



# Comprehensive Annual Financial Report

for the Fiscal Year Ended  
**June 30, 2013**

Town of River Bend  
North Carolina

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



**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2013**

**PREPARED BY**  
**FINANCE DEPARTMENT**

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

**MARGARET THEIS MARSHBURN**  
**FINANCE ADMINISTRATOR**

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



**THE TOWN OF RIVER BEND, NORTH CAROLINA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Year ended June 30, 2013**

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## INTRODUCTORY SECTION

- Letter of Transmittal
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- Distinguished Budget Presentation Award
- Map of River Bend
- List of Principal Officials
- Organizational Chart







## TOWN OF RIVER BEND

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River Bend, NC 28562

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

October 17, 2013

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, 2013 is presented herewith for your review.

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

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

The Town's financial statements and supplemental schedules in the Financial Section have been audited by the independent, certified public accounting firm of Martin Starnes and Associates, CPAs, P.A. 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, 2013 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditors concluded, based on the audit, that there was reasonable basis for rendering an unqualified opinion that the Town's basic financial statements for the year ended June 30, 2013 were presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and

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

## **Community Profile**

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

### **Town Government**

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

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

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

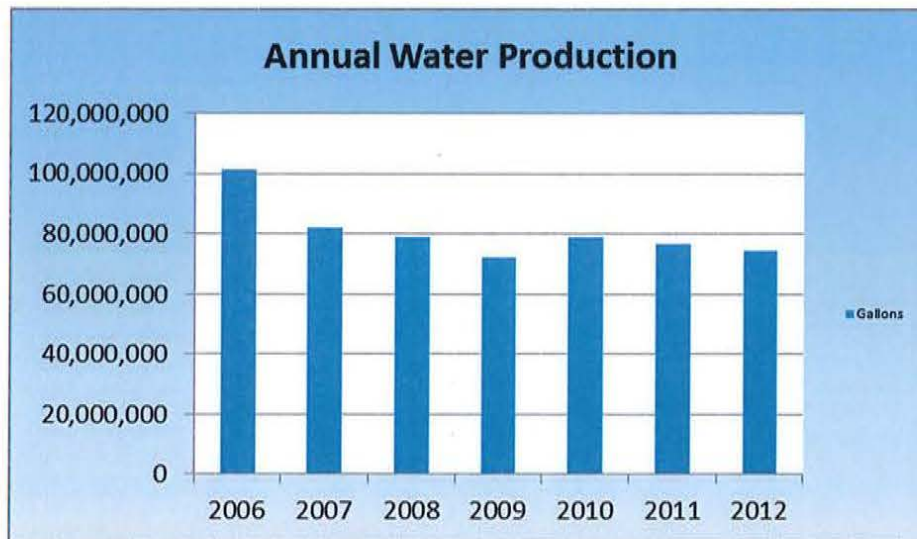
### **Water and Wastewater**

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

#### **Water**

Our water system withdraws from the Castle Hayne aquifer through three wells with a combined capacity of 925,000 gallons per day. Two elevated storage tanks with a total capacity of 400,000 gallons ensure a consistent supply and adequate pressure throughout the system. In 2012 (calendar year), we treated 74,631,000 gallons with a daily average of 203,889 gallons. In 2011, we treated 76,174,000 gallons of water, an average of 209,533 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.

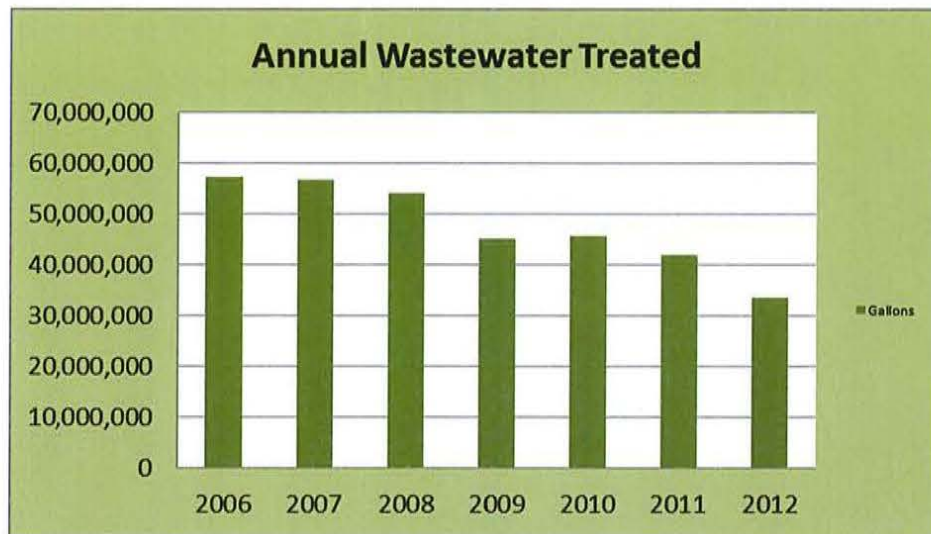
Water is available to nearly 1,450 households and businesses through 18.86 miles of pipe ranging in size from two to eight inches in diameter. In addition to providing water for consumption, our system also stands ready in the event of fire. There are 112 hydrants located throughout the system in order to give the fire department ample access to water for their work.

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

### **Wastewater**

The Town of River Bend owns and operates a wastewater treatment and collection system serving approximately 950 households and businesses. Wastewater is collected from our customers and transmitted via approximately 11 miles of gravity and force main pipes. Nine 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 two lift stations can be powered by one of our mobile generators.

In calendar 2012, we treated 33.7 million gallons of wastewater compared to 42 million gallons in 2011. The daily average treatment rate was 92,116 gallons in 2012 and 115,000 gallons in 2011. The State standard for waste treatment capacity is 330 gallons per day per household, which in our case translates to 310,200 gallons per day. This standard shows that we should be using 94% of our permitted capacity, while in reality we use, on average, 30% of our permitted capacity.

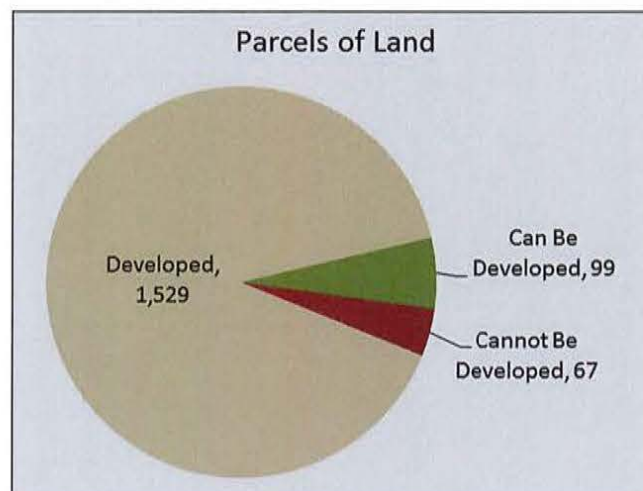


The North Carolina Department of Water Quality (DWQ) administers federal and state regulations designed to protect the quality of the receiving waters. Part of this administration is the issuance of permits for treatment facilities like the one we have here in River Bend. Our treatment plant has a permitted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

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

### Land Use

According to the US Census Bureau, the town has a total area of 2.8 square miles, of which 2.6 square miles is land and 0.2 square mile is water. Land is divided into 1,695 parcels, of which 1,529 are developed and 166 undeveloped. There are approximately 33 acres of available commercial land, 20 acres of vacant institutional land, and over 280 acres of vacant residential land.

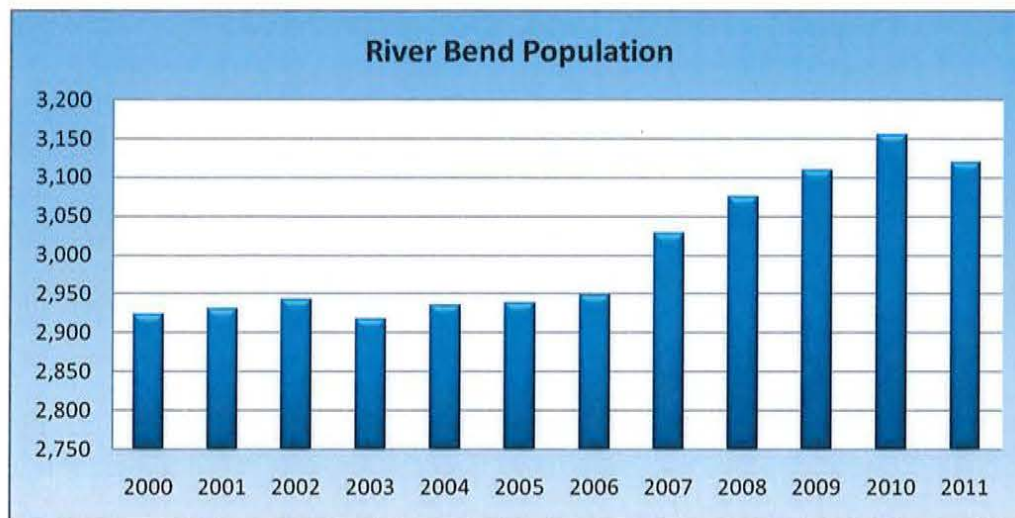


### Population

The population of River Bend as reported in the 1990 US Census was 2,408; with a sizable 21.4% increase occurring between 1990 and 2000. The total 2000 population was reported to be 2,923. The North Carolina Office of State Planning estimated the 2010 population of the town to be 3,155, demonstrating an increase in population of 7.94% between the years 2000 and 2010. The 2010 Census however provided an accurate count of 3,119 residents which is



a 6.7% increase from the 2000 Census count. The chart below shows the change in total population over the past eleven years.

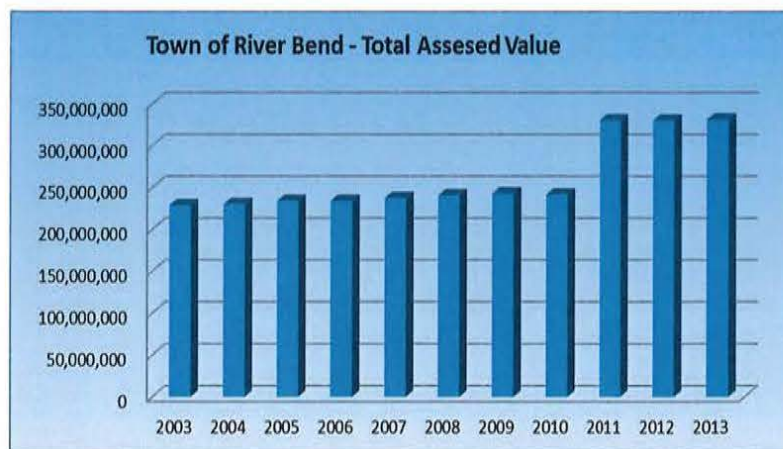


The median age in River Bend is 56.8 years old. According to the 2010 Census, veterans make up 24.1% of our population, compared to a national percentage of 9.9%.

### Housing

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

Housing values, particularly assessed values, in River Bend have increased since the last reappraisal in 2003 and 2011. The value of real property increased, in this eight-year period, by 44%. This equates to an additional 101.4 million dollars in value.



The chart to the right shows the changes in value since the last reappraisal.

### Economy

The 2010 Census reported that the majority of River Bend's workers were employed in the educational, health and social services (23%), and the manufacturing (20%) industries. Of our population over 16 years old, 56.8% were listed as "not in the labor force" in 2010. This reflects the level of retirees in the Town. Of those in the labor force, 1.7% were listed as unemployed. Table 13 on page 86 of this report provides the top ten employers in Craven

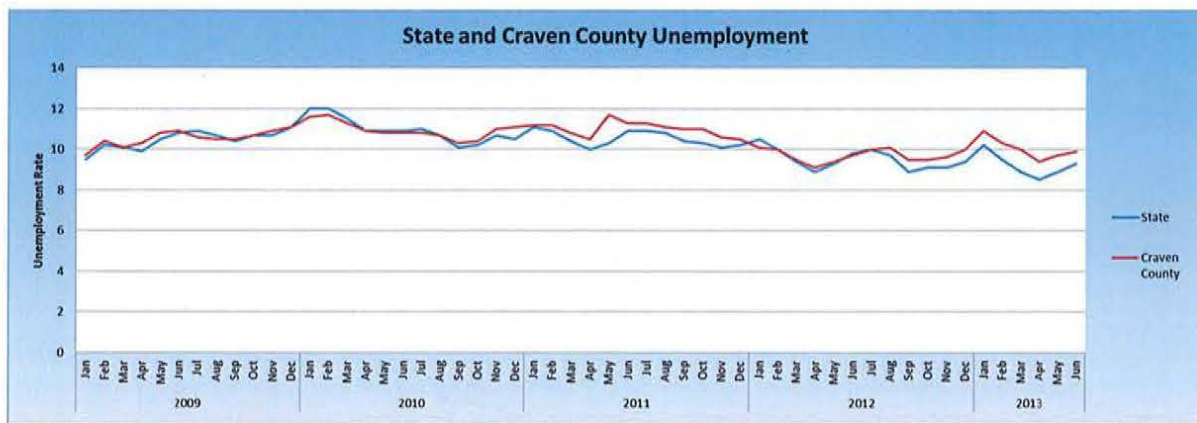


County. The predominant employers within the Town's corporate limits are the RHA Howell Center, the River Bend Golf and Country Club (Conjer Green, LLC) and Riverstone Health Management.

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

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

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



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

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

## Initiatives

The Town of River Bend utilizes a well-planned and reasoned approach to major initiatives through the use of a capital improvement plan (CIP), which is addressed in the Town's Financial and Budgetary Policies. The purpose of the CIP is to forecast and match projected revenues and major capital needs over a five-year period. Capital planning is an important management tool that strengthens the linkage between community infrastructure needs and the financial capacity of the Town.

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

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

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

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

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

In planning for the 2013-14 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. The Town follows a paving maintenance plan developed by our engineer which includes paving on four streets and full depth patching on five others, for a budgeted amount of \$143,600 this year. Paving funds provided by the State (Powell Bill by name) are a function of gas tax revenue and are based upon our population and number of miles of roads. Powell Bill revenue was budgeted for \$88,500.

In this budget, we propose to address five locations that need work to correct drainage issues. While the total cost of these five projects, \$73,000, is greater than the annual stormwater reserve amount of \$30,000, over the past three years we have undertaken smaller projects that have not fully utilized reserve funding. 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.

A multi-year project involving a large expenditure in our public buildings (facilities) area this year is the cost to engage the architect that performed a facility needs analysis in 2011 to begin the design and permitting phase to plan for the future construction of an administrative building and the renovation of the current facilities to meet current and future needs. This project, funded with Capital Improvement Plan dollars (\$109,040), will allow for more detailed planning regarding future building projects.

In accordance to our vehicle replacement plan, which is funded also through our Capital Improvement Plan reserves, we are in purchasing a police cruiser and a public works truck. We use the State-negotiated vehicle contract and specifications in order to get the best possible pricing for a vehicle to meet our needs.

Programs are being funded to support the Parks and Recreation Advisory Board plans to continue its efforts to provide craft making and special events throughout the year, the largest of which is the annual 4<sup>th</sup> of July parade and picnic. Also included is funding for the start-up of a Community Organic Garden project on Town-owned land that will allow residents, by subscription, to engage in a group effort to grow organic produce.

In the enterprise funds area, the largest water project includes replacement of 32 service lines that serve duplex units in the housing cluster Harbour Walk. These lines are the last in our system that use what we consider aging inferior quality plastic piping.

The wastewater treatment plant will receive several improvements needed to insure the plant is functioning properly and efficiently along with renovating the equipment at the main lift station, for a budgeted cost of approximately \$30,000.

We utilize a professionally designed rate model for each utility so the impact of the proposed expenditures and desired level of reserves can be compared to revenue at various rate levels. Even while maintaining a progressive posture relative to supporting infrastructure, providing competitive compensation for our staff, and maintaining sufficient reserves, we are able to propose a budget that reflects no increases in the tax rate or in water and sewer rates.

## **Financial Management**

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

- To link long-term financial planning with short-term daily operations and decision-making.
- To maintain and improve the Town's financial position.
- To maintain and improve the Town's credit ratings by meeting or exceeding the requirements of rating agencies through sound financial policies.
- To maintain and increase investor confidence in the Town and to provide credibility to the citizens of the Town regarding financial operations.



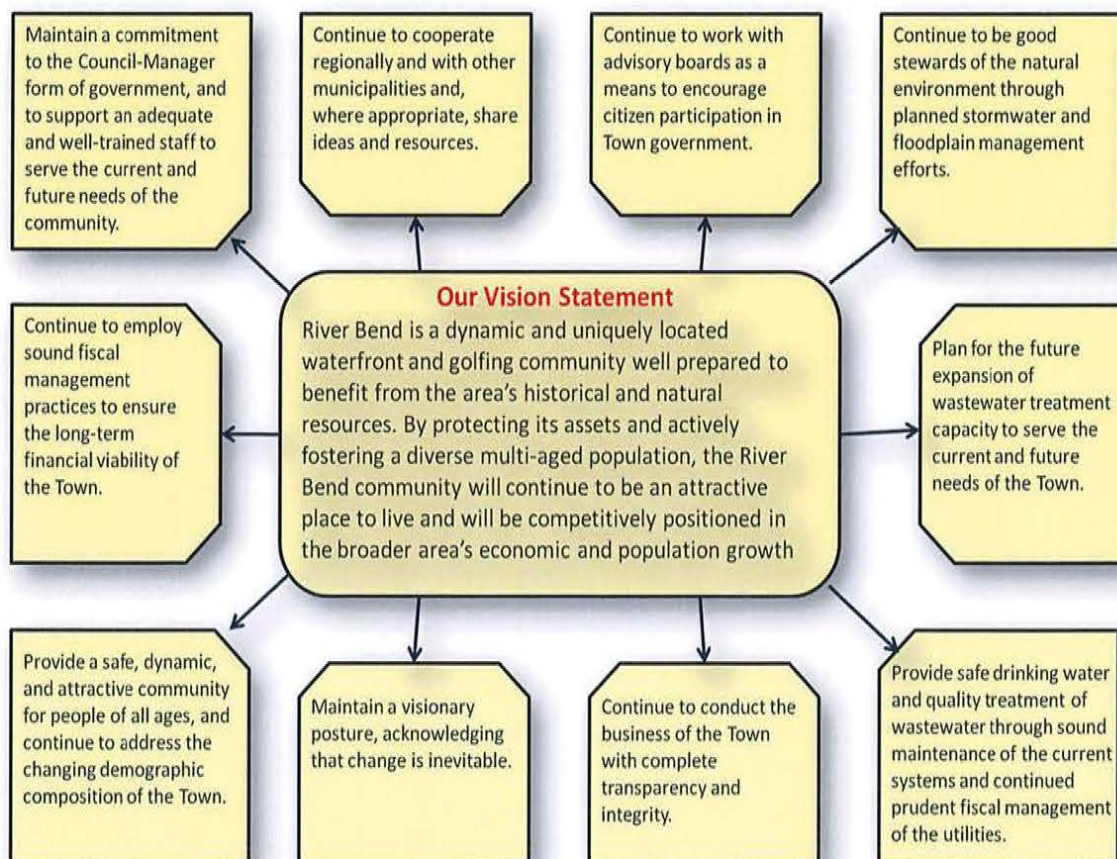
- To comply with the North Carolina Budget and Fiscal Control Act and the policies of the North Carolina Local Government Commission (the “LGC”).
- To effectively conduct asset-liability management of the Town’s balance sheet.

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

## Budgetary Control

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

The Town of River Bend employs a progressive and transparent budget development process that allows for significant participation from elected officials, advisory boards, staff, and the public. The process formally begins with a Council Retreat in November 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 agrees, at this retreat, to 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."*

#### **North Carolina Municipal Council**

Following their review in 2013 we received an upgrade from 79 to 81. Here is an excerpt from their rating rationale:

*"We certainly commend the Town and management for increasing the unassigned fund balance, unrestricted cash and investments, for taking measures to reduce costs (especially in the utilities funds), retiring the installment debt and appropriating funds for capital maintenance in the CIP."*

*"The Town tax rate is low and tax collections are highly commendable."*

*"River Bend has a stable management team, which we recognize."*

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 many years to come.



## Conclusion and Acknowledgements

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for the Excellence in Financial Reporting to the Town of River Bend for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. This was the second 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. 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  
Finance Officer



Margaret Theis Marshburn  
Finance Administrator



Drew Havens  
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, 2012**

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Town of River Bend  
North Carolina**

For the Fiscal Year Beginning

**May 17, 2012**

*Christopher P. Morill*

President

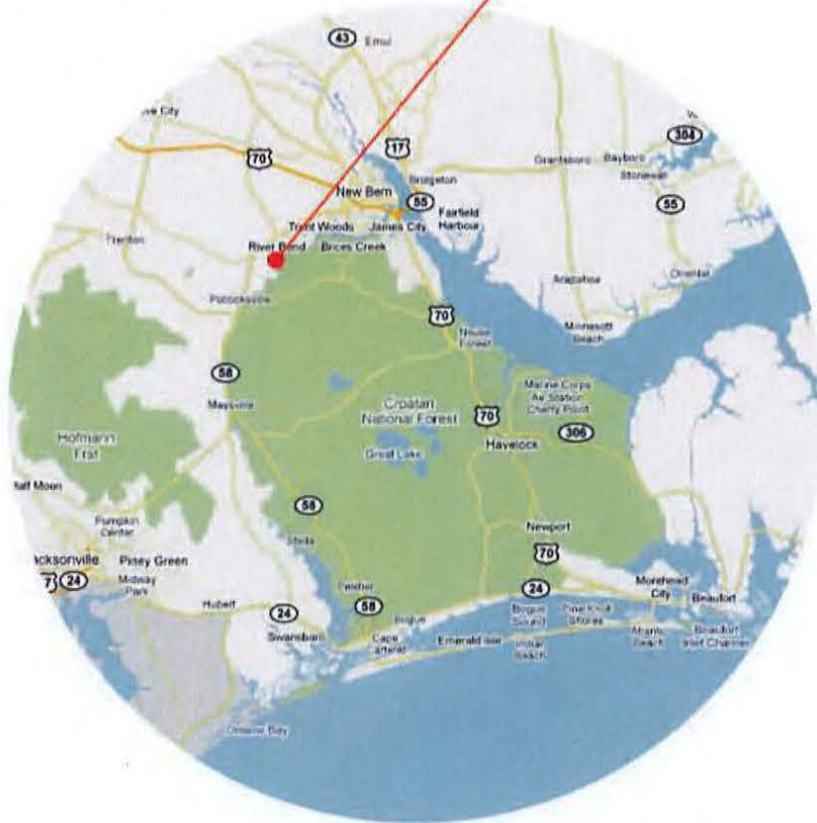
*Jeffrey R. Egan*

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, 2012. 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. We believe our FY 2014 budget continues to conform to program requirements, and we have submitted 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, 2013**

### **MAYOR**

John Kirkland

### **TOWN COUNCIL**

Brenda Garvey

Barbara Maurer

Philip Seymour

Irving "Bud" Van Slyke, Jr.\*

Karl Wolfer

\*also serves as Mayor Pro Tem and Finance Officer

### **ADMINISTRATIVE STAFF**

Drew Havens

Town Manager

Margaret Theis Marshburn

Finance Administrator

Ann Katsuyoshi

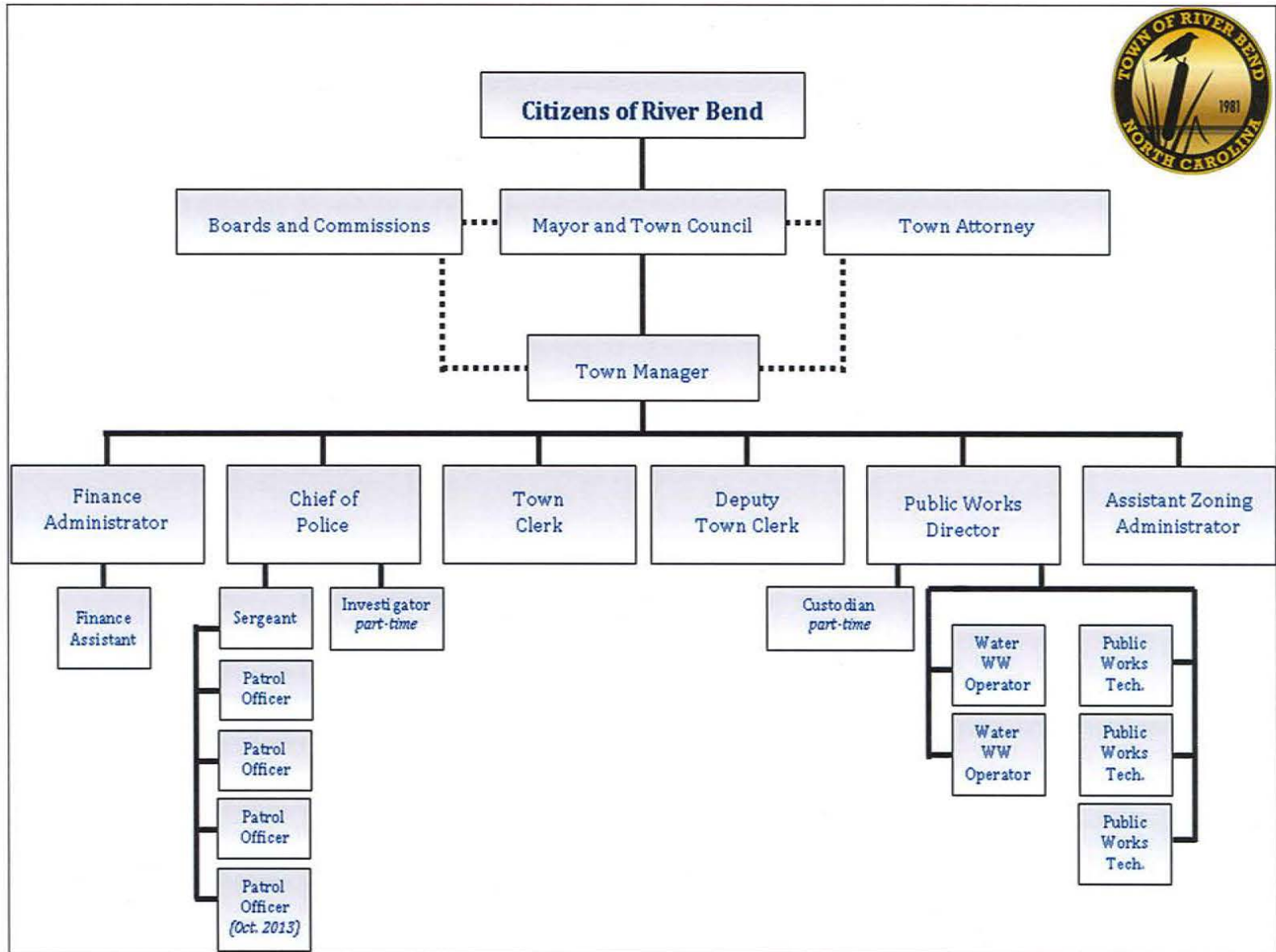
Town Clerk

Ryland Matthews, Jr.

Police Chief

Brandon Mills

Public Works Director





## **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**





# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## INDEPENDENT AUDITOR'S REPORT

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, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order 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.

730 13th Avenue Drive SE ♦ Hickory, North Carolina 28602 ♦ Phone 828-327-2727 ♦ Fax 828-328-2324  
13 South Center Street ♦ Taylorsville, North Carolina 28681 ♦ Phone 828-632-9025 ♦ Fax 828-632-9085  
Toll Free Both Locations 1-800-948-0585 ♦ Website: [www.martinstarnes.com](http://www.martinstarnes.com)

### ***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, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 5 to the financial statements, in fiscal year 2013, the Town adopted a new accounting guidance, GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress and Employer Contributions, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 assurance.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the Town of River Bend, North Carolina's basic financial statements. The introductory section, combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2013 on our consideration of the Town of River Bend'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 that 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's internal control over financial reporting and compliance.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
October 17, 2013





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



**Town of River Bend**  
**Management's Discussion and Analysis**  
**June 30, 2013**

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, (Town), for the fiscal year ended June 30, 2013. 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 by \$4,385,367 (*net position*) at the close of the fiscal year.
- For governmental type activities, the Town's net position showed an increase of 9% at the close of the fiscal year at \$3,889,495. Net position for business-type activities, which exclusively include the Water and Sewer Enterprise Funds, were \$304,941 and \$190,931 respectively, for a total of \$495,872. This represents an increase of \$76,708 in the value of net position in the Water Fund, and a decrease of \$1,587 in the value of net position in the Sewer Fund. Capital improvements for the water and wastewater systems amounted to \$31,814. On-going depreciation of the infrastructure, a total of \$212,090, continues to be a significant expense. The government's total net position increased by \$408,693.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,676,715, an increase of \$196,552. Approximately 7 percent of this amount, or \$118,056, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,240,360 or 85.7 percent of total General Fund expenditures for the fiscal year. The Town Council's policy is that this ratio should be targeted at 50 percent of the completed fiscal year's actual expenditures. For the year ending June 30, 2013, this amounted to \$723,299; therefore, the available fund balance for the General Fund was \$835,360.
- The Town's total General Obligation bond debt decreased by \$40,000 (1.3%) during the current fiscal year. One contribution to this decrease is the timely payment of debt service expenditures. Another contributing factor is that the Town issued G.O. Series 2013 refunding bonds for advanced refunding of the G.O. Series 2004 bonds. This advanced refunding resulted in a net present value savings of \$274,678.
- The Town was upgraded to a AA- bond rating by Standard and Poor's Rating Services on its G.O. Series 2013 refunding bonds. The original bonds were used to purchase and upgrade the water and wastewater operations. The Town of River Bend received a stable A1 bond rating from Moody's Investor Service and an upgraded North Carolina Municipal Council rating of 81, up from 79.

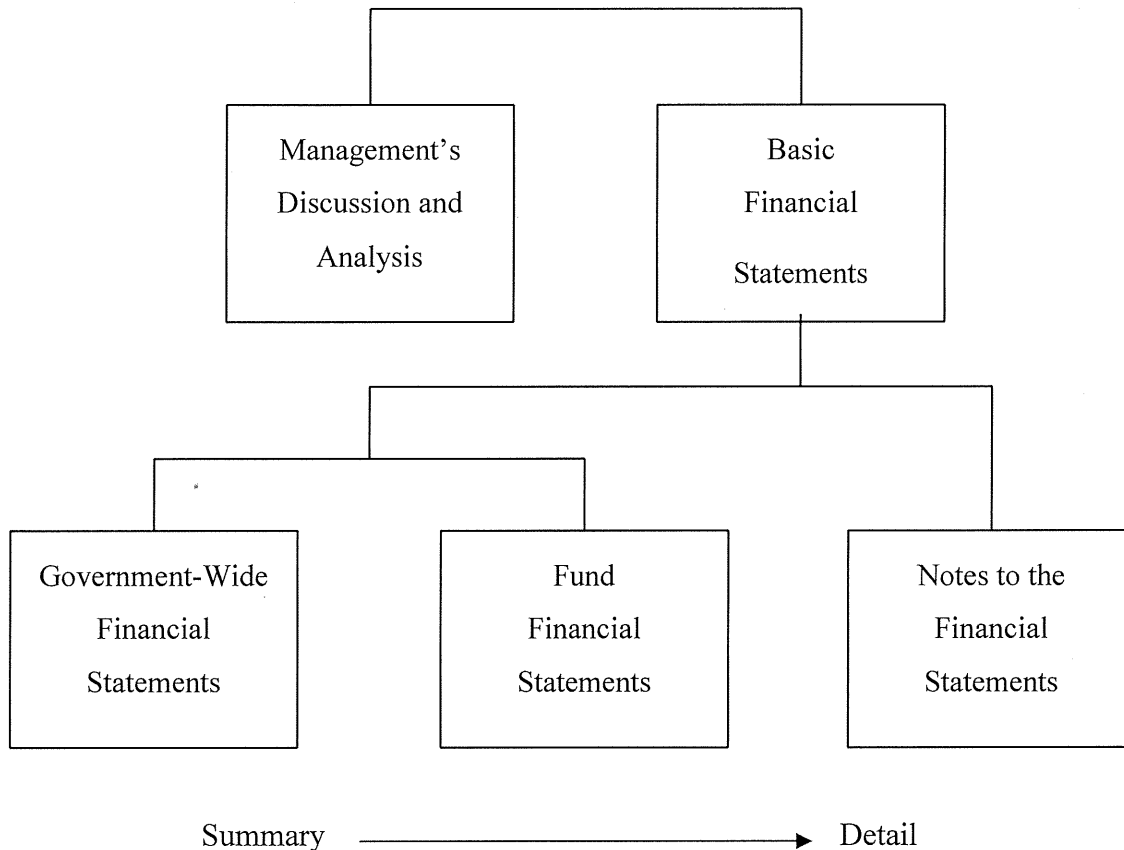
**Overview of the Financial Statements**

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

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

**Required Components of Annual Financial Report**

**Figure 1**



**Basic Financial Statements**

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

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

The next section of the basic financial statements is the **Notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **Supplemental Information** is provided to show details about the Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

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

## **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 Town's net position and how they have changed. Net position is the difference between the Town's total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

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

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

#### **Fund Financial Statements**

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

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



## **Management Discussion and Analysis**

### **Town of River Bend**

The Town of River Bend adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Town Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Town Council, 2) the final budget as amended by the Town Council, 3) the actual resources, charges to appropriations, and ending balances in the General Fund, and 4) the difference or variance between the final budget and the actual resources and charges.

**Proprietary Funds.** The Town of River Bend has one kind of proprietary funds. *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 has one fiduciary fund: the Law Enforcement Officers' Separation Allowance Trust Fund, which is a pension trust fund.

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

**Other Information.** In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of River Bend's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on Schedule A-1 of this report.

**Government-Wide Financial Analysis.** As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town of River Bend exceeded liabilities by \$4,385,367 as of June 30, 2013. The Town's net position increased by \$408,693 for the fiscal year ended June 30, 2013. The largest portion (65%) of total net position is the Town's unrestricted position, \$2,869,410, which are available for future spending. The Town reports net investments in capital assets (e.g. land, buildings, machinery, and equipment) as 32 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 \$115,098 represents resources that are subject to external restrictions on how they may be used.

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

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

**Figure 2**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Assets:</b>						
Current and other assets	\$ 1,707,939	\$ 1,515,008	\$ 1,188,360	\$ 975,695	\$ 2,896,299	\$ 2,490,703
Net pension asset	37,610	11,299	-	-	37,610	11,299
Capital assets, net	<u>2,192,207</u>	<u>2,082,418</u>	<u>2,499,674</u>	<u>2,679,950</u>	<u>4,691,881</u>	<u>4,762,368</u>
Total assets	<u>3,937,756</u>	<u>3,608,725</u>	<u>3,688,034</u>	<u>3,655,645</u>	<u>7,625,790</u>	<u>7,264,370</u>
<b>Deferred Outflows of Resources:</b>						
Deferred charges on refunding	-	-	125,000	-	125,000	-
<b>Liabilities:</b>						
Current liabilities	43,142	48,284	234,924	205,879	278,066	254,163
Long-term liabilities	<u>5,119</u>	<u>4,518</u>	<u>3,082,238</u>	<u>3,011,906</u>	<u>3,087,357</u>	<u>3,016,424</u>
Total liabilities	<u>48,261</u>	<u>52,802</u>	<u>3,317,162</u>	<u>3,217,785</u>	<u>3,365,423</u>	<u>3,270,587</u>
<b>Net Position:</b>						
Net investment in capital assets	2,192,207	2,082,418	(791,348)	(495,050)	1,400,859	1,587,368
Restricted	115,098	151,533	-	-	115,098	151,533
Unrestricted	<u>1,582,190</u>	<u>1,321,972</u>	<u>1,287,220</u>	<u>932,910</u>	<u>2,869,410</u>	<u>2,254,882</u>
Total net position	<u>\$ 3,889,495</u>	<u>\$ 3,555,923</u>	<u>\$ 495,872</u>	<u>\$ 437,860</u>	<u>\$ 4,385,367</u>	<u>\$ 3,993,783</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 achieved a total levy tax collection rate of 98.95%, compared to the State-wide average of 97.48%.
- 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 (\$12,673) from last fiscal year but because the Town Council budgets conservatively, this revenue was significantly better (\$31,212) than budgeted amounts.
- General Fund departmental expenditures to budget ended favorably (\$81,833) while providing all budgeted services - particularly in contracted services for leaf and limb pick-up in Environmental Protection, which came in under budget by \$23,861 and is based on the number of tons removed.
- The annual comprehensive study of the operations and capital needs of the Water and Sewer systems in fiscal year 2011 resulted in a 16.8% rate increase which continued to enable the enterprise funds to cover operating costs, fund capital improvements, and maintain cash reserves in this fiscal year.
- Operating efficiencies and a comprehensive maintenance plan for the water and sewer infrastructure were instrumental in boosting operating income by keeping expenditures well within operating budgets for the enterprise funds.

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

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

**Figure 3**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 83,473	\$ 80,596	\$ 1,207,446	\$ 1,204,880	\$ 1,290,919	\$ 1,285,476
Operating grants and contributions	93,954	290,131	5,410	2,489	99,364	292,620
Capital grants and contributions	55,092	-	-	-	55,092	-
General revenues:						
Property taxes	879,221	876,418	-	-	879,221	876,418
Other taxes	535,705	549,217	-	-	535,705	549,217
Investment earnings, unrestricted	626	682	335	425	961	1,107
Total revenues	<u>1,648,071</u>	<u>1,797,044</u>	<u>1,213,191</u>	<u>1,207,794</u>	<u>2,861,262</u>	<u>3,004,838</u>
<b>Expenses:</b>						
General government	557,376	531,899	-	-	557,376	531,899
Public safety	472,582	643,318	-	-	472,582	643,318
Transportation	188,420	193,329	-	-	188,420	193,329
Environmental protection	51,972	45,227	-	-	51,972	45,227
Cultural and recreational	44,149	41,676	-	-	44,149	41,676
Water	-	-	537,884	499,053	537,884	499,053
Sewer	-	-	600,186	535,959	600,186	535,959
Total expenses	<u>1,314,499</u>	<u>1,455,449</u>	<u>1,138,070</u>	<u>1,035,012</u>	<u>2,452,569</u>	<u>2,490,461</u>
Increase in net position	333,572	341,595	75,121	172,782	408,693	514,377
<b>Net Position:</b>						
Beginning of year - July 1	3,555,923	3,214,328	437,860	265,078	3,993,783	3,479,406
Restatement	-	-	(17,109)	-	(17,109)	-
Beginning of year - July 1, restated	<u>3,555,923</u>	<u>3,214,328</u>	<u>420,751</u>	<u>265,078</u>	<u>3,976,674</u>	<u>3,479,406</u>
End of year - June 30	<u>\$ 3,889,495</u>	<u>\$ 3,555,923</u>	<u>\$ 495,872</u>	<u>\$ 437,860</u>	<u>\$ 4,385,367</u>	<u>\$ 3,993,783</u>

**Governmental Activities.** Governmental activities increased the Town's net position by \$333,572, thereby accounting for 81.6% of the total growth in the net position of the Town. Key elements of this increase are as follows:

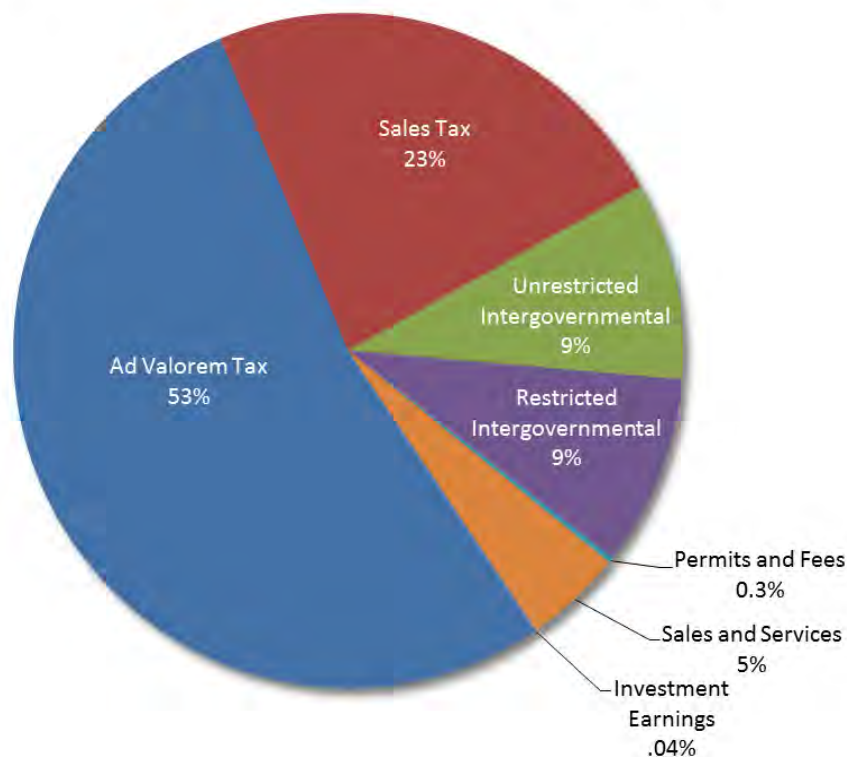
- Ad valorem taxes make up 53% of the governmental activity revenue. The Town's tax rate during FY13 was 26.5 cents with an assessed value of \$331,417,348 per the Craven County tax report. Although River Bend's real and personal property and motor vehicle tax base experienced little change from fiscal year 2012, the combined collection rate by Craven County is consistently at or above 99%.

## Management Discussion and Analysis

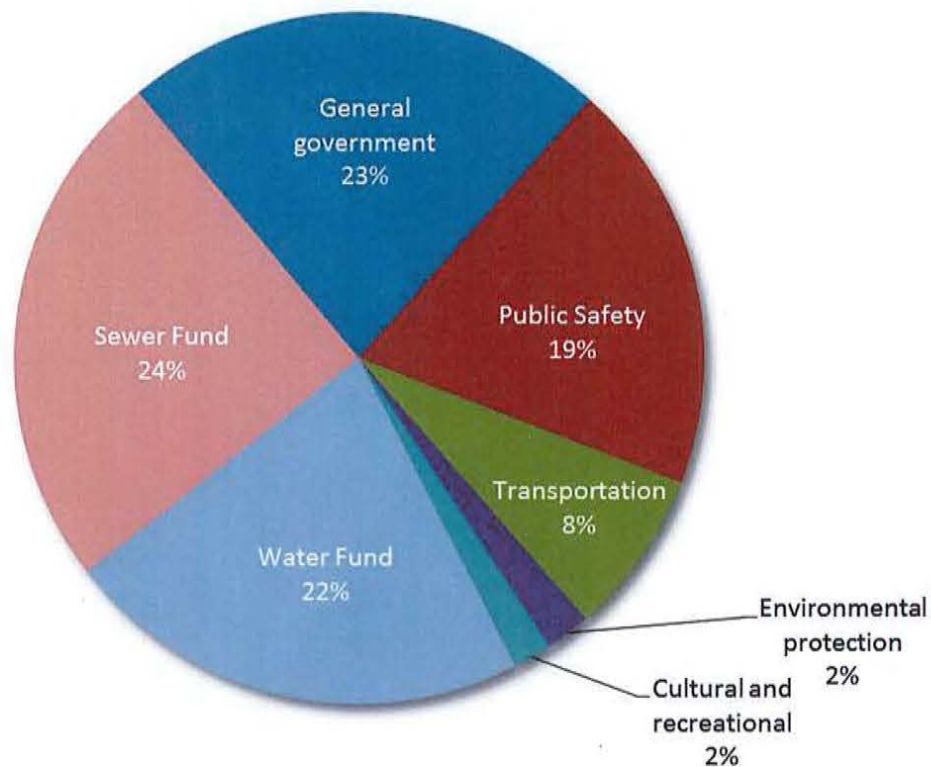
### Town of River Bend

- Sales tax is the second largest revenue source accounting for 23% of total governmental revenues. These revenues outperformed the budgeted level by \$31,212. Because of the uncertainty of economic growth, the Town Council took a conservative approach when budgeting state provided revenues.
- Sales & Services revenue includes Wildwood Storage rental income, up 8.9% from FY12 and \$4,166 above budget. Another component of the increase in this category is nuisance abatement billings which have been fully collected through tax liens, thereby offsetting the cost to the Town.
- Powell Bill funds are generated from the State's gasoline tax. A certain percentage of this tax is returned to the municipalities through a formula based on the Town's population and street mileage. The amount of Powell Bill funds the Town received increased 2.5% (\$2,254) this year and is included in the Operating Grants and Contributions. Powell Bill funds available for allocation at the State level increased slightly again this year.
- A Public Works employee was shifted to the Water Resources Department to help during a position vacancy. The wage and benefit difference for the new Public Works employee totaled over \$7,000.
- Schedule 2 on page 61 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 \$81,833 to the Town's net position for the fiscal year. The commitment to the General Fund Capital Improvement Plan added \$88,788 to Capital Reserves this fiscal year. Capital outlays increased capital assets in the amount of \$256,776.

**Town of River Bend**  
**Figure 4. Revenue Sources - Governmental Activities - Fiscal Year 2013**



**Town of River Bend**  
**Figure 5. Functional Expenses - Fiscal Year 2013**



**Business-Type Activities.** Business-type activities increased the Town's net position by \$75,121, accounting for 18.4% 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 fiscal year 2011 utility rate increase of 16.8% enabled the Council to once again adopt a current year budget without increasing user fees in either of these funds. By natural conservation and other factors, billed usage dropped 1.7% for the 1411 households with water service and 4.4% for the 950 households with sewer service. Despite this trend, operating revenues from water and sewer services changed only slightly and covered the operating expenses resulting in operating income in both funds.
- Craven County obtained a CDBG sewer improvement grant to provide a sewer line to serve 26 households on Old Pollocksville Road; we began billing seventeen new customers on 02/21/13.
- The Town contracted with an engineering firm, for a cost of \$51,500, for plans to upgrade the wastewater treatment plant in order to prepare for future NC DENR permitting requirements.
- The Water Fund increased its cash and cash equivalents balance by \$168,026, resulting in ending cash balance of \$530,375.



## **Management Discussion and Analysis**

### **Town of River Bend**

- The Sewer Fund increased its cash and cash equivalents balance by \$63,133, resulting in an ending cash balance of \$406,193.

Exhibits H and I, on pages 27 and 28, provide this information in more detail.

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

#### **Water Fund:**

- The Water Fund increased net position \$76,708 from last year to \$304,941 at year-end.
- Operating income was \$196,113, up \$19,122 from last year.
- Capital assets in the amount of \$16,719 were acquired in the current year.
- Depreciation expense reduced net position in the amount of \$118,958, compared to \$122,390 last year.

#### **Sewer Fund:**

- The Sewer Fund decreased net position \$1,587 from last year to \$190,931 at year-end.
- Operating income was \$97,114, down \$31,708 from last year.
- Capital assets in the amount of \$15,095 were acquired in the current year.
- Depreciation expense reduced net position in the amount of \$93,132, compared to \$99,951 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 \$1,676,715, an increase of \$196,552 over the prior year. Included in this change are increases in fund balance in both the General and Capital Reserve Funds. A part of this increase, \$88,788, represents the increase of committed funds retained in the Capital Reserve Fund. Conservative revenue budgeting and a slight increase in sales tax revenue from the slowly recovering economy, combined with operating efficiencies by management and reduced use of contracted services, produced the remaining increase in fund balance.

The General Fund is the chief operating fund of the Town of River Bend. At the end of the current fiscal year, the Town's fund balance available in the General Fund was \$835,360 and unassigned fund balance of the General Fund was \$1,240,360, a 13% increase from prior year. Total fund balance reached

## **Management Discussion and Analysis**

### **Town of River Bend**

\$1,676,715. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. At year-end, unassigned General Fund balance represents 85.7 percent of total General Fund expenditures. The Town Council's policy states this ratio should be targeted at greater than 50 percent of the completed fiscal year's actual General Fund expenditures. Total fund balance represents 115.9 percent of total General Fund expenditures and available fund balance represents 57.7 percent of that same amount.

The Department of State Treasurer reported the average fund balance of 69.14 percent for the group of non-electric cities with a population of 2,500 – 9,999 for the year ended June 30, 2012, compared to the Town's 85.7 percent unassigned General Fund balance.

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

Revenues were adjusted accordingly for:

- Roadway paving costs, \$30,000, and a FY12 purchase order rolled over for radio repeaters in the Police Department were both funded by General Fund Balance.
- Powell Bill funds received above budget, \$7,921, which reduced General Fund Appropriated Fund Balance by the same amount.
- Legal and Contingency funds were shifted to cover additional needs in several departments.
- The Law Enforcement Separation Allowance Trust Fund was funded with an additional \$30,000 at the end of the fiscal year.

Actual operating revenues for the General Fund were greater than the final budget by \$54,867. More than half of this amount is attributed to sales tax revenues - \$31,555. This favorable variance is due to conservative revenue budgeting and a slight increase in sales tax revenue over last fiscal year from the slowly recovering economy. Sales and Services, which consist of Wildwood Storage rents, nuisance abatements, miscellaneous refunds, and fees for golf cart registration, yoga, and karate, finished \$23,000 above budgeted levels. We were able to collect on all the nuisance abatements performed and billed through liens on the property. The Parks and Recreation fees more than supported the cost of the programs by \$2,970. The fiscal year revenues finished without the need for budgeted appropriated fund balance, \$29,079.

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

Departmental expenditures were less than the final budgeted amounts by \$81,833. Although each functional area contributed at least 16% to this total amount, the most significant difference of \$23,861 was in the Environmental Protection area, which includes the leaf and limb pick-up program. Details of the budget and actual amounts for revenues and expenditures of the General Fund are presented in the

## **Management Discussion and Analysis**

### **Town of River Bend**

Supplementary Information, Schedule 2, beginning on page 61. 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 \$304,941 and \$190,931, respectively, for a total of \$495,872. This represents an increase in the amount of \$75,121 from last fiscal year. As stated before, a key element each year is depreciation; for this year in the Water Fund, \$118,958, and the Sewer Fund, \$93,132. Unrestricted net position of the Water Fund and Sewer Fund at the end of the fiscal year amounted to \$1,287,220.

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

### **Capital Asset and Debt Administration**

**Capital Assets.** The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2013 totaled \$4,691,881 (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:**

- \$140,024, 2013 Street Paving Program.
- \$15,792, Storm water drainage project near 25 Shoreline Drive.
- \$80,750, Gull Pointe Waterfront Access project, finished in FY13, for a total cost of \$100,960. The Town received a state grant from NC DENR for \$55,092 of this amount.

#### **Water Fund:**

- \$16,719, Multi-housing Quarterdeck Cluster I water line replacement.

#### **Sewer Fund:**

- \$5,095, Purchase of a back-up hydromatic submersible sewer pump for wastewater lift stations.
- \$10,000, Contracted services for installation of residential sewer curb stops for Piner Estates.

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

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

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

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

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

**Figure 6**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 929,320	\$ 929,320	\$ 183,357	\$ 183,357	\$ 1,112,677	\$ 1,112,677
Construction in progress	-	20,210	-	-	-	20,210
Plant and distribution system	-	-	5,610,520	5,604,399	5,610,520	5,604,399
Furniture and equipment	-	-	264,798	259,703	264,798	259,703
Building and improvements	1,733,579	1,717,787	8,960	8,960	1,742,539	1,726,747
Equipment and vehicles	299,669	299,669	-	-	299,669	299,669
Infrastructure	996,180	755,196	-	-	996,180	755,196
Subtotal	<u>3,958,748</u>	<u>3,722,182</u>	<u>6,067,635</u>	<u>6,056,419</u>	<u>10,026,383</u>	<u>9,778,601</u>
Less accumulated depreciation	<u>(1,766,541)</u>	<u>(1,639,764)</u>	<u>(3,567,961)</u>	<u>(3,376,469)</u>	<u>(5,334,502)</u>	<u>(5,016,233)</u>
Capital assets, net	<u>\$ 2,192,207</u>	<u>\$ 2,082,418</u>	<u>\$ 2,499,674</u>	<u>\$ 2,679,950</u>	<u>\$ 4,691,881</u>	<u>\$ 4,762,368</u>

Additional information on the Town's capital assets can be found in Note 2 to the basic financial statements, pages 44 – 47.

**Long-Term Debt.** As of June 30, 2013, the Town had total bonded debt outstanding of \$3,135,000, all of which is backed by the full faith and credit of the Town.

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

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

**Figure 7**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
General obligation bonds	\$ -	\$ -	\$ 3,135,000	\$ 3,175,000	\$ 3,135,000	\$ 3,175,000
Unamortized bond issuance cost	-	-	-	17,109	-	17,109
Unamortized premium on bonds	-	-	156,022	-	156,022	-
Compensated absences	34,119	30,118	9,470	7,656	43,589	37,774
Unfunded pension obligation	(37,610)	(11,299)	-	-	(37,610)	(11,299)
Total debt	<u>\$ (3,491)</u>	<u>\$ 18,819</u>	<u>\$ 3,300,492</u>	<u>\$ 3,199,765</u>	<u>\$ 3,297,001</u>	<u>\$ 3,218,584</u>

In the process to advance refund the Series 2004 General Obligation bonds, the Town of River Bend received an upgrade in our Standard and Poor's rating to AA-, a stable A1 rating with Moody's Investor Service, and an upgrade in our North Carolina Municipal Council rating to 81 which is equivalent to the national ratings. This bond rating is a clear indication of consistently sound financial operations with ample reserves.

Additional information on the Town's long-term debt can be found starting on page 53 in the notes to the basic financial statements. The Town's legal debt margin at June 30, 2013 was \$25,060,000.

**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 3,119 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 slow recovery; both State and County reported the unemployment rate near 10% last year. Craven County unemployment rate of 9.9% was slightly higher than the State average of 8.8% at the end of June 2013.

**Budget Highlights for the Fiscal Year Ending June 30, 2014**

**Governmental Activities.** The budget represents the commitment of the Town Council to the mission statement established in the Town's Comprehensive Plan, and responds to the goals the Council established at their retreat in November 2012. These goals are the foundation upon which the budget is built. We invite you to review the annual budget report on our website [www.riverbendnc.org/finance](http://www.riverbendnc.org/finance). This is the third year the Town has been awarded the Distinguished Budget Presentation Award by the Government Finance Officers Association.

The adopted tax rate of \$0.265 is unchanged from the prior year. The General Fund budget was formulated in compliance with the Financial and Budgetary Policies which stipulates a minimum contingency level of one percent of budgeted General Fund expenditures and a target of 50% unassigned fund balance at the end of the fiscal year. General Fund revenues are budgeted at \$1,815,412; a 14.3 percent increase from the 2013 fiscal year-end budgeted revenues and 10.5 percent increase compared to year-end revenue.

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

## **Management Discussion and Analysis**

### **Town of River Bend**

benefits, represent 37% of the total combined operating budget. Following the guidance of the Council, the budget reflects a 1.5% cost-of-living increase and 1% for longevity increases. An additional 1% merit pool is available to recognize outstanding performance of individual employees.

Included in the budget is an allocation of \$10,000 to fund the Law Enforcement Officers' Separation Allowance. At the end of fiscal year 2013, the Council approved a one-time addition of \$30,000 to this Trust Fund. Our financial obligation for eligible retirees is \$22,111 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 four streets and doing full depth patching on five others. The estimated cost is well above what we receive from the State through gas tax revenues so local revenue in the amount of \$54,500 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, \$105,000, include vehicle and information technology replacement plans, stormwater and canal maintenance, and the Wildwood facility replacement.

CIP budgeted expenditures this year in the amount of \$233,529 will be for vehicle replacements for the Police and Public Works departments (\$22,723 & \$26,266), scheduled hardware replacement (\$2,500), five identified stormwater management projects (\$73,000), and architect fees (\$109,040). We are engaging the architect that performed a facility needs analysis in 2011 to begin the design and permitting phase to plan for the future construction of an administrative building and the renovation of the existing facilities to meet current and future needs. This project will allow for more detailed planning regarding future building projects. 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 are able to further reduce CIP funding to \$2,000 in FY 2014.

**Business-Type Activities.** The adopted rate schedule remains unchanged in both the Water Fund and the Sewer Fund. Using the professionally designed rate model, revenues are projected to support the proposed expenditures necessary 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 30% and 23% of the total expenditures for the Water Fund and the Sewer Fund, respectively.

Water Capital Improvement Plan (CIP) annually budgeted funds of \$63,000 support the vehicle replacement plan, well pump replacements, and all other planned or emergency cash-funded capital expenditures. The CIP expenditure for the Water Fund this year, \$22,208, is the replacement of 32 service lines that serve the Harbour Walk duplex dwellings. These lines are the last in our system that use what we consider inferior quality plastic pipe. These replacements will help us get ahead of other surprise repairs that would likely be needed in the near future as we have already experienced line failures that are costly and time consuming to repair.

Other projects and purchases include appropriate equipment for chlorine handling (\$4,490), replacing an outdated folding/stuffing machine for billing, and installing another 100 black flow preventers (\$4,695) as



## **Management Discussion and Analysis**

### **Town of River Bend**

part of a multi-year project to include all water service connections. The cost of the billing equipment, \$4,300, will be split with the Sewer Fund.

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. Planned projects in the Sewer Fund this year include an upgrade to the main lift station (\$12,000), and improvements to the wastewater treatment plant (\$17,663). The wastewater treatment plant improvements will ensure the plant is functioning properly and improve operational and maintenance flexibility.

Minor purchases include another spare lift station pump (\$5,000) to allow for more flexibility in terms of performing proactive maintenance on the pumps. Yard hydrants will be installed at two lift stations (\$3,900) in order to have water available at the site to clean lift station equipment. This year we are utilizing a contractor to vacuum accumulated grease out of each of our lift stations (\$1,700) in addition to the routine use of a chemical degreaser that breaks the substance free from the components of the lift stations.

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 Marshburn, Finance Administrator, 45 Shoreline Drive, River Bend, North Carolina 28562-8970 or [finance@riverbendnc.org](mailto:finance@riverbendnc.org). Get to know us on the Town of River Bend's web site: [www.riverbendnc.org](http://www.riverbendnc.org).



## **BASIC FINANCIAL STATEMENTS**



## TOWN OF RIVER BEND, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 1,572,801	\$ 929,373	\$ 2,502,174
Taxes receivable, net	17,082	-	17,082
Accounts receivable, net	1,608	249,626	251,234
Prepaid items	2,958	2,166	5,124
Due from other governments	113,490	-	113,490
Total current assets	1,707,939	1,181,165	2,889,104
Non-current assets:			
Restricted cash and cash equivalents	-	7,195	7,195
Net pension asset	37,610	-	37,610
Capital assets:			
Land and construction in progress	929,320	183,357	1,112,677
Other capital assets, net of depreciation	1,262,887	2,316,317	3,579,204
Total non-current assets	2,229,817	2,506,869	4,736,686
Total assets	3,937,756	3,688,034	7,625,790
<b>Deferred Outflows of Resources:</b>			
Deferred charge on refunding	-	125,000	125,000
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	8,917	9,475	18,392
Prepaid fees	5,225	-	5,225
Current portion of compensated absences	29,000	7,110	36,110
Current portion of long-term debt	-	211,144	211,144
Payable from restricted assets	-	7,195	7,195
Total current liabilities	43,142	234,924	278,066
Non-current liabilities:			
Non-current portion of compensated absences	5,119	2,360	7,479
Non-current portion of long-term debt	-	3,079,878	3,079,878
Total non-current liabilities	5,119	3,082,238	3,087,357
Total liabilities	48,261	3,317,162	3,365,423
<b>Net Position:</b>			
Net investment in capital assets	2,192,207	(791,348)	1,400,859
Restricted for stabilization by State statute	115,098	-	115,098
Unrestricted	1,582,190	1,287,220	2,869,410
Total net position	\$ 3,889,495	\$ 495,872	\$ 4,385,367

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

# TOWN OF RIVER BEND, NORTH CAROLINA

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2013

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 557,376	\$ 81,018	\$ -	\$ -
Public safety	472,582	480	636	-
Transportation	188,420	-	93,318	-
Environmental protection	51,972	1,975	-	-
Cultural and recreational	44,149	-	-	55,092
Total governmental activities	<u>1,314,499</u>	<u>83,473</u>	<u>93,954</u>	<u>55,092</u>
<b>Business-Type Activities:</b>				
Water Fund	537,884	611,303	3,106	-
Sewer Fund	600,186	596,143	2,304	-
Total business-type activities	<u>1,138,070</u>	<u>1,207,446</u>	<u>5,410</u>	<u>-</u>
Total primary government	<u>\$ 2,452,569</u>	<u>\$ 1,290,919</u>	<u>\$ 99,364</u>	<u>\$ 55,092</u>
<b>General Revenues:</b>				
Ad valorem taxes				
Local option sales taxes				
Franchise taxes				
Other taxes and licenses				
Interest earned on investments				
Total general revenues				
Change in net position				
<b>Net Position:</b>				
Beginning of year - July 1				
Restatement				
Beginning of year - July 1, restated				
End of year - June 30				

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



**Exhibit B**

<b>Net Revenue (Expense) and Changes in Net Position</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<hr/>		
\$ (476,358)	\$ -	\$ (476,358)
(471,466)	-	(471,466)
(95,102)	-	(95,102)
(49,997)	-	(49,997)
10,943	-	10,943
<u>(1,081,980)</u>	<u>-</u>	<u>(1,081,980)</u>
-	76,525	76,525
-	(1,739)	(1,739)
<u>-</u>	<u>74,786</u>	<u>74,786</u>
<u>(1,081,980)</u>	<u>74,786</u>	<u>(1,007,194)</u>
879,221	-	879,221
369,175	-	369,175
75,996	-	75,996
90,534	-	90,534
626	335	961
<u>1,415,552</u>	<u>335</u>	<u>1,415,887</u>
<u>333,572</u>	<u>75,121</u>	<u>408,693</u>
3,555,923	437,860	3,993,783
-	(17,109)	(17,109)
<u>3,555,923</u>	<u>420,751</u>	<u>3,976,674</u>
<u>\$ 3,889,495</u>	<u>\$ 495,872</u>	<u>\$ 4,385,367</u>

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

## TOWN OF RIVER BEND, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2013

	<u>General Fund</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 1,572,801
Taxes receivable, net	17,082
Accounts receivable, net	1,608
Prepaid items	2,958
Due from other governments	113,490
Total assets	<u>\$ 1,707,939</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 8,917
Prepaid fees	5,225
Total liabilities	<u>14,142</u>
<b>Deferred Inflows of Resources:</b>	
Unavailable revenue - property taxes	<u>17,082</u>
<b>Fund Balances:</b>	
Non-spendable - prepaid items	2,958
Restricted for stabilization by State statute	115,098
Committed for general government capital outlay	312,155
Assigned	6,144
Unassigned	1,240,360
Total fund balances	<u>1,676,715</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,707,939</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not current economic resources and, therefore, are not reported in the funds.	\$ 2,192,207
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	17,082
Other long-term liabilities (unfunded pension obligations and compensated absences) are not due and payable in the current period and, therefore, are not reported in the funds.	<u>3,491</u>
Net position of governmental activities per Exhibit A	<u>\$ 3,889,495</u>

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

# TOWN OF RIVER BEND, NORTH CAROLINA

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2013

	<b>General Fund</b>
<b>Revenues:</b>	
Ad valorem taxes	\$ 874,300
Other taxes and licenses	380,440
Unrestricted intergovernmental revenues	155,265
Restricted intergovernmental revenues	150,557
Permits and fees	4,304
Sales and services	77,658
Investment earnings	626
Total revenues	<u>1,643,150</u>
<b>Expenditures:</b>	
Current:	
General government	473,771
Public safety	483,414
Transportation	303,089
Environmental protection	67,764
Cultural and recreational	118,560
Total expenditures	<u>1,446,598</u>
Net change in fund balance	196,552
<b>Fund Balance:</b>	
Beginning of year - July 1	<u>1,480,163</u>
End of year - June 30	<u>\$ 1,676,715</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, 2013**

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

Net change in fund balances - total governmental funds (Exhibit D)	\$ 196,552
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in unavailable revenue from tax revenues	4,921
Expenses related to compensated absences do not require current financial resources are not reported as expenditures in the governmental funds statement.	(4,001)
Net pension obligation expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	26,311
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.	236,566
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	<u>(126,777)</u>
Change in net position of governmental activities, per Exhibit B	<u>\$ 333,572</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, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Over/Under</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ 866,591	\$ 866,591	\$ 874,300	\$ 7,709
Other taxes and licenses	348,885	348,885	380,440	31,555
Unrestricted intergovernmental revenues	161,875	161,875	155,265	(6,610)
Restricted intergovernmental revenues	141,432	149,353	150,557	1,204
Permits and fees	5,300	5,300	4,304	(996)
Sales and services	54,640	54,640	77,658	23,018
Investment earnings	1,496	1,496	483	(1,013)
Total revenues	<u>1,580,219</u>	<u>1,588,140</u>	<u>1,643,007</u>	<u>54,867</u>
<b>Expenditures:</b>				
General government	503,861	489,261	473,771	15,490
Public safety	423,947	498,947	483,414	15,533
Transportation	286,316	316,316	303,089	13,227
Environmental protection	90,046	91,625	67,764	23,861
Cultural and recreational	132,282	132,282	118,560	13,722
Total expenditures	<u>1,436,452</u>	<u>1,528,431</u>	<u>1,446,598</u>	<u>81,833</u>
Revenues over (under) expenditures	<u>143,767</u>	<u>59,709</u>	<u>196,409</u>	<u>136,700</u>
<b>Other Financing Sources (Uses):</b>				
Transfers to other funds	(108,000)	(108,000)	(108,000)	-
Transfers from other funds	19,212	19,212	19,212	-
Contingency	(54,979)	-	-	-
Appropriated fund balance	-	29,079	-	(29,079)
Total other financing sources (uses)	<u>(143,767)</u>	<u>(59,709)</u>	<u>(88,788)</u>	<u>(29,079)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	107,621	<u>\$ 107,621</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>1,256,939</u>	
End of year - June 30			<u>\$ 1,364,560</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, 2013

	Major Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 526,891	\$ 402,482	\$ 929,373
Accounts receivable, net	123,964	125,662	249,626
Prepaid expense	1,083	1,083	2,166
Total current assets	651,938	529,227	1,181,165
Non-current assets:			
Restricted cash and cash equivalents	3,484	3,711	7,195
Capital assets, net:			
Land and construction in progress	118,171	65,186	183,357
Other capital assets, net of depreciation	1,242,712	1,073,605	2,316,317
Total capital assets, net	1,360,883	1,138,791	2,499,674
Total non-current assets	1,364,367	1,142,502	2,506,869
Total assets	2,016,305	1,671,729	3,688,034
<b>Deferred Outflows of Resources:</b>			
Deferred charge on refunding	67,077	57,923	125,000
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	4,312	5,163	9,475
Compensated absences payable	3,510	3,600	7,110
Current portion of long-term debt	113,303	97,841	211,144
Liabilities paid from restricted assets:			
Customer deposits	3,484	3,711	7,195
Total current liabilities	124,609	110,315	234,924
Non-current liabilities:			
Compensated absences payable	1,170	1,190	2,360
Long-term debt	1,652,662	1,427,216	3,079,878
Total non-current liabilities	1,653,832	1,428,406	3,082,238
Total liabilities	1,778,441	1,538,721	3,317,162
<b>Net Position:</b>			
Net investment in capital assets	(405,082)	(386,266)	(791,348)
Unrestricted	710,023	577,197	1,287,220
Total net position	\$ 304,941	\$ 190,931	\$ 495,872

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, 2013

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>Operating Revenues:</b>			
Charges for services	\$ 581,347	\$ 577,014	\$ 1,158,361
Water and sewer taps	11,250	4,650	15,900
Other operating revenues	18,456	9,111	27,567
Total operating revenues	<u>611,053</u>	<u>590,775</u>	<u>1,201,828</u>
<b>Operating Expenses:</b>			
Administration	216,867	289,510	506,377
Operations	79,115	111,019	190,134
Depreciation	118,958	93,132	212,090
Total operating expenses	<u>414,940</u>	<u>493,661</u>	<u>908,601</u>
Operating income (loss)	<u>196,113</u>	<u>97,114</u>	<u>293,227</u>
<b>Non-Operating Revenues (Expenses):</b>			
Investment earnings	183	152	335
Interest and fees	(122,944)	(106,525)	(229,469)
Gain (loss) on sale of capital assets	250	5,368	5,618
Other non-operating revenues	3,106	2,304	5,410
Total non-operating revenues (expenses)	<u>(119,405)</u>	<u>(98,701)</u>	<u>(218,106)</u>
Change in net position	<u>76,708</u>	<u>(1,587)</u>	<u>75,121</u>
<b>Net Position:</b>			
Beginning of year - July 1	239,316	198,544	437,860
Restatement	(11,083)	(6,026)	(17,109)
Beginning of year - July 1, restated	<u>228,233</u>	<u>192,518</u>	<u>420,751</u>
End of year - June 30	<u>\$ 304,941</u>	<u>\$ 190,931</u>	<u>\$ 495,872</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, 2013

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 612,628	\$ 593,012	\$ 1,205,640
Cash paid for goods and services	(159,986)	(261,583)	(421,569)
Cash paid to/on behalf of employees	(143,481)	(150,533)	(294,014)
Net cash provided (used) by operating activities	<u>309,161</u>	<u>180,896</u>	<u>490,057</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Non-operating revenues	<u>3,106</u>	<u>2,304</u>	<u>5,410</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Issuance of long-term debt	1,672,057	1,443,965	3,116,022
Deferred charge on refunding	(67,077)	(57,923)	(125,000)
Acquisition of capital assets	(16,719)	(15,095)	(31,814)
Proceeds from sale of capital assets	250	5,368	5,618
Principal repaid on long-term debt	(1,609,991)	(1,390,009)	(3,000,000)
Interest and other costs paid on long-term debt	(122,944)	(106,525)	(229,469)
Net cash provided (used) by capital and related financing activities	<u>(144,424)</u>	<u>(120,219)</u>	<u>(264,643)</u>
<b>Cash Flows from Investing Activities:</b>			
Investment income received	<u>183</u>	<u>152</u>	<u>335</u>
Net increase (decrease) in cash and cash equivalents	168,026	63,133	231,159
<b>Cash and Cash Equivalents:</b>			
Beginning of year - July 1	<u>362,349</u>	<u>343,060</u>	<u>705,409</u>
End of year - June 30	<u>\$ 530,375</u>	<u>\$ 406,193</u>	<u>\$ 936,568</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 196,113	\$ 97,114	\$ 293,227
Depreciation	118,958	93,132	212,090
Change in assets and liabilities:			
(Increase) decrease in accounts receivables	(1,909)	(1,474)	(3,383)
(Increase) decrease in prepaid expenses	2,189	2,579	4,768
Increase (decrease) in accounts payable	(10,753)	(14,901)	(25,654)
Increase (decrease) in customer deposits	3,484	3,711	7,195
Increase (decrease) in accrued vacation	<u>1,079</u>	<u>735</u>	<u>1,814</u>
Net cash provided (used) by operating activities	<u>\$ 309,161</u>	<u>\$ 180,896</u>	<u>\$ 490,057</u>

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

**TOWN OF RIVER BEND, NORTH CAROLINA****STATEMENT OF FIDUCIARY NET POSITION****FIDUCIARY FUND****JUNE 30, 2013**

	<b>Law Enforcement Separation Allowance Trust Fund</b>
<b>Assets:</b>	
Cash and cash equivalents	\$ <u>86,499</u>
<b>Net Position:</b>	
Held in trust for pension benefits	\$ <u>86,499</u>

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

## TOWN OF RIVER BEND, NORTH CAROLINA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUND  
 FOR THE YEAR ENDED JUNE 30, 2013

	<b>Law Enforcement Separation Allowance Trust Fund</b>
<b>Additions:</b>	
Employer contributions	\$ 39,000
Investment income	<u>26</u>
Total additions	<u>39,026</u>
<b>Deductions:</b>	
Benefits paid	<u>22,111</u>
Change in net position	16,915
<b>Net Position:</b>	
Beginning of year - July 1	<u>69,584</u>
End of year - June 30	<u>\$ 86,499</u>

*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, 2013

### 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, Basis of Accounting

##### **Basis of Presentation, Measurement Focus - Basis of Accounting**

*Government-Wide Statements.* The Statement of Net Position and the Statement of Activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town’s governmental activities. Direct expenses are those that are specifically associated with a program or function, and therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include: 1) fees and charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements.* The fund financial statements provide information about the Town’s funds, including its fiduciary fund. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as 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.

# TOWN OF RIVER BEND, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### NOTE 1 – Summary of Significant Accounting Policies (Continued)

#### **Basis of Presentation, Measurement Focus - Basis of Accounting (Continued)**

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.

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.

The Town reports the following fund types:

*Pension Trust Fund.* The Town maintains one pension trust fund – the Law Enforcement Separation Allowance Trust Fund. Pension trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans or defined contribution plans. The Law Enforcement Separation Allowance Trust Fund is used to account for the Law Enforcement Officers' Special Separation Allowance pension activity.

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.

# TOWN OF RIVER BEND, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### NOTE 1 – Summary of Significant Accounting Policies (Continued)

#### **Basis of Presentation, Measurement Focus – Basis of Accounting (Continued)**

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.

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 are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, 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, Craven County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities, including the Town of River Bend, and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes which were billed during this period are shown as a receivable on the fund financial statements. Uncollected taxes that were billed during this period are shown as a receivable on 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. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash.

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

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013**

### **NOTE 1 – Summary of Significant Accounting Policies (Continued)**

#### **Basis of Presentation, Measurement Focus – Basis of Accounting (Continued)**

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 are 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.

#### **C. 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 interfund and interdepartmental transfers in emergency situations, and to execute interdepartmental transfers in the same fund, including contingency appropriations, not to exceed \$5,000. Notification of such transfers shall be made to the Town Council at its next meeting following the transfer. Any revisions that alter total expenditures of any fund must be approved by the governing board. During the year, four amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year, or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

#### **D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Equity**

##### **Deposits and Investments**

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

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

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013**

### **NOTE 1 – Summary of Significant Accounting Policies (Continued)**

#### **Deposits and Investments (Continued)**

The Town's investments with a maturity of more than one year, at acquisition and non-money market investments, are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

#### **Cash and Cash Equivalents**

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

#### **Restricted Assets**

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

#### **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, 2012.

#### **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.

#### **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.

# TOWN OF RIVER BEND, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### NOTE 1 – Summary of Significant Accounting Policies (Continued)

#### Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Capitalization cost for the Town's assets are \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. 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, applying the following useful lives to the cost of the assets:

<u>Assets</u>	<u>Estimated Useful Lives</u>
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

#### Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial 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 one item that meets this criterion – a deferred charge on refunding of bonds that would have previously been classified as an asset. In addition to liabilities, the Statement of Financial 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 one item that meets the criterion for this category - property taxes receivable.

#### 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 the debt is reported as other financing sources.

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

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013**

#### **NOTE 1 – Summary of Significant Accounting Policies (Continued)**

##### **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.

The Town considers all of the accrued vacation to be due within the next fiscal year based on a first-in, first-out method. Accrued vacation for governmental activities was \$34,119, and for business-type activities was \$9,470 at June 30, 2013.

##### **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. Non-spendable fund balance for prepaid items at June 30, 2013 was \$2,958.

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

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013**

#### **NOTE 1 – Summary of Significant Accounting Policies (Continued)**

##### **Restricted Fund Balance**

This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

*Restricted for Stabilization by State Statute* – represents the portion of fund balance that is restricted by State statute [G.S.159-8(a)]. Amount restricted at June 30, 2013 was \$115,098.

##### **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, 2013, commitment for capital outlay was \$312,155.

##### **Assigned Fund Balance**

Assigned fund balance is the portion of fund balance that the Town Council has budgeted to use for specific purposes.

*Subsequent Year's Expenditures* – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The members of the Town Council approves the appropriation. At June 30, 2013, assigned fund balance for this purpose was \$6,144.

##### **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.

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



## TOWN OF RIVER BEND, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

#### NOTE 1 – Summary of Significant Accounting Policies (Continued)

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

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

Total fund balance - General Fund	\$ 1,676,715
Less:	
Prepays	2,958
Stabilization by State statute	115,098
Fund balance policy	<u>723,299</u>
Total available fund balance	<u><u>\$ 835,360</u></u>

# TOWN OF RIVER BEND, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### NOTE 1 – Summary of Significant Accounting Policies (Continued)

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

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

Fund balance, ending (Exhibit F)	\$ 1,364,560
<b>Capital Reserve Fund:</b>	
Revenues:	
Investment earnings	143
Transfers in - General Fund	108,000
Transfers out - General Fund	(19,212)
Fund balance:	
Beginning of year - July 1	<u>223,224</u>
End of year (Exhibit D) - June 30	<u>\$ 1,676,715</u>

#### Interfund Transactions

Interfund services provided are accounted for as revenues or expenses in the government-wide financial statements, since they would be treated as such if they involved organizations external to the Town. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

#### 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.

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

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013**

#### **NOTE 2 – Detail Notes on All Funds**

##### **Assets**

##### **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 non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the 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, 2013, the Town's deposits had a carrying amount of \$306,147 and a bank balance of \$319,451. 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 \$69,451 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. The Town had petty cash of \$604 at June 30, 2013.

##### **Investments**

At June 30, 2013, the Town had \$2,289,117 invested with North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's.

The Town's investment policy was adopted by the Town Council in July 2009 and is designed to invest public funds in a manner which provides the highest investment return with the maximum security while meeting the daily cash flow requirements of the Town. The Town's objectives in managing the investment portfolio, in order of priority, are safety, liquidity, and yield.

## TOWN OF RIVER BEND, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

#### NOTE 2 – Detail Notes on All Funds (Continued)

##### Investments (Continued)

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

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

Additionally, the Town's policy requires purchases of investments to be laddered with staggered maturity dates and limits all investments to a final maturity of no more than 15 years.

*Credit Risk.* Credit risk is the risk of loss due to the failure of the security issuer or backer. The Town will minimize this risk by pre-qualifying the financial institution and broker dealers, and establishing diversification limits by security type and by institution so that potential losses on individual securities will be minimized. It is the Town's policy to maintain a list of financial institutions that are authorized to provide investment services. Those institutions will be selected based on credit worthiness, and must maintain an office in the State of North Carolina, and show proof of National Association of Securities Dealers' certification. These may include "primary" dealers or regional dealers that qualify under SEC Rule 15C3-1. No other credit rating limitations other than this are imposed by the Town. The Town's investment policy sets forth a more restrictive list of investment types than that afforded by G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. As of June 30, 2013, the Town's investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's.

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

# TOWN OF RIVER BEND, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### NOTE 2 – Detail Notes on All Funds (Continued)

#### Receivables - Allowances for Doubtful Accounts

Disaggregation information and allowance for doubtful accounts related to receivables reported at the government-wide level at June 30, 2013 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Total</u>
<b>Governmental Activities:</b>			
General	\$ -	\$ 20,682	\$ 20,682
Wildwood storage receivables	5,191	-	5,191
Other receivables	2,585	-	2,585
Due from other governments	113,490	-	113,490
Allowance for doubtful accounts	<u>(6,168)</u>	<u>(3,600)</u>	<u>(9,768)</u>
Total governmental activities	<u>\$ 115,098</u>	<u>\$ 17,082</u>	<u>\$ 132,180</u>
 <b>Business-Type Activities:</b>			
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Accounts	\$ 38,967	\$ 36,256	\$ 75,223
Unbilled receivables	92,127	96,458	188,585
Allowance for doubtful accounts	<u>(7,130)</u>	<u>(7,052)</u>	<u>(14,182)</u>
Total business-type activities	<u>\$ 123,964</u>	<u>\$ 125,662</u>	<u>\$ 249,626</u>

Due from other governments consisted of the following:

<b>Governmental Activities:</b>	
Local option sales tax	\$ 98,496
Sales tax refund receivable	<u>14,994</u>
Total	<u>\$ 113,490</u>

# TOWN OF RIVER BEND, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### NOTE 2 – Detail Notes on All Funds (Continued)

#### Capital Assets

#### Governmental Activities

Capital assets activity for the year ended June 30, 2013 was as follows:

	<u>June 30, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2013</u>
<b>By Asset Type:</b>				
<b>Non-Depreciable Assets:</b>				
Land	\$ 929,320	\$ -	\$ -	\$ 929,320
Construction in progress	20,210	-	(20,210)	-
Total non-depreciable assets	<u>949,530</u>	<u>-</u>	<u>(20,210)</u>	<u>929,320</u>
<b>Depreciable Assets:</b>				
Buildings and improvements	1,717,787	15,792	-	1,733,579
Equipment and vehicles	299,669	-	-	299,669
Infrastructure	755,196	240,984	-	996,180
Total depreciable assets	<u>2,772,652</u>	<u>256,776</u>	<u>-</u>	<u>3,029,428</u>
<b>Less Accumulated Depreciation:</b>				
Buildings and improvements	1,268,170	63,142	-	1,331,312
Equipment and vehicles	244,639	20,594	-	265,233
Infrastructure	126,955	43,041	-	169,996
Total accumulated depreciation	<u>1,639,764</u>	<u>\$ 126,777</u>	<u>\$ -</u>	<u>1,766,541</u>
Depreciable capital assets, net	<u>1,132,888</u>			<u>1,262,887</u>
Total capital assets, net	<u>\$ 2,082,418</u>			<u>\$ 2,192,207</u>

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

#### Governmental Activities:

General government	\$ 82,405
Public safety	12,678
Transportation	25,355
Cultural and recreational	6,339
Total	<u>\$ 126,777</u>

# TOWN OF RIVER BEND, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### NOTE 2 – 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, 2013 was as follows:

	<u>June 30, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2013</u>
<b>By Asset Type:</b>				
<b>Non-Depreciable Assets:</b>				
Land	\$ 118,171	\$ -	\$ -	\$ 118,171
<b>Depreciable Assets:</b>				
Plant and distribution system	3,074,727	16,719	(688)	3,090,758
Buildings and improvements	4,480	-	-	4,480
Furniture and equipment	136,997	-	-	136,997
Total depreciable assets	<u>3,216,204</u>	<u>16,719</u>	<u>(688)</u>	<u>3,232,235</u>
<b>Less Accumulated Depreciation:</b>				
Plant and distribution system	1,739,673	113,205	(688)	1,852,190
Buildings and improvements	224	112	-	336
Furniture and equipment	131,356	5,641	-	136,997
Total accumulated depreciation	<u>1,871,253</u>	<u>\$ 118,958</u>	<u>\$ (688)</u>	<u>1,989,523</u>
Depreciable capital assets, net	<u>1,344,951</u>			<u>1,242,712</u>
 Total water capital assets, net	 <u>1,463,122</u>			 <u>1,360,883</u>

# TOWN OF RIVER BEND, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### NOTE 2 – Detail Notes on All Funds (Continued)

#### Capital Assets (Continued)

#### Business-Type Activities (Continued)

Capital assets activity for the Sewer Fund for the year ended June 30, 2013 was as follows:

	<u>June 30, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2013</u>
<b>By Asset Type:</b>				
<b>Non-Depreciable Assets:</b>				
Land	<u>65,186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>65,186</u>
<b>Depreciable Assets:</b>				
Plant and distribution system	2,529,672	10,000	(19,910)	2,519,762
Buildings and improvements	4,480	-	-	4,480
Furniture and equipment	<u>122,706</u>	<u>5,095</u>	<u>-</u>	<u>127,801</u>
Total depreciable assets	<u>2,656,858</u>	<u>15,095</u>	<u>(19,910)</u>	<u>2,652,043</u>
<b>Less Accumulated Depreciation:</b>				
Plant and distribution system	1,390,191	86,616	(19,910)	1,456,897
Buildings and improvements	224	112	-	336
Furniture and equipment	<u>114,801</u>	<u>6,404</u>	<u>-</u>	<u>121,205</u>
Total accumulated depreciation	<u>1,505,216</u>	<u>\$ 93,132</u>	<u>\$ (19,910)</u>	<u>1,578,438</u>
Depreciable capital assets, net	<u>1,151,642</u>			<u>1,073,605</u>
 Total Sewer capital assets, net	 <u>1,216,828</u>			 <u>1,138,791</u>
 Total business-type activities capital assets, net	 <u>\$ 2,679,950</u>			 <u>\$ 2,499,674</u>



# TOWN OF RIVER BEND, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### NOTE 2 – Detail Notes on All Funds (Continued)

#### Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2013 is composed of the following elements:

	Governmental Activities	Business-Type Activities		
		Water Fund	Sewer Fund	Total
Capital assets	\$ 2,192,207	\$ 1,360,883	\$ 1,138,791	\$ 2,499,674
Long-term debt	(3,491)	1,770,645	1,529,847	3,300,492
Less: unfunded pension obligation	37,610	-	-	-
Less: compensated absences	(34,119)	(4,680)	(4,790)	(9,470)
Long-term debt related to capital assets	-	1,765,965	1,525,057	3,291,022
Net investment in capital assets	\$ 2,192,207	\$ (405,082)	\$ (386,266)	\$ (791,348)

#### Liabilities

##### Accounts Payable

Payables at June 30, 2013 consisted of only vendors in the amount of \$18,392.

##### Pension Plan and Other Post-Employment Obligations

##### Local Governmental Employees' Retirement System

*Plan Description.* The Town contributes to the State-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The LGERS 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, or by calling (919) 981-5454.

# TOWN OF RIVER BEND, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### NOTE 2 – Detail Notes on All Funds (Continued)

#### Pension Plan and Other Post-Employment Obligations (Continued)

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

*Funding Policy.* Plan members are required to contribute six percent of their annual covered salary. The Town is required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.74% and 6.77%, respectively, of annual covered payroll. The contribution requirements of members and of the Town are established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$50,155, \$49,980, and \$45,245, respectively. The contributions made by the Town equaled the required contributions for each year.

##### Law Enforcement Officers' Special Separation Allowance

*Plan Description.* The Town administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to .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. The Separation Allowance is reported in the Town's report as a pension trust fund.

All full-time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2012, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to, but not yet receiving benefits	-
Active plan members	6
Total	<u>8</u>

A separate report was not issued for the Plan.

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

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013**

#### **NOTE 2 – Detail Notes on All Funds (Continued)**

##### **Pension Plan and Other Post-Employment Obligations (Continued)**

##### **Law Enforcement Officers' Special Separation Allowance (Continued)**

###### *Summary of Significant Accounting Policies*

*Basis of Accounting.* Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the Plan are recognized when due and when the Town has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the Plan.

*Method Used to Value Investments.* Investments are reported at fair value. Short-term money market debt instruments, deposits, and repurchase agreements are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

*Contributions.* The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the Town contributed \$39,000, or 14.1% of annual covered payroll. There were no contributions made by employees. The Town's obligation to contribute to this Plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

The annual required contribution for the current fiscal year was determined as part of the December 31, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year. The inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2011 was 19 years.

# TOWN OF RIVER BEND, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### NOTE 2 – Detail Notes on All Funds (Continued)

#### Pension Plan and Other Post-Employment Obligations (Continued)

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

<u>Three-Year Trend Information</u>			
<u>Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2011	\$ 10,013	79.90%	\$ 20,246
2012	11,165	382.53%	(11,299)
2013	12,689	307.35%	(37,610)

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

Annual required contribution	\$ 12,551
Interest on net pension obligation	(565)
Adjustment to annual required contribution	<u>703</u>
Annual pension cost	12,689
Contributions made for fiscal year ending June 30, 2013	<u>(39,000)</u>
Increase (decrease) in net pension obligation	(26,311)
Net pension obligation:	
Beginning of year - July 1	<u>(11,299)</u>
End of year - June 30	<u><u>\$ (37,610)</u></u>

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

*Funded Status and Funding Progress.* As of December 31, 2012, the most recent actuarial valuation date, the Plan was 26.21 percent funded. The actuarial accrued liability for benefits was \$215,534, the actuarial value of assets was \$56,488, resulting in an unfunded actuarial accrued liability (UAAL) of \$159,046. The covered payroll (annual payroll of active employees covered by the Plan) was \$276,170, and the ratio of the UAAL to the covered payroll was 57.59%.

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

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013**

#### **NOTE 2 – Detail Notes on All Funds (Continued)**

##### **Pension Plan and Other Post-Employment Obligations (Continued)**

##### **Law Enforcement Officers' Special Separation Allowance (Continued)**

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

##### **Supplemental Retirement Income Plan for Law Enforcement Officers**

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

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2013 were \$20,867, which consisted of \$13,055 from the Town and \$7,812 from the law enforcement officers.

##### **Other Employment Benefits**

The Town has elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. 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. The Town considers these contributions to be immaterial.

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

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013**

### **NOTE 2 – Detail Notes on All Funds (Continued)**

#### **Pension Plan and Other Post-Employment Obligations (Continued)**

##### **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, 2013 were \$35,084, which consisted of \$24,095 from the Town and \$10,989 from the employees. A separate report was not issued for the Plan because the required contributions are considered immaterial to the financial statements.

##### **Deferred Outflows/Inflows of Resources and Unearned Revenues**

The amount of deferred outflows of resources is an unamortized deferred charge on refunding for the Water and Sewer Funds' bond refunded in fiscal year 2013. The amounts on the government-wide and fund financial statement is \$125,000.

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

	<b><u>Unavailable Revenues</u></b>	<b><u>Unearned Revenues</u></b>
<b>General Fund:</b>		
Deferred inflows:		
Taxes receivable, net	<u>\$ 17,082</u>	<u>\$ -</u>

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

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013**

#### **NOTE 2 – Detail Notes on All Funds (Continued)**

##### **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 \$6.7 million per year. Workers' compensation coverage up to the statutory limits is provided by a private insurer.

As the Town does not have structures within an area required by FEMA to carry flood insurance, we have elected not to carry flood insurance.

The Finance Officer and Tax Collector are each 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.

##### **Long-Term Obligations**

##### **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. The refunding did not pay off the 2004 series in full and there remains one year. 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.

**TOWN OF RIVER BEND, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**NOTE 2 – Detail Notes on All Funds (Continued)**

**Long-Term Obligations (Continued)**

**General Obligation Indebtedness – Enterprise Funds (Continued)**

The Town's general obligation bonds payable at June 30, 2013 are comprised of the following:

**Serviced by the Water Fund:**

\$4,290,000 General Obligation Refunding Bonds-Series 2004, due on June 1 in installments through June 1, 2014; interest varying from 3.0 to 5.0%	\$ 93,908
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\$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 2.0 to 3.0%	<u>1,588,336</u>
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Total Water Fund	<u>1,682,244</u>
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**Serviced by the Sewer Fund:**

\$4,290,000 General Obligation Refunding Bonds-Series 2004, due on June 1 in installments through June 1, 2014; interest varying from 3.0 to 5.0%	81,092
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\$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 2.0 to 3.0%	<u>1,371,664</u>
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Total Sewer Fund	<u>1,452,756</u>
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Total general obligation bonds	<u><u>\$ 3,135,000</u></u>
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# TOWN OF RIVER BEND, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### NOTE 2 – Detail Notes on All Funds (Continued)

#### Long-Term Obligations (Continued)

#### General Obligation Indebtedness – Enterprise Funds (Continued)

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

Year Ending June 30	Serviced by the Water Fund		
	Principal	Interest	Total
2014	\$ 107,323	\$ 41,480	\$ 148,803
2015	110,006	36,517	146,523
2016	110,006	34,317	144,323
2017	115,372	32,116	147,488
2018	115,372	29,809	145,181
2019-2023	622,475	113,199	735,674
2024-2027	501,690	37,671	539,361
Total	<u>\$ 1,682,244</u>	<u>\$ 325,109</u>	<u>\$ 2,007,353</u>

Year Ending June 30	Serviced by the Sewer Fund		
	Principal	Interest	Total
2014	\$ 92,677	\$ 35,820	\$ 128,497
2015	94,994	31,533	126,527
2016	94,994	29,633	124,627
2017	99,628	27,734	127,362
2018	99,628	25,741	125,369
2019-2023	537,525	97,751	635,276
2024-2027	433,310	32,529	465,839
Total	<u>\$ 1,452,756</u>	<u>\$ 280,741</u>	<u>\$ 1,733,497</u>

#### Statutory Debt Limitation

The Town is subject to the Municipal Finance Law of North Carolina which limits the amount of net bonded debt (exclusive of revenue and special assessment bonds). The Town may have outstanding to 8 percent of the appraised value of property subject to taxation. At June 30, 2013, the Town's legal debt margin was \$25,060,000.

# TOWN OF RIVER BEND, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### NOTE 2 – Detail Notes on All Funds (Continued)

#### Long-Term Obligations (Continued)

##### Advance Refunding

The Town issued \$2,960,000 Series 2013 General Obligation Refunding Bonds with a closing date of March 12, 2013 to defease certain general obligation bonds by placing the proceeds of new bonds in an escrow to provide for future debt service payments on the old bonds. The Town placed \$2,998,951 of new bonds for future principle payments of \$2,835,000, plus present value of interest. Accordingly, the escrowed account assets and liability for the defeased bonds are not included in the Town's financial statements.

The par amount of the bonds was \$2,960,000 plus a net premium of \$156,022, for total bond proceeds of \$3,116,022. The par amount exceeded the net carrying amount of the old debt by \$125,000. This amount is being amortized over the life of the refunded debt. The true interest cost of the refunding is approximately 1.9414%. The net present value of the savings realized by the Town is approximately \$274,678.

A balance of \$175,000 (\$93,908 Water Fund and \$81,092 Sewer Fund) remains on the Statement of Fund Net Position for the 2004 Series, to be paid over the next fiscal year.

The Series 2013 General Obligation Bonds partially extinguished the following debt:

\$2,385,000 Series 2004 General Obligation Bonds

##### Deferred Bond Refunding Charges

The Town has \$125,000 unamortized bond refunding charges from the 2013 advanced refunding issue. This amount is reported as a deferred outflow of resources on the Statement of Net Position.

##### Long-Term Obligation Activity

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

	<u>June 30, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2013</u>	<u>Maturities</u>
<b>By Type:</b>					
Compensated absences	\$ 30,118	\$ 34,224	\$ (30,223)	\$ 34,119	\$ 29,000
Unfunded pension obligation	(11,299)	12,689	(39,000)	(37,610)	-
Total governmental activities	<u>\$ 18,819</u>	<u>\$ 46,913</u>	<u>\$ (69,223)</u>	<u>\$ (3,491)</u>	<u>\$ 29,000</u>

# TOWN OF RIVER BEND, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### NOTE 2 – Detail Notes on All Funds (Continued)

#### Long-Term Obligation Activity (Continued)

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

	June 30, 2012	Restated	June 30, 2012 As Restated	Additions	Retirements	June 30, 2013	Current Maturities
<b>By Type:</b>							
<b>Water Fund:</b>							
General obligation bonds	\$ 1,703,899	\$ -	\$ 1,703,899	\$ 1,588,336	\$ (1,609,991)	\$ 1,682,244	\$ 107,323
Unamortized bond							
issue cost	11,083	(11,083)	-	-	-	-	-
Unamortized premium							
on bonds	-	-	-	83,721	-	83,721	5,980
Compensated absences	3,601	-	3,601	5,532	(4,453)	4,680	3,510
Total Water Fund	<u>1,718,583</u>	<u>(11,083)</u>	<u>1,707,500</u>	<u>1,677,589</u>	<u>(1,614,444)</u>	<u>1,770,645</u>	<u>116,813</u>
<b>Sewer Fund:</b>							
General obligation bonds	1,471,101	-	1,471,101	1,371,664	(1,390,009)	1,452,756	92,677
Unamortized bond							
issue cost	6,026	(6,026)	-	-	-	-	-
Unamortized premium							
on bonds	-	-	-	72,301	-	72,301	5,164
Compensated absences	4,055	-	4,055	6,267	(5,532)	4,790	3,600
Total Sewer Fund	<u>1,481,182</u>	<u>(6,026)</u>	<u>1,475,156</u>	<u>1,450,232</u>	<u>(1,395,541)</u>	<u>1,529,847</u>	<u>101,441</u>
Total business-type							
activities	<u>\$ 3,199,765</u>	<u>\$ (17,109)</u>	<u>\$ 3,182,656</u>	<u>\$ 3,127,821</u>	<u>\$ (3,009,985)</u>	<u>\$ 3,300,492</u>	<u>\$ 218,254</u>

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 3 – Federal and State-Assisted Programs

The Town has received proceeds from federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreement. Such audits could result in the refund of grant monies 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, 2013**

### **NOTE 4 – 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, 2013, the Water Fund and the Sewer Fund each reimbursed the General Fund \$48,342 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, 2013, the General Fund reimbursed the Water Fund and the Sewer Fund \$30,595 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 5 – Change in Accounting Principles/Restatement**

The Town implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources.

Bond issuance costs, which were previously deferred and amortized, must be included in current expenditures. Previously deferred bond issuance costs totaling \$11,083 and \$6,026 in the Water and Sewer Funds, respectively, were recognized as expenditures in the current year. As a result, beginning net positions decreased from \$239,316 to \$228,233 and \$198,544 to \$192,518 in the Water and Sewer Funds, respectively.

## **REQUIRED SUPPLEMENTAL INFORMATION**

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

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

Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance

Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance



## TOWN OF RIVER BEND, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE -  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2013

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets A	Actuarial Accrued Liability (AAL) - Projected Unit Credit B	Unfunded AAL (UAAL) B - A	Funded Ratio A / B	Covered Payroll C	UAAL as a Percentage of Covered Payroll ((B - A) / C)
12/31/2012	\$ 56,488	\$ 215,534	\$ 159,046	26.21%	\$ 276,170	57.59%
12/31/2011	39,569	141,287	101,718	28.01%	231,482	43.94%
12/31/2010	31,561	111,014	79,470	28.43%	239,398	33.20%
12/31/2009	23,520	95,895	72,388	24.53%	233,647	30.98%
12/31/2008	15,404	68,636	53,232	22.44%	224,084	23.76%
12/31/2007	7,154	54,173	47,019	13.21%	218,836	21.49%
12/31/2006	-	45,773	45,773	0.00%	211,535	21.64%

## Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2013	\$ 12,551	310.73%
2012	11,361	375.94%
2011	10,077	79.39%
2010	8,257	96.89%
2009	7,314	109.38%
2008	6,901	101.43%
2007	5,947	0.00%
2006	N/A	0.00%

## Notes to the Required Schedules:

The information presented above was determined as part of the actuarial valuations at the dates indicated.

Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	18 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	5.00%
Projected salary increases *	4.25 - 7.85%
Cost of living adjustments	N/A

\* Includes inflation at 3.00%





## **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, 2013**

	<b>General Fund</b>	<b>Capital Reserve Fund</b>	<b>Eliminations</b>	<b>Total General Fund</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ 874,300	\$ -	\$ -	\$ 874,300
Other taxes and licenses	380,440	-	-	380,440
Unrestricted intergovernmental revenues	155,265	-	-	155,265
Restricted intergovernmental revenues	150,557	-	-	150,557
Permits and fees	4,304	-	-	4,304
Sales and services	77,658	-	-	77,658
Investments earnings	483	143	-	626
Total revenues	<u>1,643,007</u>	<u>143</u>	<u>-</u>	<u>1,643,150</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	473,771	-	-	473,771
Public safety	483,414	-	-	483,414
Transportation	303,089	-	-	303,089
Environmental protection	67,764	-	-	67,764
Recreation	118,560	-	-	118,560
Total expenditures	<u>1,446,598</u>	<u>-</u>	<u>-</u>	<u>1,446,598</u>
Revenue over (under) expenditures	<u>196,409</u>	<u>143</u>	<u>-</u>	<u>196,552</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(108,000)	(19,212)	127,212	-
Transfers in	<u>19,212</u>	<u>108,000</u>	<u>(127,212)</u>	<u>-</u>
Total other financing sources (uses)	<u>(88,788)</u>	<u>88,788</u>	<u>-</u>	<u>-</u>
Net change in fund balance	107,621	88,931	-	196,552
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>1,256,939</u>	<u>223,224</u>	<u>-</u>	<u>1,480,163</u>
End of year - June 30	<u>\$ 1,364,560</u>	<u>\$ 312,155</u>	<u>\$ -</u>	<u>\$ 1,676,715</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, 2013

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Taxes	\$ 866,591	\$ 874,300	\$ 7,709	\$ 876,975
<b>Other Taxes and Licenses:</b>				
Local option sales tax	262,862	281,838	18,976	274,184
Hold harmless tax	65,604	77,840	12,236	72,821
Telecommunications sales tax	20,419	20,762	343	27,973
Total other taxes and licenses	348,885	380,440	31,555	374,978
<b>Unrestricted Intergovernmental Revenues:</b>				
Utility franchise tax	80,791	75,996	(4,795)	87,957
Video programming	68,344	66,575	(1,769)	71,729
Beer and wine tax	12,740	12,694	(46)	13,561
Cable franchise fees	-	-	-	992
Total unrestricted intergovernmental revenues	161,875	155,265	(6,610)	174,239
<b>Restricted Intergovernmental Revenues:</b>				
Federal and State grants	55,732	55,264	(468)	183,832
Solid waste disposal tax	2,200	1,975	(225)	2,147
Powell Bill allocation	91,421	93,318	1,897	90,479
Total restricted intergovernmental revenues	149,353	150,557	1,204	276,458
<b>Permits and Fees:</b>				
Zoning permits	2,000	1,584	(416)	5,199
Animal licenses	3,000	2,240	(760)	3,410
Court cost fees	300	480	180	234
Total permits and fees	5,300	4,304	(996)	8,843
<b>Sales and Services:</b>				
Rents and concessions	52,000	56,166	4,166	53,151
Contributions and refunds	1,000	1,720	720	1,572
Miscellaneous	1,640	19,772	18,132	30,703
Total sales and services	54,640	77,658	23,018	85,426

**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, 2013**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Investments Earnings</b>	1,496	483	(1,013)	556
Total revenues	1,588,140	1,643,007	54,867	1,797,475
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>Governing Body:</b>				
Salaries and benefits	21,904	22,031	(127)	24,198
Other operating expenditures	9,282	9,129	153	7,412
Salaries allocated to Water and Sewer	(8,451)	(8,450)	(1)	(8,440)
Total governing body	22,735	22,710	25	23,170
<b>Administration:</b>				
Salaries and benefits	189,541	192,709	(3,168)	184,639
Other operating expenditures	71,179	60,728	10,451	53,936
Salaries allocated to Water and Sewer	(51,069)	(51,068)	(1)	(48,752)
Total administration	209,651	202,369	7,282	189,823
<b>Finance:</b>				
Salaries and benefits	79,512	81,251	(1,739)	77,251
Other operating expenditures	40,160	34,848	5,312	36,057
Salaries allocated to Water and Sewer	(23,854)	(23,854)	-	(22,784)
Total finance	95,818	92,245	3,573	90,524
<b>Tax Listing:</b>				
Contracted services	9,560	9,542	18	9,449
<b>Legal:</b>				
Professional services	15,500	13,397	2,103	18,235
<b>Elections:</b>				
Contracted services	-	-	-	4,693

**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, 2013**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Public Buildings:</b>				
Salaries and benefits	14,674	13,656	1,018	13,101
Other operating expenditures	61,114	60,102	1,012	54,675
Capital outlay	-	-	-	2,616
Total public buildings	75,788	73,758	2,030	70,392
<b>Central Services - Planning:</b>				
Salaries and benefits	45,859	45,765	94	43,585
Other operating expenditures	14,350	13,985	365	3,784
Total central services - planning	60,209	59,750	459	47,369
Total general government	489,261	473,771	15,490	453,655
<b>Public Safety:</b>				
<b>Police:</b>				
Salaries and benefits	428,156	420,866	7,290	419,302
Other operating expenditures	65,054	58,074	6,980	242,881
Salaries allocated to Water and Sewer	(3,550)	(3,550)	-	(3,592)
Total police	489,660	475,390	14,270	658,591
<b>Animal Control:</b>				
Salaries and benefits	9,763	8,539	1,224	9,251
Other operating expenditures	500	461	39	92
Salaries allocated to Water and Sewer	(976)	(976)	-	(922)
Total animal control	9,287	8,024	1,263	8,421
Total public safety	498,947	483,414	15,533	667,012
<b>Transportation:</b>				
<b>Powell Bill:</b>				
Salaries and benefits	24,409	21,351	3,058	23,126
Other operating expenditures	6,000	4,007	1,993	4,207
Salaries allocated to Water and Sewer	(2,441)	(2,440)	(1)	(2,306)
Contracted services	5,600	6,107	(507)	5,200
Capital outlay	139,600	140,024	(424)	106,218
Total Powell Bill	173,168	169,049	4,119	136,445

**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, 2013**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Non-Powell Bill:</b>				
Salaries and benefits	34,272	29,867	4,405	32,445
Other operating expenditures	17,116	14,063	3,053	13,263
Salaries allocated to Water and Sewer	(3,417)	(3,418)	1	(3,228)
Utilities	42,000	41,285	715	40,854
Contracted services	53,177	52,243	934	55,102
Total Non-Powell Bill	143,148	134,040	9,108	138,436
 Total transportation	 316,316	 303,089	 13,227	 274,881
<b>Environmental Protection:</b>				
Salaries and benefits	14,646	12,806	1,840	13,875
Other operating expenditures	12,000	4,379	7,621	6,268
Salaries allocated to Water and Sewer	(1,465)	(1,464)	(1)	(1,384)
Contracted services	51,444	36,251	15,193	26,468
Capital outlay	15,000	15,792	(792)	14,959
Total environmental protection	91,625	67,764	23,861	60,186
<b>Recreation:</b>				
Salaries and benefits	14,646	14,025	621	14,200
Other operating expenditures	21,375	18,689	2,686	15,149
Salaries allocated to Water and Sewer	(1,465)	(1,464)	(1)	(1,384)
Contracted services	8,800	6,560	2,240	7,544
Capital outlay	88,926	80,750	8,176	20,210
Total recreation	132,282	118,560	13,722	55,719
 Total expenditures	 1,528,431	 1,446,598	 81,833	 1,511,453
 Revenue over (under) expenditures	 59,709	 196,409	 136,700	 286,022

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, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Other Financing Sources (Uses):</b>				
Transfers out	(108,000)	(108,000)	-	(106,500)
Transfers in	19,212	19,212	-	21,000
Appropriated fund balance	29,079	-	(29,079)	-
Total other financing sources (uses)	(59,709)	(88,788)	(29,079)	(85,500)
Net change in fund balance	\$ -	107,621	\$ 107,621	200,522
<b>Fund Balance:</b>				
Beginning of year - July 1		1,256,939		1,056,417
End of year - June 30		\$ 1,364,560		\$ 1,256,939



## 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, 2013

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Investment income	\$ 780	\$ 143	\$ (637)	\$ 126
<b>Other Financing Sources (Uses):</b>				
Transfers (out)	(19,212)	(19,212)	-	(21,000)
Transfers in	108,000	108,000	-	106,500
Contingency	(89,568)	-	89,568	-
Total other financing sources (uses)	(780)	88,788	89,568	85,500
Net change in fund balance	\$ -	88,931	\$ 88,931	85,626
<b>Fund Balance:</b>				
Beginning of year - July 1		223,224		137,598
End of year - June 30		\$ 312,155		\$ 223,224



## **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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
<b>Operating Revenues:</b>				
Charges for services	\$ 593,749	\$ 581,347	\$ (12,402)	\$ 582,159
Water taps	2,500	11,250	8,750	3,750
Other operating revenues	17,259	18,456	1,197	17,185
Total operating revenues	613,508	611,053	(2,455)	603,094
<b>Non-Operating Revenues:</b>				
Interest earnings	594	183	(411)	248
Proceeds from sale of capital assets	-	250	250	-
Miscellaneous	-	3,106	3,106	2,391
Total non-operating revenues	594	3,539	2,945	2,639
Total revenues	614,102	614,592	490	605,733
<b>Expenditures:</b>				
<b>Water Administration:</b>				
Salaries and benefits	139,219	144,560	(5,341)	132,986
Allocated costs reimbursed by General Fund	(30,595)	(30,595)	-	(29,871)
Operating expenses	107,053	98,934	8,119	105,734
Repairs and maintenance	4,000	3,968	32	3,150
Total administration	219,677	216,867	2,810	211,999
<b>Water Operations:</b>				
Operating expenses	57,210	49,135	8,075	47,375
Repairs and maintenance	47,217	29,980	17,237	32,461
Capital outlay	20,000	16,719	3,281	241,558
Total operations	124,427	95,834	28,593	321,394
<b>Debt Service:</b>				
Principal repayment	88,542	88,542	-	85,859
Interest	69,945	82,698	(12,753)	72,950
Other costs	42,417	40,246	2,171	-
Total debt service	200,904	211,486	(10,582)	158,809
Total expenditures	545,008	524,187	20,821	692,202

**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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>			<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenue over (under) expenditures	<u>69,094</u>	<u>90,405</u>	<u>21,311</u>	<u>(86,469)</u>
<b>Other Financing Sources (Uses):</b>				
Refunding bonds issued	42,417	1,588,336	1,545,919	-
Bond premium	-	83,721	83,721	-
Payment to refunded bond escrow agent	-	(1,521,449)	(1,521,449)	-
Deferred charge on refunding	-	67,077	67,077	-
Appropriated fund balance	<u>(111,511)</u>	<u>-</u>	<u>111,511</u>	<u>-</u>
Total other financing sources (uses)	<u>(69,094)</u>	<u>217,685</u>	<u>286,779</u>	<u>-</u>
Revenue and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>308,090</u>	<u>\$ 308,090</u>	<u>\$ (86,469)</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>				
Reconciling items:				
Depreciation		(118,958)		
Capital outlay		16,719		
Long-term debt issued		(1,588,336)		
Premium on bond refunding		(83,721)		
Retirement of bond debt		1,521,449		
Deferred charge on refunding		(67,077)		
Repayment of long-term debt principal		<u>88,542</u>		
Change in net position		<u>\$ 76,708</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
<b>Operating Revenues:</b>				
Charges for services	\$ 604,873	\$ 577,014	\$ (27,859)	\$ 593,698
Sewer taps	1,250	4,650	3,400	-
Other operating revenues	10,255	9,111	(1,144)	8,088
Total operating revenues	616,378	590,775	(25,603)	601,786
<b>Non-Operating Revenues:</b>				
Interest earnings	527	152	(375)	177
Proceeds from sale of capital assets	-	5,368	5,368	-
Miscellaneous	-	2,304	2,304	98
Total non-operating revenues	527	7,824	7,297	275
Total revenues	616,905	598,599	(18,306)	602,061
<b>Expenditures:</b>				
<b>Sewer Administration:</b>				
Salaries and benefits	160,275	151,268	9,007	138,021
Allocated costs reimbursed by General Fund	(30,595)	(30,595)	-	(29,871)
Operating expenses	164,762	163,493	1,269	120,709
Repairs and maintenance	6,500	5,344	1,156	1,790
Total administration	300,942	289,510	11,432	230,649
<b>Sewer Operations:</b>				
Operating expenses	81,970	71,180	10,790	71,958
Repairs and maintenance	69,685	39,839	29,846	70,406
Capital outlay	15,500	15,095	405	57,545
Total operations	167,155	126,114	41,041	199,909
<b>Debt Service:</b>				
Principal repayment	76,458	76,458	-	74,141
Interest	60,400	71,771	(11,371)	62,995
Other costs	36,630	34,754	1,876	-
Total debt service	173,488	182,983	(9,495)	137,136
Total expenditures	641,585	598,607	42,978	567,694

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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenue over (under) expenditures	(24,680)	(8)	24,672	34,367
<b>Other Financing Sources (Uses):</b>				
Refunding bonds issued	36,630	1,371,664	1,335,034	-
Bond premium	-	72,301	72,301	-
Payment to refunded bond escrow agent	-	(1,313,551)	(1,313,551)	-
Deferred charge on refunding	-	57,923	57,923	-
Appropriated fund balance	(11,950)	-	11,950	-
Total other financing sources (uses)	24,680	188,337	163,657	-
Revenue and other financing sources over (under) expenditures and other financing uses	\$ -	188,329	\$ 188,329	\$ 34,367
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>				
Reconciling items:				
Depreciation		(93,132)		
Capital outlay		15,095		
Long-term debt issued		(1,371,664)		
Premium on bond refunding		(72,301)		
Retirement of bond debt		1,313,551		
Deferred charge on refunding		(57,923)		
Repayment of long-term debt principal		76,458		
Change in net position		\$ (1,587)		



## **OTHER SUPPLEMENTARY INFORMATION**

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

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



## TOWN OF RIVER BEND, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2013

<b>Fiscal Year June 30</b>	<b>Uncollected Balance July 1, 2012</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2013</b>
2012-2013	\$ -	\$ 878,256	\$ 869,025	\$ 9,231
2011-2012	6,557	-	3,844	2,713
2010-2011	2,515	-	169	2,346
2009-2010	2,089	-	4	2,085
2008-2009	1,891	-	26	1,865
2007-2008	860	-	-	860
2006-2007	504	-	-	504
2005-2006	560	-	19	541
2004-2005	243	-	-	243
2003-2004	303	-	9	294
2002-2003	239	-	239	-
Total	<u>\$ 15,761</u>	<u>\$ 878,256</u>	<u>\$ 873,335</u>	<u>20,682</u>
Less: allowance for uncollectible ad valorem taxes receivable:				<u>(3,600)</u>
Ad valorem taxes receivable, net				<u>\$ 17,082</u>
<b>Reconciliation of Collections and Credits with Revenues:</b>				
Ad valorem taxes - General Fund			\$ 874,300	
Taxes written off, statute of limitations			239	
Miscellaneous adjustments			<u>(1,204)</u>	
Total collections and credits			<u>\$ 873,335</u>	

## TOWN OF RIVER BEND, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY - GENERAL FUND PROPERTY TAX  
FOR THE YEAR ENDED JUNE 30, 2013

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy	\$ 332,556,461	\$ 0.265	\$ 881,274	\$ 807,208	\$ 74,066
Discoveries	185,634	0.265	492	492	-
Abatements	<u>(1,324,747)</u>	0.265	<u>(3,510)</u>	<u>(878)</u>	<u>(2,632)</u>
Total property valuation	<u>\$ 331,417,348</u>				
Net Levy			878,256	806,822	71,434
Uncollected taxes at June 30, 2013			<u>(9,231)</u>	<u>(5,040)</u>	<u>(4,191)</u>
Current Year's Taxes Collected			<u>\$ 869,025</u>	<u>\$ 801,782</u>	<u>\$ 67,243</u>
Current Levy Collection Percentage			<u>98.95%</u>	<u>99.38%</u>	<u>94.13%</u>
Prior Year's Collection Percentage			<u>99.25%</u>	<u>99.58%</u>	<u>95.27%</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**

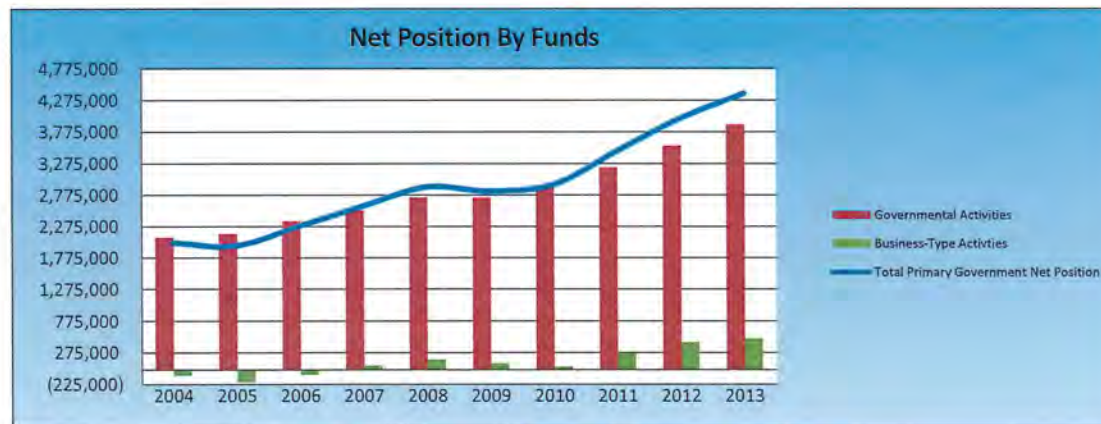
These tables contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 1,352,382	\$ 1,398,686	\$ 1,497,350	\$ 1,639,703	\$ 1,676,660	\$ 1,797,362	\$ 1,911,738	\$ 2,064,362	2,082,418	2,192,207
Restricted	162,813	87,058	39,938	3,701	39,338	1,432	31,187	89,296	151,533	115,098
Unrestricted	589,232	674,704	823,027	889,176	1,027,172	937,840	953,263	1,060,670	1,321,972	1,582,190
<b>Total Governmental Activities Net Position</b>	<b>2,104,427</b>	<b>2,160,448</b>	<b>2,360,315</b>	<b>2,532,580</b>	<b>2,743,170</b>	<b>2,736,634</b>	<b>2,896,188</b>	<b>3,214,328</b>	<b>3,555,923</b>	<b>3,889,495</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	(698,585)	(931,270)	(718,167)	(722,830)	(730,288)	(713,360)	(724,167)	(730,646)	(495,050)	(791,348)
Restricted										
Unrestricted	614,515	742,394	644,488	794,858	897,251	820,790	774,247	995,724	932,910	1,287,220
<b>Total Business-type Activities Net Position</b>	<b>(84,070)</b>	<b>(188,876)</b>	<b>(73,679)</b>	<b>72,028</b>	<b>166,963</b>	<b>107,430</b>	<b>50,080</b>	<b>265,078</b>	<b>437,860</b>	<b>495,872</b>
<b>Primary Government</b>										
Net Investment in Capital Assets	653,797	467,416	779,183	916,873	946,372	1,084,002	1,187,571	1,333,716	1,587,368	1,400,859
Restricted	162,813	87,058	39,938	3,701	39,338	1,432	31,187	89,296	151,533	115,098
Unrestricted	1,203,747	1,417,098	1,467,515	1,684,034	1,924,423	1,758,630	1,727,510	2,056,394	2,254,882	2,869,410
<b>Total Primary Government Net Position</b>	<b>2,020,357</b>	<b>1,971,572</b>	<b>2,286,636</b>	<b>2,604,608</b>	<b>2,910,133</b>	<b>2,844,064</b>	<b>2,946,268</b>	<b>3,479,406</b>	<b>3,993,783</b>	<b>4,385,367</b>



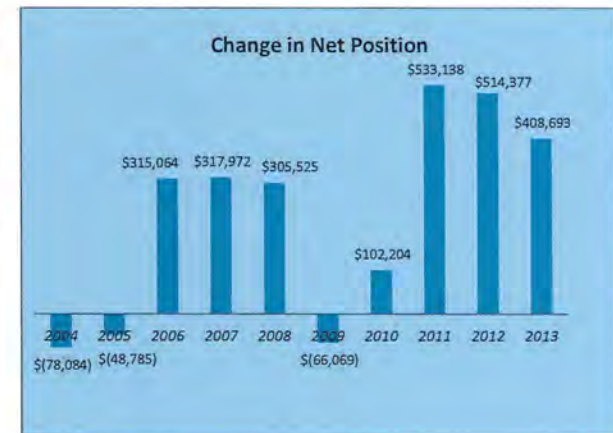
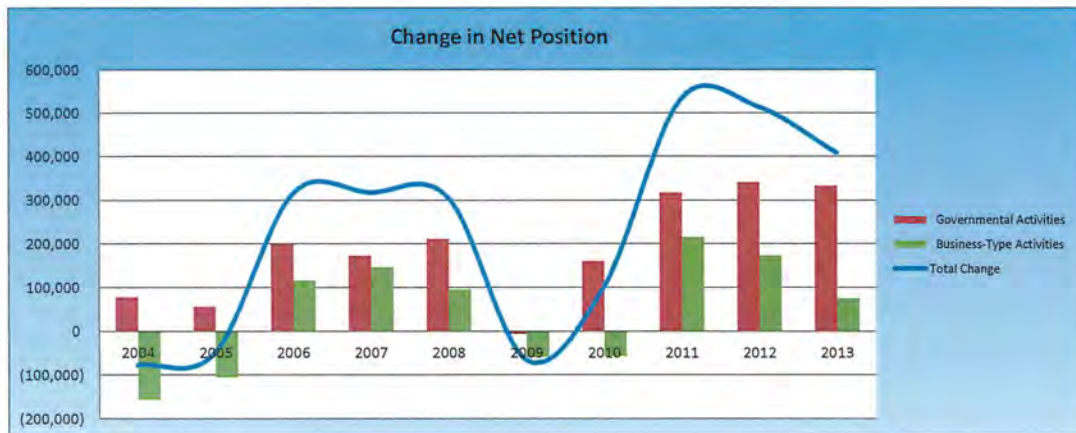
**TABLE 2**  
**TOWN OF RIVER BEND, NORTH CAROLINA**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 382,052	\$ 387,959	\$ 442,051	\$ 434,563	\$ 483,896	\$ 467,913	\$ 501,046	\$ 492,988	\$ 531,899	\$ 557,376
Public Safety	315,387	285,575	325,697	332,366	359,958	384,117	404,431	418,392	643,318	472,581
Environmental Protection	45,545	63,986	35,275	43,052	12,085	154,148	49,194	51,301	45,227	188,420
Transportation	142,156	261,959	153,973	171,883	157,234	326,031	162,517	172,681	193,329	51,972
Cultural and Recreational	42,133	28,424	28,202	48,263	59,404	34,709	39,715	40,268	41,676	44,149
Interest on Long-Term Debt	23,148	17,811	14,381	10,807	8,591	6,668	2,795	525	-	-
<b>Total Governmental Activities</b>	<b>950,421</b>	<b>1,045,714</b>	<b>999,579</b>	<b>1,040,934</b>	<b>1,081,168</b>	<b>1,373,586</b>	<b>1,159,698</b>	<b>1,176,155</b>	<b>1,455,449</b>	<b>1,314,499</b>
Business-Type Activities:										
Water	473,452	494,427	458,745	469,701	476,270	632,884	583,940	505,453	499,053	537,884
Sewer	516,018	555,587	451,422	466,054	488,463	544,872	575,616	521,159	535,959	600,186
<b>Total Business-Type Activities</b>	<b>989,470</b>	<b>1,050,014</b>	<b>910,167</b>	<b>935,755</b>	<b>964,733</b>	<b>1,177,756</b>	<b>1,159,556</b>	<b>1,026,612</b>	<b>1,035,012</b>	<b>1,138,070</b>
<b>Total Primary Government Expenses</b>	<b>\$ 1,939,891</b>	<b>\$ 2,095,728</b>	<b>\$ 1,909,746</b>	<b>\$ 1,976,689</b>	<b>\$ 2,045,901</b>	<b>\$ 2,551,342</b>	<b>\$ 2,319,254</b>	<b>\$ 2,202,767</b>	<b>\$ 2,490,461</b>	<b>\$ 2,452,569</b>
<b>Program Revenue</b>										
Governmental Activities:										
Charges for Services										
General Government	66,095	104,557	111,107	111,578	120,814	138,440	112,903	86,110	78,215	81,018
Public Safety	7,862	10,375	17,053	14,748	7,551	6,033	200	117	234	480
Environmental protection	-	-	-	-	-	-	2,152	-	2,147	1,975
Operating Grants and Contributions										
General Government	61,238	-	-	-	-	-	-	-	-	-
Public Safety	-	1,525	25,318	-	2,886	-	-	-	199,652	636
Environmental protection	-	-	-	-	-	926	-	-	-	-
Transportation	87,755	97,756	96,989	95,154	107,886	97,215	86,525	87,854	90,479	93,318
Cultural and Recreational	10,000	10,000	8,000	10,000	10,000	10,000	2,000	6,000	-	-
Capital Grants and Contributions										
Cultural and Recreational	-	-	-	-	-	-	30,533	680	-	55,092
<b>Total Governmental Activities Program Revenue</b>	<b>232,950</b>	<b>224,213</b>	<b>258,467</b>	<b>231,480</b>	<b>249,137</b>	<b>252,614</b>	<b>234,313</b>	<b>180,761</b>	<b>370,727</b>	<b>232,519</b>
Business-Type Activities:										
Charges for Services										
Water	376,492	470,126	509,929	519,346	546,270	579,459	573,250	609,163	603,094	611,303
Sewer	427,041	412,374	497,402	535,734	492,489	531,017	522,666	630,247	601,786	596,143
Operating Grants and Contributions	25,392	53,957	-	-	-	-	5,491	1,488	2,489	5,410
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
<b>Total Business-Type Activities Program Revenue</b>	<b>828,925</b>	<b>936,457</b>	<b>1,007,331</b>	<b>1,055,080</b>	<b>1,038,759</b>	<b>1,110,476</b>	<b>1,101,407</b>	<b>1,240,898</b>	<b>1,207,369</b>	<b>1,212,856</b>
<b>Total Primary Government Revenues</b>	<b>\$ 1,061,875</b>	<b>\$ 1,160,670</b>	<b>\$ 1,265,798</b>	<b>\$ 1,286,560</b>	<b>\$ 1,287,896</b>	<b>\$ 1,363,090</b>	<b>\$ 1,335,720</b>	<b>\$ 1,421,659</b>	<b>\$ 1,578,096</b>	<b>\$ 1,445,375</b>
<b>Net (Expense) Revenue</b>										
Governmental Activities	(717,471)	(821,501)	(741,112)	(809,454)	(832,031)	(1,120,972)	(925,385)	(995,394)	(1,084,722)	(1,081,980)
Business-Type Activities	(160,545)	(113,557)	97,164	119,325	74,026	(67,280)	(58,149)	214,286	172,357	74,786
<b>Total Primary Government Net Expense</b>	<b>\$ (878,016)</b>	<b>\$ (935,058)</b>	<b>\$ (643,948)</b>	<b>\$ (690,129)</b>	<b>\$ (758,005)</b>	<b>\$ (1,188,252)</b>	<b>\$ (983,534)</b>	<b>\$ (781,108)</b>	<b>\$ (912,365)</b>	<b>\$ (1,007,194)</b>



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

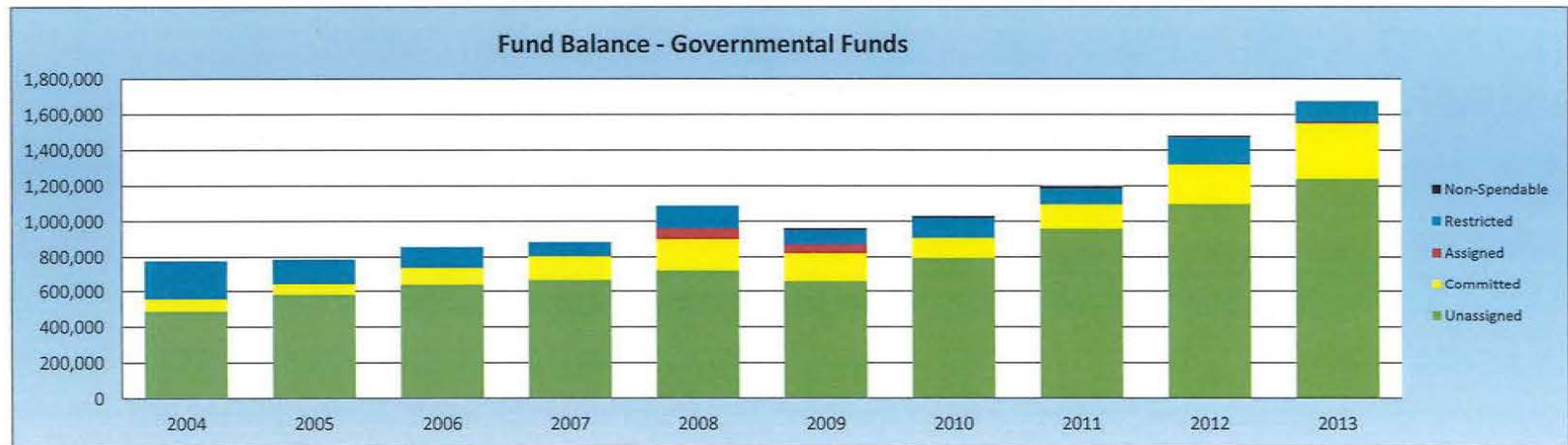
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes, levied for general purpose	438,271	511,988	515,081	522,687	598,856	680,260	669,688	877,172	876,418	879,221
Local Option Sales Tax	227,826	221,727	270,657	268,183	261,467	253,044	289,062	278,696	373,886	369,175
Other Taxes and Licenses	111,069	130,710	119,732	139,015	151,370	168,304	124,666	156,511	175,331	166,530
Grants and Contributions not Restricted to Specific Programs										
Investment Earnings, unrestricted	5,440	13,097	26,199	41,009	26,561	11,928	1,523	1,155	682	626
Miscellaneous, unrestricted	13,095	-	9,310	10,825	4,367	900	-	-	-	-
Total Governmental Activities	795,701	877,522	940,979	981,719	1,042,621	1,114,436	1,084,939	1,313,534	1,426,317	1,415,552
Business-Type Activities:										
Investment Earnings, unrestricted	4,231	8,751	18,033	26,382	20,909	7,747	799	712	425	335
Miscellaneous, unrestricted	-	-	-	-	-	-	-	-	-	-
Total Business Type Revenues	4,231	8,751	18,033	26,382	20,909	7,747	799	712	425	335
<b>Total Primary Government</b>	<b>\$ 799,932</b>	<b>\$ 886,273</b>	<b>\$ 959,012</b>	<b>\$ 1,008,101</b>	<b>\$ 1,063,530</b>	<b>\$ 1,122,183</b>	<b>\$ 1,085,738</b>	<b>\$ 1,314,246</b>	<b>\$ 1,426,742</b>	<b>\$ 1,415,887</b>
<b>Change in Net Position</b>										
Governmental Activities	78,230	56,021	199,867	172,265	210,590	(6,536)	159,554	318,140	341,595	333,572
Business-Type Activities	(156,314)	(104,806)	115,197	145,707	94,935	(59,533)	(57,350)	214,998	172,782	75,121
<b>Total Primary Government Change in Net Position</b>	<b>\$ (78,084)</b>	<b>\$ (48,785)</b>	<b>\$ 315,064</b>	<b>\$ 317,972</b>	<b>\$ 305,525</b>	<b>\$ (66,069)</b>	<b>\$ 102,204</b>	<b>\$ 533,138</b>	<b>\$ 514,377</b>	<b>\$ 408,693</b>



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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Non-Spendable:										
Prepaid Items	-	-	-	-	-	8,935	10,988	10,292	9,315	2,958
Restricted:										
Streets	161,586	85,807	38,636	2,333	37,925	1	31,187	0	0	0
Stabilization by State Statute	61,036	56,869	76,964	78,462	90,131	81,331	81,071	89,296	151,533	115,098
Assigned:										
Subsequent years' expenditures	-	-	-	-	60,260	50,160	0	0	0	6,144
Unassigned	486,006	579,765	638,076	669,175	722,821	662,079	792,592	956,829	1,096,091	1,240,360
<b>Total General Fund</b>	<b>486,006</b>	<b>579,765</b>	<b>638,076</b>	<b>669,175</b>	<b>783,081</b>	<b>712,239</b>	<b>792,592</b>	<b>1,056,417</b>	<b>1,256,939</b>	<b>1,364,560</b>
Other Governmental Funds										
Committed										
General Government Capital Outlay	69,117	62,876	101,156	133,800	176,559	158,706	114,214	137,598	223,224	312,155
<b>Total Other Governmental Funds</b>	<b>69,117</b>	<b>62,876</b>	<b>101,156</b>	<b>133,800</b>	<b>176,559</b>	<b>158,706</b>	<b>114,214</b>	<b>137,598</b>	<b>223,224</b>	<b>312,155</b>
<b>Total Governmental Funds</b>	<b>\$ 555,123</b>	<b>\$ 642,641</b>	<b>\$ 739,232</b>	<b>\$ 802,975</b>	<b>\$ 959,640</b>	<b>\$ 870,945</b>	<b>\$ 906,806</b>	<b>\$ 1,194,015</b>	<b>\$ 1,480,163</b>	<b>\$ 1,676,715</b>

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)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Ad Valorem Taxes	\$ 438,992	\$ 512,850	\$ 513,653	\$ 521,713	\$ 596,425	\$ 681,014	\$ 667,826	\$ 875,264	882,943	874,300
Other Taxes and Licenses	244,411	221,727	287,540	290,997	283,652	289,347	289,924	296,192	374,978	380,440
Unrestricted Intergovernmental	94,484	115,271	102,849	116,201	129,185	132,001	123,804	139,015	174,239	155,265
Restricted Intergovernmental	158,993	109,281	130,307	105,154	120,772	108,141	121,210	94,534	276,458	150,557
Permits and Fees	34,560	43,162	49,571	40,378	7,551	6,033	4,557	5,802	8,843	4,304
Sales and Services	52,492	87,381	84,532	96,773	125,181	139,340	110,382	80,425	79,458	77,658
Investment Earnings	5,440	13,097	29,566	41,009	26,561	11,928	1,523	1,155	682	626
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total Revenues	1,029,372	1,102,769	1,198,018	1,212,225	1,289,327	1,367,804	1,319,226	1,492,387	1,797,601	1,643,150
<b>Expenditures</b>										
Current										
General Government	338,051	356,756	402,383	416,955	454,754	516,278	437,023	438,331	453,655	473,771
Public Safety	315,731	297,616	311,231	342,383	344,711	373,839	399,050	429,441	667,012	483,414
Transportation	203,630	260,296	272,119	300,460	213,386	305,288	200,523	319,237	274,881	303,089
Environmental Protection	42,133	34,154	35,275	44,815	26,899	154,148	49,194	62,279	60,186	67,764
Cultural and Recreational	45,545	63,986	34,830	43,052	59,404	46,215	84,823	41,482	55,719	118,560
Capital Projects	-	-	-	-	-	-	-	-	-	-
Debt Service										
Principal	64,345	64,578	58,284	52,700	69,134	91,852	76,979	37,129	-	-
Interest	23,148	17,811	14,381	10,807	8,591	6,668	2,729	525	-	-
Total Expenditures	1,032,583	1,095,197	1,128,503	1,211,172	1,176,879	1,494,288	1,250,321	1,328,424	1,511,453	1,446,598
Revenues Over (Under) Expenditures	\$ (3,211)	\$ 7,572	\$ 69,515	\$ 1,053	\$ 112,448	\$ (126,484)	\$ 68,905	\$ 163,963	\$ 286,148	\$ 196,552
<b>Other Financing Sources (Uses)</b>										
Transfers to Other Funds	(99,529)	(104,529)	(96,087)	(113,774)	(86,335)	(122,935)	(149,163)	(153,800)	(127,500)	(108,000)
Transfers from Other Funds	99,529	104,529	96,087	113,774	86,335	122,935	149,163	153,800	127,500	108,000
Installment Purchase Obligations Issued	-	-	-	27,885	91,478	-	-	-	-	-
Proceeds From Debt	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ 27,885	\$ 91,478	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Change in Fund Balance</b>	<b>\$ (3,211)</b>	<b>\$ 7,572</b>	<b>\$ 69,515</b>	<b>\$ 28,938</b>	<b>\$ 203,926</b>	<b>\$ (126,484)</b>	<b>\$ 68,905</b>	<b>\$ 163,963</b>	<b>\$ 286,148</b>	<b>\$ 196,552</b>
Debt Service as a percentage of noncapital expenditures	10.22%	8.53%	8.07%	6.72%	7.97%	7.83%	7.77%	3.53%	0.00%	0.00%

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

Fiscal Year	Assessed Value <sup>(1)</sup>				Property Tax Rate <sup>(3)</sup>	Percent Increase in Value <sup>(4)</sup>
	Real Property	Personal Property <sup>(2)</sup>	Public Service Companies	Total		
2004	196,314,444	32,651,818	1,142,159	230,108,421	0.19	0.6%
2005	199,709,586	33,204,377	1,190,200	234,104,163	0.22	1.7%
2006	199,681,129	33,071,658	1,263,122	234,015,909	0.22	0.0%
2007	202,505,928	33,644,713	1,276,177	237,426,818	0.22	1.5%
2008	205,367,495	33,902,378	1,299,727	240,569,600	0.25	1.3%
2009	209,055,595	32,586,740	1,407,665	243,050,000	0.28	1.0%
2010	209,530,520	30,970,647	1,162,762	241,663,929	0.28	-0.6%
2011	299,654,043	29,153,944	1,580,323	330,388,310	0.265	36.7%
2012	299,057,633	29,643,132	1,611,985	330,312,750	0.265	-0.02%
2013	298,728,561	31,087,835	1,600,952	331,417,348	0.265	0.33%

Notes:

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

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

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

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

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

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

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

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

<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>
2004	2003	0.19	0.56	0.0375
2005	2004	0.19	0.56	0.0375
2006	2005	0.22	0.61	0.0375
2007	2006	0.22	0.61	0.0375
2008	2007	0.22	0.61	0.0425
2009	2008	0.25	0.61	0.0425
2010	2009	0.28	0.61	0.0475
2011	2010	0.265	0.4728	0.0314
2012	2011	0.265	0.4728	0.0414
2013	2012	0.265	0.47	0.0414

Notes:

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

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

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

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

Taxpayer	Type of Business	Fiscal Year 2013			Fiscal Year 2004		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Conjer Green, LLC	Country Club and Golf Course	\$ 2,838,305	1	0.86%	\$ 2,788,475	2	1.21%
Pierce Properties #1 LLC	Assisted Living Facility	2,017,800	2	0.61%	1,782,296	3	0.77%
Berit Peck	Residence	1,642,680	3	0.50%	(1)		
Progress Energy Carolinas (3)	Electricity	1,300,597	4	0.39%	903,203	5	0.39%
Camille Hoffman	Residence	1,175,900	5	0.36%	691,821	6	0.30%
J. Frank Efird	Land Development	967,990	6	0.29%	686,180	7	0.30%
Roland S. & Susan Pridgen	Real Estate	935,950	7	0.28%	684,620	8	0.30%
Taybro LLC	Real Estate	930,910	8		(1)		
RACS Development LLC	Caro-San Maintenance Supplies Store	901,600	9	0.27%	682,700	9	0.30%
Mattocks Family Properties LLC	Land Development	864,790	10	0.26%	1,472,680	4	0.64%
The Howell Children Partnership (2)	Care Facility for Disabled Youth	(1)			3,031,150	1	1.32%
Edwin B. & Betty C. Martin Jr.	Residence	(1)			739,500	10	0.32%
		<u>\$ 13,576,522</u>		<u>3.83%</u>	<u>\$ 13,462,625</u>		<u>5.85%</u>

Notes:

Source: Craven County Tax Office

(1) Not within top ten ranking

(2) Tax exempt status effective in Fiscal Year 2006.

(3) Formerly known as Carolina Power & Light Company.

**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
2004	2003	437,206	433,687	99.20%	3,247	436,934	99.94%
2005	2004	511,975	509,469	99.51%	2,163	511,632	99.93%
2006	2005	514,935	511,119	99.26%	3,110	514,229	99.86%
2007	2006	522,339	518,665	99.30%	3,062	521,727	99.88%
2008	2007	601,424	595,037	98.94%	5,449	600,486	99.84%
2009	2008	680,540	675,807	99.30%	2,522	678,329	99.68%
2010	2009	676,659	668,070	98.73%	6,323	674,393	99.67%
2011	2010	875,528	866,948	99.02%	6,065	873,013	99.71%
2012	2011	875,329	868,772	99.25%	3,844	872,616	99.69%
2013	2012	878,256	869,025	98.95%	(1)	869,025	98.95%

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 would be 2016 and 2020, effective with fiscal 2016-16 and 2020-21 tax levys.

(1) Information not yet available

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Population <sup>(3)</sup>	Per Capita	Median Household Income (MHI) <sup>(4)</sup>	Percentage of MHI
	General Obligation Bonds	Installment Financing	Capital Leases	General Obligation Bonds	Installment Financing	Capital Leases					
2004	10,000	321,292	-	4,196,000	9,700	-	4,536,992	2935	1,546	55,601	1.23%
2005	5,000	261,714	-	4,215,000 <sup>(2)</sup>	760	-	4,482,474	2938	1,526	57,602	1.29%
2006	-	208,430	-	4,075,000	-	-	4,283,430	2948	1,453	59,561	1.39%
2007	-	183,615	-	3,940,000	-	-	4,123,615	3028	1,362	61,288	1.49%
2008	-	205,959	-	3,795,000	92,236	-	4,093,195	3075	1,331	63,862	1.56%
2009	-	114,107	-	3,645,000	59,420	-	3,818,527	3110	1,228	63,607	1.67%
2010	-	37,129	-	3,495,000	25,782	-	3,557,911	3162	1,125	48,547	1.36%
2011	-	-	-	3,335,000	-	-	3,335,000	3119	1,069	50,198	1.51%
2012	-	-	-	3,175,000	-	-	3,175,000	3144	1,010	51,031	1.61%
2013	-	-	-	3,135,000 <sup>(5)</sup>	-	-	3,135,000	3119	1,005	<sup>(6)</sup>	<sup>(6)</sup>

Notes:

- <sup>(1)</sup> The Town does not have any long-term debt that is backed by pledged revenues.
- <sup>(2)</sup> General Obligation Bonds were refunded in 2004. Proceeds were used to pay off the bonds in December 2004. New General Obligation Debt of \$4,900,000 was issued.
- <sup>(3)</sup> N.C. State Demographer, Office of State Budget and Management.
- <sup>(4)</sup> Median household income is adjusted annually after the Decennial Census calendar year by the annual Consumer Price Index - Southern urban consumers.
- <sup>(5)</sup> Series 2004 G.O. bonds were advance refunded in 2013. Proceeds were placed in escrow to pay off the bonds in June 2015. New General Obligation Debt of \$2,960,000 was issued.
- <sup>(6)</sup> Information not yet available.



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

Fiscal Year	Assessed Value	Debt Limit: 8% of Total Assessed Value	Total Net Debt Applicable to Limit	Legal Debt Margin
2004	230,108,421	18,408,674	1,394,992	\$ 17,000,000
2005	234,104,163	18,728,333	2,220,637	\$ 16,500,000
2006	234,015,909	18,721,273	2,096,719	\$ 16,600,000
2007	237,426,818	18,994,145	2,009,348	\$ 16,900,000
2008	240,569,600	19,245,568	2,056,737	\$ 17,100,000
2009	243,050,000	19,444,000	1,862,561	\$ 17,500,000
2010	241,663,929	19,333,114	1,682,438	\$ 17,600,000
2011	330,388,310	26,431,065	1,545,385	\$ 24,800,000
2012	330,312,750	26,425,020	1,471,101	\$ 24,900,000
2013	331,417,348	26,513,388	1,452,756	\$ 25,000,000

Net Debt Calculation for FY2013:

Gross debt:

Installment financing	\$ -
Water & Sewer General Obligation Bonds	3,135,000
Total gross debt	<u>3,135,000</u>

Less: Statutory Deductions

Water GO Bonds	<u>1,682,244</u>
Amount of debt applicable to limit - net debt	<u><u>\$ 1,452,756</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**

Craven County						
General Obligation Bonds Outstanding <sup>(1)</sup>	Assessed Valuation <sup>(1)</sup>	River Bend Assessed Valuation <sup>(1)</sup>	Percentage Applicable to Town <sup>(2)</sup>	Bonded Debt Applicable to River Bend	Population	Per Capita
45,773,641	5,565,211,273	230,108,421	4.13%	1,892,633	2935	645
43,202,088	5,770,565,866	234,104,163	4.06%	1,752,651	2938	597
40,575,535	6,021,600,546	234,015,909	3.89%	1,576,877	2948	535
37,943,982	6,340,906,231	237,426,818	3.74%	1,420,762	3028	469
35,347,429	6,693,478,551	240,569,600	3.59%	1,270,418	3075	413
32,785,876	6,937,167,570	243,050,000	3.50%	1,148,683	3110	369
32,706,707	6,977,756,448	241,663,929	3.46%	1,132,747	3162	358
29,915,363	9,582,126,280	330,388,310	3.45%	1,031,471	3119	331
27,144,019	9,612,789,921	330,312,750	3.44%	932,717	3144	297
24,402,675	9,738,049,583	331,417,348	3.40%	830,502	3119	266

Notes:

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

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

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

Fiscal Year	Population <sup>(1)</sup>	Personal Income (in thousands) <sup>(2)</sup>	Per Capita Personal Income <sup>(3)</sup>	Public School Enrollment <sup>(4)</sup>	Unemployment Rate <sup>(5)</sup>
2004	93,779	2,585,999	27,475	14,388	5.70%
2005	93,704	2,787,816	29,647	14,523	4.80%
2006	94,848	2,982,933	31,358	14,609	4.70%
2007	96,278	3,127,526	32,470	14,632	4.40%
2008	96,471	3,387,208	35,075	14,538	4.30%
2009	97,757	3,518,259	36,121	14,597	6.00%
2010	100,271	3,625,636	36,798	14,513	9.80%
2011	103,951	3,727,434	35,867	14,817	10.50%
2012	104,965	3,836,260	36,610	14,749	11.00%
2013	105,179	<sup>(6)</sup>	<sup>(6)</sup>	14,606	9.70%

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

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

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

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

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

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

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

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

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

Employer <sup>(1)</sup>	2013			2004		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Department of Defense <sup>(2)</sup>	5,274	1	13.34%	Over 1,000	1	N/A
CarolinaEast Health Systems	2,192	2	5.55%	Over 1,000	3	N/A
Craven County Schools	1,942	3	4.91%	Over 1,000	2	N/A
Moen Incorporated	935	4	2.37%	500-999	5	N/A
BSH Home Appliances	884	5	2.24%	500-999	7	N/A
State of North Carolina	817	6	2.07%	Over 1,000	4	
Craven County	587	7	1.48%	500-999	8	N/A
Craven Community College	533	8	1.35%	250-499		
Wal-Mart	481	9	1.22%	500-999	10	N/A
City of New Bern	479	10	1.21%	250-499		
Hatteras Yachts (Brunswick Corp)			0.00%	500-999	6	N/A
Weyerhaeuser Company			0.00%	500-999	9	N/A
	<u>14,124</u>		<u>35.73%</u>			

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

Source: N.C. Employment Security Commission.

<sup>(1)</sup> Information is not available for Town of River Bend. County data is from the Craven County Economic Development Commission and N.C. Employment Security Commission.

<sup>(2)</sup> Excludes 9,419 active military personnel based in Craven County. It includes civilian employment at the Fleet Readiness Center, 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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</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
Public Works	2	2	2	2	2.5	2.5	2.5	2.5	2.5	2.5
Public safety- Police	4.96	4.96	5	5.11	5.17	5.26	5.40	5.48	5.39	5.36
Water/Sewer:										
Finance	1	1	1	1	1	1	1	1	1	1
Utility Operators	3	3	3	3.6	3.6	3.6	4	4	4	4
Total	<u>14.96</u>	<u>14.96</u>	<u>15.00</u>	<u>15.71</u>	<u>17.27</u>	<u>17.36</u>	<u>17.90</u>	<u>17.98</u>	<u>17.89</u>	<u>17.86</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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety - Police										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	3	3	3	3	3	3	3	3	3	3
Cultural and Recreational										
Recreation and Parks										
Number of Parks	3	3	3	3	3	3	3	3	3	3
Number of Picnic Shelters	2	2	2	2	2	2	2	2	2	2
Public Works and Utilities										
Miles of Paved Streets	16.48	16.48	16.48	16.48	16.48	16.48	16.48	16.48	16.48	16.48
Water										
Number of Hydrants	107	107	107	107	108	108	108	108	112	112
Water Mains (miles)	18	18	18	18	18	18	18	18	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	8	8	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 NINE YEARS <sup>(1)</sup>**

	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b><u>Police Activity</u></b>									
Violent Crime	38	34	42	59	31	63	60	41	48
Property Crime	74	56	48	65	68	101	98	114	134
Arrests	88	58	74	76	51	73	76	95	235
Motor Vehicle	450	271	290	193	173	199	206	450	827
Agency Assist	317	350	346	417	313	425	490	506	1,144
Quality of Life	576	546	436	433	386	430	524	466	445
Community Policing	1,151	1,004	1,142	1,124	1,153	1,635	1,903	3,444	13,245
Total Activity	2,694	2,319	2,378	2,367	2,175	2,926	3,357	5,116	16,078
<b><u>Roadway Maintenance</u></b>									
Miles of Paved Road	16.48	16.48	16.48	16.48	16.48	16.48	16.48	16.48	16.48
Miles of Road Resurfaced	2.04	1.3	0.78	0.16	0.75	0.34	0.50	0.45	0.52
<b><u>Zoning</u></b>									
Permits Issued	78	121	87	112	59	49	69	89	26
New Residences	9	18	13	2	1	0	2	1	2
<b><u>Water</u></b>									
Treatment Capacity	337,625,000	337,625,000	337,625,000	337,625,000	337,625,000	337,625,000	337,625,000	337,625,000	337,625,000
Water Treated	107,369,000	99,526,000	102,798,000	84,634,000	71,429,000	78,267,000	74,885,000	75,801,000	78,471,000
Number of Water Customers	1,251	1,272	1,299	1,315	1,313	1,335	1,352	1409	1411
<b><u>Wastewater</u></b>									
Treatment Capacity	120,450,000	120,450,000	120,450,000	120,450,000	120,450,000	120,450,000	120,450,000	120,450,000	120,450,000
Wastewater Treated	49,016,000	57,330,000	59,515,000	56,752,000	49,300,000	46,230,000	45,063,000	36,784,000	32,081,000
Number of Sewer Customers	902	906	915	919	912	924	930	936	950
<b><u>Leaf and Limb</u></b>									
Total Tons Collected <sup>(2)</sup>	494.72 <sup>(3)</sup>	177.25	309.11	186.83	349.63	249.41	241.82	149.01	257.50

Notes:

Source: Town of River Bend Department Heads.

<sup>(1)</sup> Information not readily available before 2005. Data will be added until ten years are presented.

<sup>(2)</sup> Does not include tonnage picked up after a storm event in which the Town received disaster assistance funds.

<sup>(3)</sup> Hurricane Charley created an additional 240 tons of debris, but was not declared a disaster.

**TABLE 17**  
**TOWN OF RIVER BEND, NORTH CAROLINA**  
**INSURANCE IN FORCE**  
**July 1, 2012 - June 30, 2013**

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	10,000 Liability
Finance Officer	60,000 Liability 0 Deductible
Real and Personal Property	6,676,411 Covered Cause of Loss 1,000 Deductible per Occurance Includes Boiler & Machinery
Computer Equipment/Media	500,000 Limits of Coverage 500 Deductible
Scheduled Equipment	50,600 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 2013 Approved Operating Budget Ordinance**

WATER RATES

	METER SIZE			
	3/4"	1"	2"	4"
Customer Base Charge per month	18.24	38.40	112.32	354.24
Initial Connection (Tap Fee) <sup>(1)</sup>	1,250.00	1,500.00	3,500.00	5,000.00
Disconnection for non-payment	35.00	50.00	50.00	100.00
Reconnect following non-payment	35.00	50.00	50.00	100.00
New Customer Capital Investment Fee (CIF)	2,600.00	6,500.00	20,800.00	67,600.00
Usage Charge per 1,000 gallons	\$ 4.02			
Fire Hydrant Availability Annual Charge	\$ 207.00			

SEWER RATES

	METER SIZE			
	3/4"	1"	2"	4"
Customer Base Charge per month	22.63	46.26	132.88	416.38
Initial Connection (Tap Fee) <sup>(1)</sup>	1,250.00	1,250.00	1,250.00	1,250.00
New Customer Capital Investment Fee (CIF)	1,500.00	3,750.00	12,000.00	39,000.00
Usage Charge per 1,000 gallons	\$ 8.50			

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



## **COMPLIANCE SECTION**



# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed in Accordance With Government Auditing Standards**

### **Independent Auditor's Report**

Honorable Mayor and  
Members of the Town Council  
Town of 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, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 17, 2013.

### **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'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 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 to be 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 non-compliance 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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
October 17, 2013

**TOWN OF RIVER BEND, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**I. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified?                      \_\_\_\_\_ Yes        X   No
- Significant deficiencies identified not  
  considered to be material weaknesses?                      \_\_\_\_\_ Yes        X   None Reported

Non-compliance material to financial  
statements noted?                      \_\_\_\_\_ Yes        X   No

**II. Findings Related to the Audit of the Basic Financial Statements**

None reported

**TOWN OF RIVER BEND, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR YEAR'S FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

N/A - no prior year findings