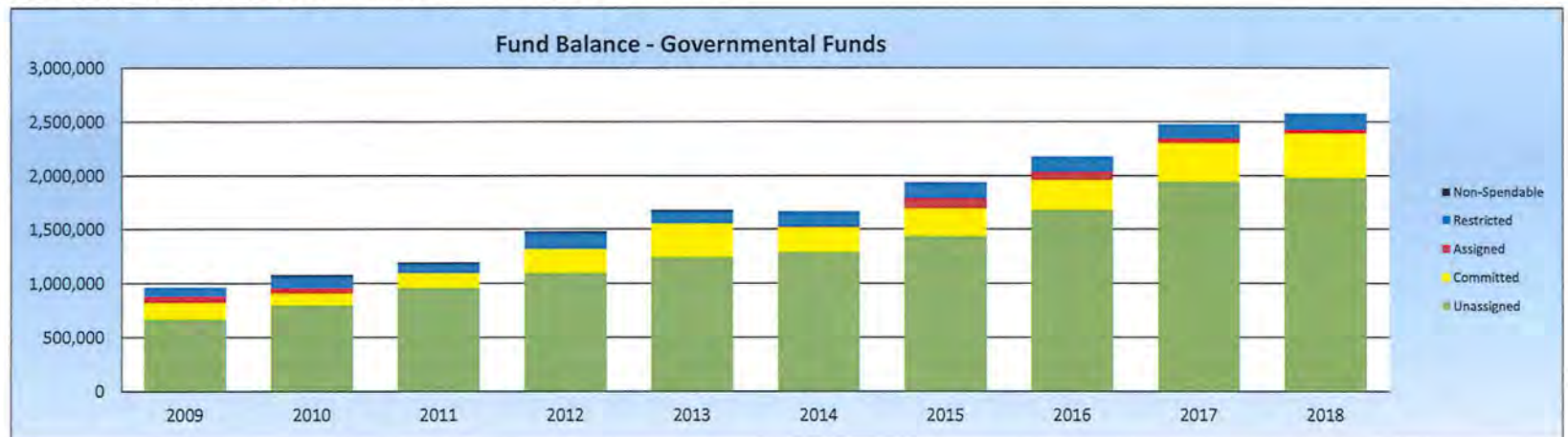


TABLE 4
TOWN OF RIVER BEND, NORTH CAROLINA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Ad Valorem Taxes	\$ 681,014	\$ 667,826	\$ 875,264	882,943	874,300	918,326	891,577	891,338	926,035	870,529
Other Taxes and Licenses	289,347	289,924	296,192	374,978	380,440	387,091	413,408	427,023	433,766	464,930
Unrestricted Intergovernmental	132,001	123,804	139,015	174,239	155,265	160,931	193,417	195,852	192,200	190,433
Restricted Intergovernmental	108,141	121,210	94,534	276,458	150,557	109,303	94,758	92,466	108,569	91,315
Permits and Fees	6,033	4,557	5,802	8,843	4,304	7,189	6,311	7,227	8,674	7,587
Sales and Services	139,340	110,382	80,425	79,458	77,658	81,034	78,240	67,903	74,257	59,421
Investment Earnings	11,928	1,523	1,155	682	626	243	394	3,689	9,012	26,544
Miscellaneous	-	-	-	-	-	-	-	2,381	5,589	-
Total Revenues	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	1,710,759
Expenditures										
Current										
General Government	516,278	437,023	438,331	453,655	473,771	527,309	473,932	477,398	479,688	561,307
Public Safety	373,839	399,050	429,441	667,012	483,414	538,998	506,223	500,640	475,333	456,309
Transportation	305,288	200,523	319,237	274,881	303,089	368,962	336,878	190,469	191,305	166,859
Environmental Protection	154,148	49,194	62,279	60,186	67,764	97,760	158,122	66,053	80,579	60,300
Cultural and Recreational	46,215	84,823	41,482	55,719	118,560	50,748	47,972	40,371	39,988	45,886
Capital Projects	-	-	-	-	-	-	-	255,541	177,051	173,424
Debt Service										
Principal	91,852	76,979	37,129	-	-	-	-	-	-	-
Interest	6,668	2,729	525	-	-	-	-	-	-	-
Total Expenditures	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	1,464,085
Revenues Over (Under) Expenditures	\$ (126,484)	\$ 68,905	\$ 163,963	\$ 286,148	\$ 196,552	\$ 80,340	\$ 154,978	\$ 157,407	\$ 314,158	\$ 246,674
Other Financing Sources (Uses)										
Transfers to Other Funds	(122,935)	(149,163)	(153,800)	(127,500)	(108,000)	(105,000)	(105,000)	(461,553)	(274,052)	(199,803)
Transfers from Other Funds	122,935	149,163	153,800	127,500	108,000	105,000	105,000	461,553	274,052	199,803
Installment Purchase Obligations Issued	-	-	-	-	-	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-	-	-	5,950	6,901	-
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,950	\$ 6,901	\$ -
Net Change in Fund Balance	\$ (126,484)	\$ 68,905	\$ 163,963	\$ 286,148	\$ 196,552	\$ 80,340	\$ 154,978	\$ 163,357	\$ 321,059	\$ 246,674
Debt Service as a percentage of noncapital expenditures	7.83%	7.77%	3.53%	0.00%	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 ⁽¹⁾				Property Tax Rate ⁽³⁾	Percent Increase in Value ⁽⁴⁾
	Real Property	Personal Property ⁽²⁾	Public Service Companies	Total		
2009	209,055,595	32,586,740	1,407,665	243,050,000	0.2800	1.0%
2010	209,530,520	30,970,647	1,162,762	241,663,929	0.2800	-0.6%
2011	299,654,043	29,153,944	1,580,323	330,388,310	0.2650	36.7%
2012	299,057,633	29,643,132	1,611,985	330,312,750	0.2650	-0.02%
2013	298,728,561	31,087,835	1,600,952	331,417,348	0.2650	0.33%
2014	299,442,588	40,404,718	1,578,248	341,425,554	0.2650	3.02%
2015	300,275,280	33,006,898	1,561,531	334,843,709	0.2650	-1.93%
2016	301,092,296	33,931,156	1,551,397	336,574,849	0.2650	0.52%
2017	262,250,563	34,319,949	1,837,069	298,407,581	0.3105	-11.34%
2018	262,618,507	34,969,204	1,918,924	299,506,635	0.2900	0.37%

Notes:

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

⁽²⁾ Includes motor vehicles.

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

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

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

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

The eight-year revaluation of real property became effective with the 2010-11 tax levy. Craven County adopted a six-year revaluation schedule and then a four-year revaluation thereafter which is 2016 and 2020, effective with fiscal 2016-17 and 2020-21 tax 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>
2009	2008	0.2500	0.6100	0.0425
2010	2009	0.2800	0.6100	0.0475
2011	2010	0.2650	0.4728	0.0314
2012	2011	0.2650	0.4728	0.0414
2013	2012	0.2650	0.4700	0.0414
2014	2013	0.2650	0.4675	0.0389
2015	2014	0.2650	0.4675	0.0389
2016	2015	0.2650	0.4675	0.0389
2017 ⁽¹⁾	2016	0.3105	0.5394	0.0457
2018	2017	0.2900	0.5394	0.0457

Notes:

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

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

A revaluation of all property is required every eight years by state statute.

The eight-year revaluation of real property became effective with the 2010-11 tax levy. Craven County adopted a six-year revaluation schedule 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 2018			Fiscal Year 2009		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
NC Pace RE LLC	Disabled Child & Adult Care Facility	5,477,690	1		(1)		
Riverstone Assisted Living LLC ⁽²⁾	Assisted Living Facility	2,317,700	2	0.78%	1,782,152	2	0.74%
Berit Peck	Residence	1,973,480	3	0.66%	1,242,390	3	0.52%
Jonathan & Karen Segal Revocable Trust	Residence	1,880,910	4	0.63%	(1)		
Conjer Green, LLC	Country Club and Golf Course	1,835,510	5	0.62%	2,758,223	1	1.15%
Duke Energy Progress, Inc. ⁽³⁾	Electricity	1,410,122	6	0.47%	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 ⁽⁴⁾	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%
A Properties	Real Estate	(1)			654,700		
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

⁽¹⁾ Not within top ten ranking

⁽²⁾ Formerly known as Pierce Management Group

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

⁽⁴⁾ Formerly known as SBW Enterprises, LLC

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

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
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%	1,601	923,576	99.68%
2018	2017	779,753	775,369	99.44%	⁽¹⁾	775,369	99.44%

Notes:

Source: Craven County Tax Office

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

⁽¹⁾ Information not yet available

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Population ⁽³⁾	Per Capita	Median Household Income (MHI) ⁽⁴⁾	Percentage of MHI
	General Obligation Bonds	Installment Financing	Capital Leases	General Obligation Bonds ⁽²⁾	Installment Financing	Capital Leases					
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	-	-	-	3,135,000 ⁽⁵⁾	-	-	3,135,000	3119	1,005	51,939	1.66%
2014	-	-	-	2,935,000	-	-	2,935,000	3119	941	52,251	1.78%
2015	-	-	-	2,730,000	-	-	2,730,000	3084	885	52,507	1.92%
2016	-	-	-	2,647,590	-	-	2,647,590	3063	864	53,562	2.02%
2017	-	-	-	2,310,000	-	-	2,310,000	3058	755	54,548	2.36%
2018	-	-	-	2,095,000	-	-	2,095,000	3019	694	⁽⁶⁾	⁽⁶⁾

Notes: Debt amounts shown include deferred premiums on debt but do not include pension obligations, OPEB, or compensated absences.
Details regarding the Town's outstanding debt can be found in Note 3 to the financial statements.

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

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

⁽³⁾ N.C. State Demographer, Office of State Budget and Management.

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

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

⁽⁶⁾ Information not yet available.

TABLE 10
TOWN OF RIVER BEND, NORTH CAROLINA
COMPUTATION OF LEGAL DEBT MARGIN
Last Ten Fiscal Years

Fiscal Year	Assessed Value	Debt Limit: 8% of Total Assessed Value	Total Net Debt Applicable to Limit	Legal Debt Margin
2009	243,050,000	19,444,000	1,862,561	\$ 17,500,000
2010	241,663,929	19,333,114	1,682,438	\$ 17,600,000
2011	330,388,310	26,431,065	1,545,385	\$ 24,800,000
2012	330,312,750	26,425,020	1,471,101	\$ 24,900,000
2013	331,417,348	26,513,388	1,452,756	\$ 25,000,000
2014	341,425,554	27,314,044	1,360,079	\$ 25,900,000
2015	332,276,611	26,582,129	1,265,085	\$ 25,300,000
2016	336,574,849	26,925,988	1,170,091	\$ 25,700,000
2017	298,407,581	23,872,606	1,070,463	\$ 22,800,000
2018	299,506,635	23,960,531	970,835	\$ 22,900,000

Gross debt:

Installment financing	\$ -
Water & Sewer General Obligation Bonds	2,095,000
Total gross debt	<u>2,095,000</u>
Less: Statutory Deductions	
Water GO Bonds	<u>1,124,165</u>
Amount of debt applicable to limit - net debt	<u><u>\$ 970,835</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 ⁽¹⁾	Percentage Applicable to Town ⁽²⁾	Bonded Debt Applicable to River Bend	Population	Per Capita
	General Obligation Bonds	Assessed					
	Outstanding ⁽¹⁾	Valuation ⁽¹⁾					
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
2018	11,109,056	9,320,966,276	299,506,635	3.21%	356,963	3019	118

Notes:

⁽¹⁾ Provided by Craven County Finance Department.

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

TABLE 12
TOWN OF RIVER BEND, NORTH CAROLINA
DEMOGRAPHIC STATISTICS
Last Ten Years

Fiscal Year	Population ⁽¹⁾	Personal Income (in thousands) ⁽²⁾	Per Capita Personal Income ⁽³⁾	Public School Enrollment ⁽⁴⁾	Unemployment Rate ⁽⁵⁾
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	105,227	3,910,918	37,420	14,749	11.00%
2013	104,446	4,094,203	39,078	14,606	9.70%
2014	104,520	4,100,424	39,243	14,472	9.00%
2015	103,691	4,121,440	39,436	14,297	6.80%
2016	103,737	4,195,496	40,555	14,120	6.12%
2017	103,735	4,340,800		14,002	5.26%
2018	103,800	⁽⁶⁾	⁽⁶⁾	13,778	4.73%

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

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

⁽²⁾ U.S. Department of Commerce, Bureau of Economic Analysis.

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

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

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

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

⁽⁶⁾ Information not yet available.

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

Employer ⁽¹⁾	2018			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Department of Defense ⁽²⁾	5,159	1	13.12%	5,300	1	13.27%
CarolinaEast Health Systems	2,622	2	6.67%	1,900	3	4.76%
Craven County Schools	1,784	3	4.54%	1,956	2	4.90%
BSH Home Appliances	1,200	4	3.05%	901	5	2.26%
Moen Incorporated	820	5	2.08%	851	6	2.13%
State of North Carolina	754	6	1.92%	983	4	2.46%
Wal-Mart	585	7	1.49%	500	9	1.25%
Craven County	702	8	1.78%	634	7	1.59%
Craven Community College	580	9	1.47%	493	10	1.23%
City of New Bern	431	10	1.10%	514	8	1.29%
	<u>14,637</u>		<u>37.21%</u>	<u>14,032</u>		<u>35.14%</u>

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

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

⁽²⁾ Excludes 7,574 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>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>	<u>2018</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	3.5	3.5	3.5	3.5	3.5
Public safety- Police	5.26	5.40	5.48	5.39	5.36	6.48	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	4	4	4	4	3	3	3	3	3
Total	<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>	<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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety - Police										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	3	3	3	3	3	3	3	4	4	4
Cultural and Recreational										
Recreation and Parks										
Number of Parks	3	3	3	3	5	5	5	5	5	5
Number of Picnic Shelters	2	2	2	2	2	2	2	2	2	2
Public Works and Utilities										
Miles of Paved Streets	16.48	16.48	16.48	16.48	16.48	16.48	16.48	16.48	16.48	16.48
Water										
Number of Hydrants	108	108	108	112	112	112	112	112	112	112
Water Mains (miles)	18	18	18	18.86	18.86	18.86	18.86	18.86	18.86	18.86
Number of Wells	3	3	3	3	3	3	3	3	3	3
Number of Water Towers	2	2	2	2	2	2	2	2	2	2
Sewer										
Sewer Lines (miles)	11	11	11	11	11	11	11	11	11	11
Number of Lift Stations	9	9	9	9	9	9	9	9	9	9
Number of Treatment Plants	2	2	2	2	2	2	2	2	2	2

Source: Town of River Bend Department Heads.

TABLE 16

TOWN OF RIVER BEND, NORTH CAROLINA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN YEARS

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

Notes:

Source: Town of River Bend Department Heads.

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

TABLE 17
TOWN OF RIVER BEND, NORTH CAROLINA
INSURANCE IN FORCE
July 1, 2017 - June 30, 2018

Type of Coverage	Details of Coverage
Worker's Compensation	1,000,000 Bodily Injury by Accident- Each Accident 1,000,000 Bodily Injury by Disease- Each Accident 1,000,000 Bodily Injury by Disease- Coverage Limit
General Liability	1,000,000 Each Occurance 3,000,000 General Aggregate 1,000 Deductible
Umbrella Liability	2,000,000 Liability Limit Each Occurance
Law Enforcement Liability	1,000,000 Each Occurance 3,000,000 General Aggregate 1,000 Deductible
Public Officials Liability	1,000,000 Each Occurance 3,000,000 General Aggregate 2,500 Deductible
Public Employee Blanket Bond	20,000 Indemnification 0 Deductible
Public Official Bond	
Tax Collector	100,000 Liability
Finance Officer	100,000 Liability 0 Deductible
Real and Personal Property	7,794,691 Covered Cause of Loss 1,000 Deductible per Occurance Includes Boiler & Machinery
Computer Equipment/Media	500,000 Limits of Coverage 500 Deductible
Scheduled Equipment	63,300 Scheduled Equipment 500 Deductible
Automobile Liability	1,000,000 Per Occurance 1,000 Deductible
Automobile Comprehensive	N/A Actual Cash Value Valuation 100 Deductible
Automobile Collision	N/A Actual Cash Value Valuation 500 Deductible

Source: River Bend Finance Department

TABLE 18
TOWN OF RIVER BEND, NORTH CAROLINA
UTILITY RATE INFORMATION
Fiscal Year 2018 Approved Operating Budget Ordinance

WATER RATES

	METER SIZE			
	3/4"	1"	2"	4"
Customer Base Charge per month	15.24	30.90	88.32	276.24
Initial Connection (Tap Fee) ⁽¹⁾	1,250	1,500	3,500	5,000
Non-payment Fee	70	100	100	100
Usage Charge per 1,000 gallons	\$ 4.02			
Fire Hydrant Availability Annual Charge	\$ 183.00			

SEWER RATES

	METER SIZE			
	3/4"	1"	2"	4"
Customer Base Charge per month	24.18	49.43	141.99	444.93
Initial Connection (Tap Fee) ⁽¹⁾	1,250	1,250	1,250	1,250
Usage Charge per 1,000 gallons	\$ 9.08			

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



COMPLIANCE SECTION





PETWAY
MILLS &
PEARSON, PA
CERTIFIED PUBLIC ACCOUNTANTS

C. Briggs Petway, Jr.
Phyllis M. Pearson

Zebulon Office
P.O. Box 1036
806 N. Arendell Ave.
Zebulon, NC 27597
919.269.7405
919.269.8728 Fax

Raleigh Office
9121 Anson Way
Raleigh, NC 27615
919-781-1047

www.pmpcpa.com

Memberships:

North Carolina
Association of
Certified Public
Accountants

American Institute
Of Certified Public
Accountants

Medical Group
Management
Association

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of River Bend, North Carolina, as of and for the year ended June 30, 2018, 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 19, 2018.

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 19, 2018

TOWN OF RIVER BEND, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2018

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, 2018**

SECTION II. FINANCIAL STATEMENT FINDINGS

None.

TOWN OF RIVER BEND, NORTH CAROLINA

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018**

There were no prior year audit findings.

TOWN OF RIVER BEND, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2018

<u>Grantor/Pass-through/ Grantor-Program Title</u>	<u>State/ Pass-through Grantor's Number</u>	<u>State Expenditures</u>
STATE AWARDS		
NC Department of Transportation Powell Bill	DOT-4	<u>143,361</u>
TOTAL STATE AWARDS		<u>143,361</u>
TOTAL STATE ASSISTANCE		<u>\$ 143,361</u>

Notes to the Schedule of Expenditures of State Financial Awards

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of State Awards includes the State grant activity of the Town under the programs of the State of North Carolina for the year ended June 30, 2018. 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 State Awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Costs

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

