

TOWN OF RIVER BEND
FINANCIAL STATEMENTS
RIVER BEND, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019



Town of River Bend North Carolina

Appointed and Administrative Positions

June 30, 2019

Mayor

John Kirkland

Town Council

William Camp

Donald Fogle

Harry "Bud" McClard

Morris "Buddy" Sheffield

Irving "Bud" Van Slyke, Jr.*

*also serves as Mayor Pro Tem and Finance Officer

Administrative Staff

Delane Jackson

Town Manager

Margaret Theis

Finance Administrator

Ann Katsuyoshi

Town Clerk

Sean Joll

Police Chief

Brandon Mills

Public Works Director

TOWN OF RIVER BEND
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INTRODUCTORY SECTION

Letter of Transmittal

Certificate of Achievement in Financial Reporting

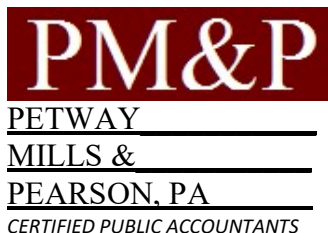
Distinguished Budget Presentation Award

Map of River Bend

List of Principal Officials

Organizational Chart





Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of River Bend, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of River Bend's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

C. Briggs Petway, Jr.
Phyllis M. Pearson

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Memberships:

North Carolina
Association of
Certified Public
Accountants

American Institute
Of Certified Public
Accountants

Medical Group
Management
Association

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of River Bend, North Carolina as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 13 through 28, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions on pages 70 and 71, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 72 and 73, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2019, on our consideration of the Town of River Bend, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of River Bend, North Carolina's internal control over financial reporting and compliance.

Petway Mills & Pearson, PA

PETWAY MILLS & PEARSON, PA

Certified Public Accountants

Zebulon, North Carolina

October 9, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management Discussion and Analysis Town of River Bend

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

As management of the Town of River Bend, we offer readers of the Town of River Bend's financial statements this narrative overview and analysis of the financial activities of the Town of River Bend, (the Town), for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

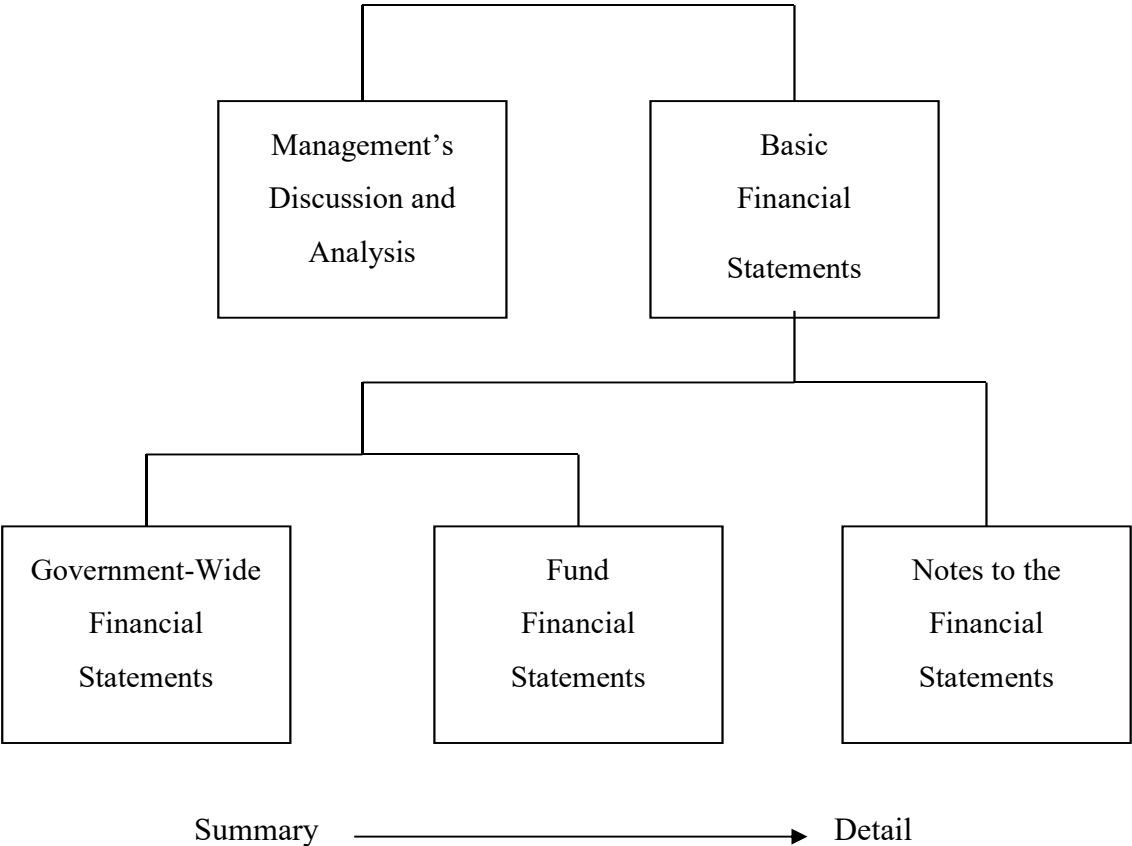
- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources by \$6,680,522 (*net position*) at the close of the fiscal year.
- For governmental type activities, the Town's net position showed a decrease of 6.9% at the close of the fiscal year at \$4,795,544. Net position for business-type activities, which exclusively include the Water and Sewer Enterprise Funds, were \$854,884 and \$1,030,094, respectively, for a total of \$1,884,978. This represents a decrease of \$13,564 in the value of net position in the Water Fund, and an increase of \$108,893 in the value of net position in the Sewer Fund. On-going depreciation of the infrastructure, a total of \$202,941, continues to be a significant expense. The government's total net position increased by \$261,491.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$3,219,541, an increase of \$509,815. Approximately 5% of this amount, or \$162,507, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,437,822 or 100% of total General Fund expenditures for the fiscal year. The Town Council's policy is that this ratio should be no less than 50% of the completed fiscal year's actual expenditures. For the year ending June 30, 2019, this amounted to \$1,214,180; therefore, the available fund balance for the General Fund was \$1,223,642.
- The Town's total General Obligation bond debt decreased by \$220,000 (10.5%) during the current fiscal year. The key factor in this decrease is the timely payments of debt service expenditures.
- The Town holds an AA+ bond rating by Standard and Poor's Rating Services on its G.O. Series 2013 refunding bonds. The original bonds were used to purchase and upgrade the water and wastewater operations. The Town of River Bend maintains a stable A1 bond rating from Moody's Investor Service.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

Management Discussion and Analysis

Town of River Bend

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

Management Discussion and Analysis

Town of River Bend

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

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

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

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

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of River Bend's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 70 of this report.

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

Government-Wide Financial Analysis. As noted earlier, net position may serve over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town of River Bend exceeded liabilities and deferred inflows by \$6,680,522 as of June 30, 2019. The Town's net position decreased by \$261,491 for the fiscal year ended June 30, 2019. The largest portion (58%) of total net position is the Town's unrestricted net position, \$3,910,781 that is available for future spending. The Town reports net investments in capital assets (e.g. land, buildings, machinery, and equipment) as 39 percent of the total net position. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The remaining balance of \$162,507 represents resources that are subject to external restrictions on how they may be used.

Management Discussion and Analysis

Town of River Bend

Town of River Bend's Net Position

Figure 2

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

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

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

Management Discussion and Analysis

Town of River Bend

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

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

Town of River Bend's Changes in Net Position

Figure 3

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

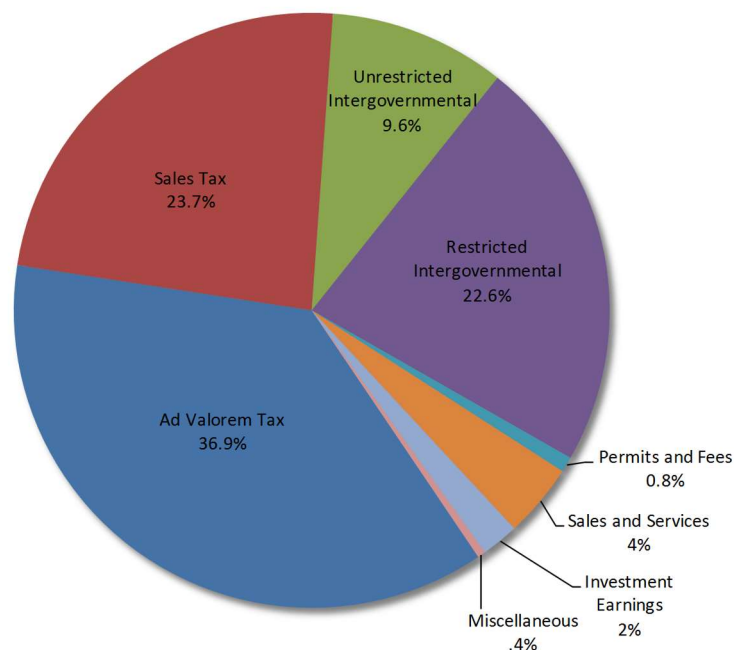
Management Discussion and Analysis

Town of River Bend

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

- Hurricane Florence made the most significant impact on the Town's finances with the cost of debris removal, repairs to our infrastructure, labor costs, and replacement of equipment totaling over \$1,000,000. The North Carolina Office of Recovery and Resiliency (NCORR) provided the Town with a one-million-dollar loan. The loan is paid back when in receipt of federal and state public assistance funds. NCORR also provided a \$300,000 grant for hurricane recovery to cover additional labor cost.
- Ad valorem taxes made up 37% of the governmental activity revenue, but normally run around 50%. Craven County's six-year revaluation, effective FY 2016-17, resulted in a 14.65% reduction in the value of taxable property. The revenue neutral tax rate, in accordance with North Carolina General Statute 159.11, was \$0.3114 and the Town then adopted a tax rate of \$0.3105 per hundred dollars of valuation. This fiscal year the adopted rate was \$0.24 with a total property tax valuation of \$302,649,329; Craven County collection rate was 99.61%. As stated above, \$147,270 of fund balance was originally budgeted to cover the reduced tax revenue.
- Sales & Use Tax revenue, which the County distributes based on the proportion our tax levy bears to the total levy of all local government units in the County, increased slightly from last fiscal year but because the Town Council budgets conservatively, this revenue was greater than budgeted amount by \$27,235.
- Although the Town waved zoning permit fees for almost eleven weeks after Hurricane Florence, zoning permit revenue performed better than the budgeted amount by \$10,319.
- Exhibit 6 in the Basic Financial Statement outlines budget to actual performance in the General Fund for Town expenditures. Each functional area operated well within budgeted amounts, while still maintaining services, which contributed to the Town's net position for the fiscal year. Capital outlays increased capital assets for \$216,176; the General Fund Capital Improvement Plan contributed \$117,470 from Capital Reserves for capital outlay.

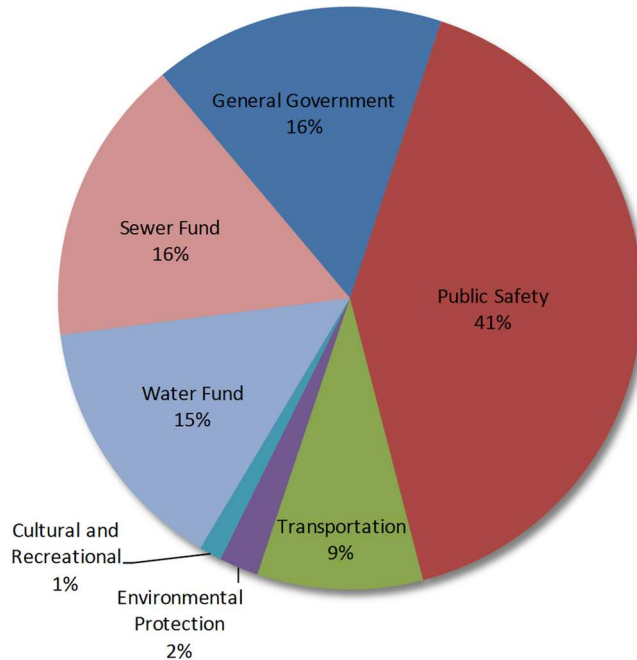
Town of River Bend
Figure 4. Revenue Sources - Governmental Activities - Fiscal Year 2019



Management Discussion and Analysis

Town of River Bend

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



Business-Type Activities. Business-type activities increased the Town's net position by \$95,329. Business-type activities reported for the Town are exclusively the Town's Water and Sewer Fund. The operations are self-supported by their respective user fees, which are determined using guidance from a professionally designed rate model.

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

Exhibits 8 and 9 provide this information in more detail. Both enterprise operations experienced operating efficiencies through the diligent management of staff, which was evidenced by savings in Contracted Services and Maintenance & Repair.

Management Discussion and Analysis

Town of River Bend

Water Fund:

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

Sewer Fund:

- The Sewer Fund increased net position \$108,893 from last year to \$1,030,094 at year-end.
- Operating income was \$98,144, down \$91,985 from last year.
- No capital assets were acquired in the current year. The cash-funded capital improvement plan provides for an annual appropriation of \$63,000.
- Depreciation expense reduced net position for \$95,064, compared to \$93,762 last year.

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

Financial Analysis of the Town's Funds

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

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

Total governmental fund balances were \$3,219,541, an increase of \$509,815 over the prior year. Included in this change is an increase of \$16,807 in fund balance in the Capital Reserve Funds. The Town received a \$300,000, three-year grant from the North Carolina Office of Recovery and Resiliency (NCORR) to hire two employees and purchase a vehicle to assist in the clean-up after Hurricane Florence. Also received was a zero-percent NCORR loan for \$1,000,000 to bridge the gap between Hurricane Florence disaster response and recovery expenses and the receipt of FEMA public assistance. The loan is paid back when in receipt of public assistance funds; payments for \$50,154 were made in fiscal year 2019.

The General Fund is the chief operating fund of the Town of River Bend. At the end of the current fiscal year, the Town's fund balance available in the General Fund was \$2,275,315 and unassigned fund balance of the General Fund was \$2,437,822 a 18.8% increase from prior year. Total fund balance reached \$3,219,541. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

At year-end, unassigned General Fund balance represents 100% of total General Fund expenditures. The Town Council's policy states this ratio should be no less than 50% of the completed fiscal year's actual General Fund expenditures. Total fund balance represents 133% of total General Fund expenditures and available fund balance represents 94% of that same amount.

Management Discussion and Analysis

Town of River Bend

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

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

The budget was amended for:

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

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

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

Details of the budget and actual amounts for revenues and expenditures of the General Fund are presented in the Supplementary Information, Schedule 2, beginning on page 76. The Town complied with its budgetary requirements.

Proprietary Funds. The Town's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. These funds, which exclusively include the Town's Water and Sewer Funds, reported net position of \$854,888 and \$1,030,094, respectively, for a total of \$1,884,978. This represents an increase of \$95,329 from last fiscal year. As stated before, a key element each year is depreciation, for this year in the Water Fund, \$107,877, and the Sewer Fund, \$95,064. Unrestricted net position of the Water Fund and Sewer Fund at the end of the fiscal year amounted to \$1,997,113.

Management Discussion and Analysis

Town of River Bend

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

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2019 totaled \$4,499,965 (net of accumulated depreciation). These assets include buildings, land, improvements, equipment, vehicles, infrastructure, water and wastewater facilities, and construction in progress. The Town maintains a \$5,000 capitalization threshold. Capital asset transactions during the year include the following additions (there were no significant demolitions or disposals.):

General Fund:

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

Water Fund:

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

Sewer Fund:

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

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

- a. The Town will update and readopt annually a five-year capital improvement plan (CIP) which projects capital needs and details the estimated costs, description and anticipated funding sources for capital projects. A separate CIP will be developed for the General Fund, Water Fund, and Sewer Fund.
- b. The annual update of the CIP will be conducted in conjunction with the annual operating budget process.
- c. The first year of the five-year CIP will be the basis of formal fiscal year appropriations during the annual budget process.
- d. A programming or cost estimation study is eligible for inclusion in the CIP for a project for which a future request is being considered. Such a study is encouraged in order to generate reliable cost estimates for the CIP.
- e. The Town expects to see new capital items generally first appear in the last year of the CIP.

Management Discussion and Analysis

Town of River Bend

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

Town of River Bend's Capital Assets

Figure 6

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

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

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

Town of River Bend's Long-Term Debt

Figure 7

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

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

Management Discussion and Analysis

Town of River Bend

Additional information on the Town's long-term debt is found starting on page 65 in the notes to the basic financial statements. The Town's legal debt margin at June 30, 2019 was \$23,300,000.

Economic Factors

The Town of River Bend is a small residential community in Craven County, home to approximately 3,000 people. Located several miles from the City of New Bern on Highway 17 South, residents are employed by industry and government within a wide radius of the Town, while a high percentage is retirees. Local area economy is experiencing a steady recovery; Craven County unemployment rate of 4.8% is close to the State seasonally adjusted rate of 4.2%, along with the national rate of 3.7% at the end of June 2019. Craven County unemployment rate at the end of June 2018 was reported at 4.4%, the State average, 4.2%, and a national average of 4.0%.

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

Governmental Activities. The budget represents the commitment of the Town Council to the mission statement established in the Town's Comprehensive Plan, and responds to the goals the Council established at their Work Session in January 2019. These goals are the foundation upon which the budget is built. We invite you to review the annual budget report on our website www.riverbendnc.org/finance. This is the eighth year the Town has been awarded the Distinguished Budget Presentation Award by the Government Finance Officers Association.

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

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

Diligent management of all Town resources, which includes a qualified professional staff, is critical in providing services to maintain the quality of life expected by the residents of our Town. The Town of River Bend budget supports twenty full-time, three part-time employees and several recreation instructors. Personnel costs, including benefits, represent 45% of the total combined operating budget. Following the guidance of the Council, the budget reflects a 1.5% cost-of-living increase and 1% for longevity increases. An additional 2% merit pool is available to recognize outstanding performance of individual employees.

Included in the budget is an allocation for \$13,500 to fund the Law Enforcement Officers' Separation Allowance. Our financial obligation for eligible retirees is \$15,177 this year.

Each year our contracted engineer reviews an evaluation he performed on all our streets in order to determine the priority for our paving funds. We budget to follow the plan, which includes paving one street and providing patching on several other streets. The estimated cost is well above what we receive from the State through the Powell Bill appropriation so local revenue of \$46,800 will be budgeted to complete this project.

Management Discussion and Analysis

Town of River Bend

Capital Improvement Plans (CIP) are used to plan for capital needs in each major fund area in order to sustain and improve infrastructure and operations within the financial capacity of the Town. No funds were budgeted to set aside in the Capital Reserve Fund for this year.

The only CIP budgeted expenditures this year is for the replacement of information technology hardware, \$5,800. Storm water maintenance is an ongoing focus for the Town and specific projects will be funded, as they are prioritized and emergent issues addressed when necessary. Swale drainage in several areas of the Town that were flooded from Hurricane Florence are included in a project funded by public assistance.

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

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

Business-Type Activities. The adopted rate schedule reflects no rate changes in the Water Fund and Sewer Fund. Using the professionally designed utility rate model, revenues are projected and the necessary expenditures identified to maintain the infrastructure, pay debt service, and attain the appropriate level of cash reserves to sustain the quality of services provided by our community water and wastewater systems. Debt service accounts for 26% and 21% of the total expenditures for the Water Fund and the Sewer Fund, respectively. Based upon the proposed expenditures and revenue projections, the cash balance in this utility is sufficient to respond to unknown conditions; there are no identified long-term capital needs that require the continued building of cash reserves. At the end of the next three years, it is projected that Water Fund cash reserves will be 61% of expenditures.

According to the Bureau of Labor Statistics, the consumer price index increased 6.87% since the last sewer rate increase in FY 2011. This factor was applied to the FY 2015 rates to arrive at the rates approved in the FY 2015 budget. Business, commercial, and industrial rates are determined by Equivalent Residential Units and changed proportionately. At the end of the next five years, it is projected that the Sewer Fund cash reserves will be at 73% of expenditures.

Water Capital Improvement Plan (CIP) annually budgeted funds remains at \$3,500 in this fiscal year. These funds support the vehicle replacement plan, well pump replacements, and all other planned or emergency cash-funded capital expenditures. As explained above, the Water Fund has sufficient cash reserves to address these needs. There are no CIP expenditures planned for the Water Fund this fiscal year.

Sewer Capital Improvement Plan (CIP) annually budgeted funds of \$63,000 support the vehicle replacement plan and all other planned or emergency cash-funded capital expenditures. In fiscal year 2020,

Management Discussion and Analysis

Town of River Bend

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

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

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

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

FINANCIAL SECTION

Report of Independent Certified Public Accountants

Management's Discussion & Analysis

Basic Financial Statements

Notes to the Financial Statements

Required Supplementary Information

Other Supplementary Information

Town of River Bend
Statement of Net Position
June 30, 2019

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

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

**Town of River Bend
Statement of Activities
For the Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 695,858	\$ 44,020	\$ -	\$ -	\$ (651,838)	\$ -	\$ (651,838)
Public safety	1,329,186	310	356,983	-	(971,893)	-	(971,893)
Transportation	208,321	-	86,045	-	(122,276)	-	(122,276)
Environmental protection	59,928	16,080	-	-	(43,848)	-	(43,848)
Cultural and recreational	49,621	-	-	-	(49,621)	-	(49,621)
Total governmental activities	2,342,914	60,410	443,028	-	(1,839,476)	-	(1,839,476)
Business-type activities:							
Water fund	470,606	428,400	-	-	-	(42,206)	(42,206)
Sewer fund	514,709	589,105	-	-	-	74,396	74,396
Total business-type activities	985,315	1,017,505	-	-	-	32,190	32,190
Total primary government	\$ 3,328,229	\$ 1,077,915	\$ 443,028	\$ -	(1,839,476)	32,190	(1,807,286)
General revenues:							
Ad valorem taxes					725,978	-	725,978
Local option sales taxes					359,236	-	359,236
Franchise taxes					119,954	-	119,954
Other taxes and licenses					180,382	-	180,382
Interest earned on investments, unrestricted					50,173	37,921	88,094
Special item - gain on sale of capital assets					3,150	-	3,150
Miscellaneous, unrestricted					43,783	25,218	69,001
Total general revenues					1,482,656	63,139	1,545,795
Change in net position					(356,820)	95,329	(261,491)
Net position, beginning					5,152,364	1,789,649	6,942,013
Net position, ending					\$ 4,795,544	\$ 1,884,978	\$ 6,680,522

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

Exhibit 3

**Town of River Bend
Balance Sheet
Governmental Funds
June 30, 2019**

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

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

Town of River Bend
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

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

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

**Town of River Bend
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, 2019**

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 509,815
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Capital outlay expenditures which were capitalized	216,176
Depreciation expense for governmental assets	<u>(141,669)</u>
	74,507
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	78,312
Benefit payments paid and administrative expense for the LEOSA are not included on the Statement of Activities	2,027
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred inflows for tax revenues	(2,236)
Some 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.	
Long-term loan	(949,846)
Compensated absences	(6,640)
Pension expense	(62,759)
Rounding	<u>-</u>
Total changes in net position of governmental activities	<u>\$ (356,820)</u>

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

Town of River Bend
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019

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

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

**Town of River Bend
Statement of Net Position
Proprietary Fund
June 30, 2019**

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

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

Town of River Bend
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2019

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

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

Town of River Bend
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2019

	Major Enterprise Funds		
	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 425,507	\$ 582,666	\$ 1,008,173
Cash paid for goods and services	(192,155)	(229,235)	(421,390)
Cash paid to or on behalf of employees for services	(143,432)	(159,521)	(302,953)
Net customer deposits	(760)	(679)	(1,439)
Other operating revenues	25,444	24,989	50,433
Net cash provided (used) by operating activities	114,604	218,220	332,824
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund activity	-	-	-
Net cash provided (used) by noncapital financing activities	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(9,156)	(18,542)	(27,698)
Principal paid on long-term debt	(118,056)	(101,944)	(220,000)
Interest and other costs paid on long-term debt	(27,502)	(23,748)	(51,250)
Net cash provided (used) by capital and related financing activities	(154,714)	(144,234)	(298,948)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings	21,002	16,919	37,921
Net cash provided (used) by investing activities	21,002	16,919	37,921
Net increase (decrease) in cash and cash equivalents	(19,108)	90,905	71,797
Balances, beginning	1,014,619	810,502	1,825,121
Balances, ending	\$ 995,511	\$ 901,407	\$ 1,896,918

(continued)

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

Town of River Bend
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2019

	Major Enterprise Funds		
	Water Fund	Sewer Fund	Total
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ (14,704)	\$ 98,144	\$ 83,440
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	107,897	95,064	202,961
Amortization	(1,189)	(1,026)	(2,215)
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	17,263	5,582	22,845
Decrease in deferred outflows of resources - pensions	(164)	(183)	(347)
(Decrease) in net pension liability	1,230	8,706	9,936
Increase (decrease) in deferred inflows of resources - pensions	815	909	1,724
Increase (decrease) in accounts payable	809	8,167	8,976
Increase (decrease) in customer deposits	(760)	(679)	(1,439)
Increase (decrease) in compensated absences	3,407	3,536	6,943
Total adjustments	129,308	120,076	249,384
Net cash provided by operating activities	\$ 114,604	\$ 218,220	\$ 332,824
Noncash investing, capital, and financing activities:			
Net amortization of bond premium and deferred charges on refunding	\$ 1,189	\$ 1,026	\$ 2,215

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

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Town of River Bend, North Carolina (the Town) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

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

B. Basis of Presentation

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

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

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

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

The Town reports the following major governmental fund:

General Fund. The General Fund is the primary operating fund of the Town. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Capital Reserve Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, it is consolidated in the General Fund.

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

The Town reports the following major enterprise funds:

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

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

C. Measurement Focus and Basis of Accounting

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

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

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

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 1 - Summary of Significant Accounting Policies (Continued)

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue, because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town, are recognized as revenue. Sales taxes are considered a shared revenue for the Town of River Bend because the tax is levied by Craven County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Use of Estimates

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

D. Budgetary Data

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

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds. The Budget Officer is authorized to reallocate any appropriations within departments, to execute 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, six amendments to the original budget were necessary.

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 1 - Summary of Significant Accounting Policies (Continued)

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT- Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

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

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Restricted cash and cash equivalents at June 30, 2019 for customer deposits were \$15,694. The Town also maintains a Capital Reserve Fund that is consolidated with the General Fund. The money held in the Capital Reserve Fund is presented as restricted cash in the General Fund. The money held in the General Fund received from the NCDORR Recovery Grant is presented as restricted cash. Restricted cash and cash equivalents at June 30, 2019 for the General Fund was \$691,242.

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2018.

5. Allowances for Doubtful Accounts

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

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 1 - Summary of Significant Accounting Policies (Continued)

6. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization cost for the Town's assets are \$5,000. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets of the Town are depreciated on the straight-line basis over the following estimated useful lives:

<u>Asset Class</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
Computer software and equipment	5 years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has three items that meets this criterion - contributions made to the pension plan in the current fiscal year, deferrals of pension expense that result from the implementation of GASB Statement 68, and a deferred charge on refunding of bonds that would have previously been classified as an asset. In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meet the criterion for this category - property taxes receivable and deferrals of pension expense that result from the implementation of GASB Statement 68.

9. Long-Term Obligations

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

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 1 - Summary of Significant Accounting Policies (Continued)

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

10. Compensated Absences

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

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

Net Position

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

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

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

Restricted for Stabilization by State Statute - represents the portion of fund balance that is restricted by State statute [G.S.159-8(a)]. Amount restricted at June 30, 2019 was \$162,507.

Restricted for Streets – Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Committed for General Government Capital Outlay - portion of fund balance that has been set aside for future capital outlay by the members of the Town Council. At June 30, 2019, commitment for capital outlay was \$432,035.

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

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

Law Enforcement Separation Allowance - portion of fund balance that is appropriated for the cash that was previously held in the Law Enforcement Separation Allowance Fund. At June 30, 2019, assigned fund balance for this purpose was \$13,207.

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

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

The Town has adopted a formal fund balance policy. For the General Fund the Town shall maintain an unassigned fund balance of no less 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.

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 1 - Summary of Significant Accounting Policies (Continued)

Total fund balance - General Fund	\$ 3,219,541
Less:	
Stabilization by State Statute	162,507
Streets	-
General Government capital outlay	432,035
LEO Separation Allowance	13,207
FY 2019-20 Fund Balance Appropriated	173,970
Fund balance policy	1,223,642
Remaining fund balance	\$ 1,214,180

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

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

End of year (Exhibit 6) - June 30	\$ 2,787,506
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Capital Reserve Fund:

Revenues:

Investment earnings	10,277
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Expenditures:

Transfers in - General Fund	124,000
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Transfers out - General Fund	(117,470)
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Fund balance:

Beginning of year - July 1	415,228
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End of year (Exhibit 4) - June 30	3,219,541
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12. Pensions

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

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 2 - Stewardship, Compliance, and Accountability

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

1. Noncompliance with North Carolina General Statutes

None.

2. Contractual Violations

None.

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

None.

C. Excess of Expenditures over Appropriations

None.

Note 3 - Detail Notes on All Funds

A. Assets

1. Deposits

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

The amount of the pledged collateral is based on an approved averaging method for noninterest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Town under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2019, the Town's deposits had a carrying amount of \$405,801 and a bank balance of \$447,166. The Town only has deposits in institutions that collateralize under the Pooling Method. Of the bank balance, \$250,000 was covered by federal depository insurance and \$197,166 was covered by collateral held under the Pooling Method. The Town had petty cash of \$1,100 at June 30, 2019.

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 3 - Detail Notes on All Funds (continued)

2. Investments

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

3. Receivables -Allowances for Doubtful Accounts

Disaggregation information and allowance for doubtful accounts related to receivables reported at the government-wide level at June 30, 2019 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Total</u>
Governmental Activities:			
General	\$ -	\$ 7,512	\$ 7,512
Wildwood storage receivables	9,540	-	9,540
Other receivables	2,203	-	2,203
Due from other governments	156,733	-	156,733
Allowance for doubtful accounts	(6,168)	(2,898)	(9,066)
Total governmental activities	<u>\$ 162,308</u>	<u>\$ 4,614</u>	<u>\$ 166,922</u>
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Business-type Activities:			
Accounts	\$ 66,506	\$ 53,317	\$ 119,823
Unbilled receivables	65,358	95,178	160,536
Due from other governments	-	-	-
Allowance for doubtful accounts	(50,838)	(55,237)	(106,075)
Total business-type activities	<u>\$ 81,026</u>	<u>\$ 93,258</u>	<u>\$ 174,284</u>

Due from other governments consisted of the following:

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

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 3 - Detail Notes on All Funds (continued)

4. Capital Assets

Governmental Activities

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

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 929,320	\$ -	\$ -	\$ 929,320
Construction in progress	43,500	-	-	43,500
Total capital assets not being depreciated	972,820	-	-	972,820
Capital assets being depreciated:				
Buildings and improvements	1,306,821	-	-	1,306,821
Equipment and vehicles	377,943	66,644	22,718	421,869
Infrastructure	1,869,466	149,532	-	2,018,998
Total capital assets being depreciated	3,554,230	216,176	22,718	3,747,688
Less accumulated depreciation for:				
Buildings and improvements	1,034,890	25,622	-	1,060,512
Equipment and vehicles	316,598	23,818	22,718	317,698
Infrastructure	530,700	92,229	-	622,929
Total accumulated depreciation	1,882,188	\$ 141,669	\$ 22,718	2,001,139
Total capital assets being depreciated, net	1,672,042			1,746,549
Governmental activities capital assets, net	<u>\$ 2,644,862</u>			<u>\$ 2,719,369</u>

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

General Government	\$ 92,085
Public Safety	14,167
Transportation	28,334
Cultural & Recreational	7,083
Total depreciation expense	<u>\$ 141,669</u>

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 3 - Detail Notes on All Funds (continued)

Business-Type Activities

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

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 118,171	\$ -	\$ -	\$ 118,171
Total capital assets not being depreciated				
Capital assets being depreciated:				
Plant and distribution systems	3,148,653	9,156	-	3,157,809
Buildings and improvements	4,480	-	-	4,480
Furniture and equipment	143,973	-	-	143,973
Total capital assets being depreciated	3,297,106	9,156	-	3,306,262
Less accumulated depreciation for:				
Plant and distribution systems	2,369,935	102,776	-	2,472,711
Buildings and improvements	896	112	-	1,008
Furniture and equipment	125,260	5,009	-	130,269
Total accumulated depreciation	2,496,091	\$ 107,897	\$ -	2,603,988
Total capital assets being depreciated, net	801,015			702,274
Total water capital assets, net	<u>\$ 919,186</u>			<u>\$ 820,445</u>

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 3 - Detail Notes on All Funds (continued)

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

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 65,186	\$ -	\$ -	\$ 65,186
Construction in progress	220,070	-	-	220,070
Total capital assets not being depreciated	285,256	-	-	285,256
Capital assets being depreciated:				
Plant and distribution systems	2,624,264	18,542	-	2,642,806
Buildings and improvements	4,480	-	-	4,480
Furniture and equipment	134,777	-	-	134,777
Total capital assets being depreciated	2,763,521	18,542	-	2,782,063
Less accumulated depreciation for:				
Plant and distribution systems	1,895,142	89,944	-	1,985,086
Buildings and improvements	896	112	-	1,008
Furniture and equipment	116,066	5,008	-	121,074
Total accumulated depreciation	2,012,104	\$ 95,064	\$ -	2,107,168
Total capital assets being depreciated, net	751,417			674,895
Total sewer capital assets, net	1,036,673			960,151
Total business-type activities capital assets, net	\$ 1,955,859			\$ 1,780,596

Net Investment in Capital Assets

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

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

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 3 - Detail Notes on All Funds (continued)

B. Liabilities

1. Accounts Payable

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

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

2. Pension Plan and Other Post-Employment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town is a participating employer in the state-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local government entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454 or at www.osc.nc.gov.

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

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 3 - Detail Notes on All Funds (continued)

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of River Bend employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of River Bend's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of River Bend were \$72,671 for the year ended June 30, 2019.

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

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

At June 30, 2019, the Town reported a liability of \$295,594 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the Town's proportion was 0.012%, which was a decrease of 0.004% from its proportion measured as of June 30, 2016.

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 3 - Detail Notes on All Funds (continued)

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

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

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

Year ended June 30:

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

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

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

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

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 3 - Detail Notes on All Funds (continued)

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

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

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

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

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

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

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 3 - Detail Notes on All Funds (continued)

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 710,042	\$ 295,594	\$ (50,726)

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

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

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

All full-time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance's membership consisted of:

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

2. Summary of Significant Accounting Policies

Basis of Accounting. The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

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

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 3 - Detail Notes on All Funds (continued)

3. Actuarial Assumptions

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

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

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

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

4. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. For the current year, the Town contributed \$21,810, or 6.5% of annual covered payroll. There were no contributions made by employees. The Town's obligation to contribute to this Plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$29,814 as benefit came due for the reporting period.

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

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

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

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 3 - Detail Notes on All Funds (continued)

\$3,886 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Future amortization:

Year Ended June 30:

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

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

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

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

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 3 - Detail Notes on All Funds (continued)

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

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

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

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

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

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

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 3 - Detail Notes on All Funds (continued)

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

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

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

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

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 3 - Detail Notes on All Funds (continued)

3. Other Employment Benefits

The Town has elected to provide death benefits to law enforcement employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

For the fiscal year ended June 30, 2019, the Town made contributions to the State for death benefits of \$1,272. The Town's required contributions for law enforcement officers represented 0.14% of covered payroll.

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

4. Deferred Compensation Plans

The Town also offers, to employees not engaged in law enforcement, a deferred compensation plan created in accordance with Internal Revenue Code Section 401 (k). Employee participation is discretionary and is limited to the amount allowable under the Internal Revenue Code. For each qualified employee, the Town contributes 5% of the employee's pre-tax annual compensation to the Plan. Contributions for the year ended June 30, 2019 were \$45,468, which consisted of \$30,582 from the Town and \$14,886 from the employees. A separate report was not issued for the Plan because the required contributions are considered immaterial to the financial statements.

5. Deferred Outflows/Inflows of Resources and Unavailable Revenues

The amount of deferred outflows of resources is an unamortized deferred charge on refunding for the Water and Sewer Funds' bond refunded in fiscal year 2013. The amount on the government-wide and fund financial statement is \$71,427. The second item included in deferred outflows of resources is contributions to the pension plan in the current fiscal year and totals \$94,481. The final item included in deferred outflows of resources is pension deferrals and totals \$171,245. Of that amount \$3,886 are benefit payments made for the LEOSSA subsequent to the measurement date. The remaining \$167,359 are pension deferrals related to LGERS.

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 3 - Detail Notes on All Funds (continued)

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

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

6. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases commercial coverage from a private insurer. Through this coverage, the Town obtains general liability of \$3 million, excess liability coverage of \$2 million, auto liability of \$1 million per occurrence, and blanket property damage coverage for replacement cost up to \$7.8 million per year. Workers' compensation coverage up to the statutory limits is provided by a private insurer.

As the Town does not have structures within an area required by FEMA to carry flood insurance, the Town has elected not to carry flood insurance. The exception to this now are the two buildings (Public Works and the Water Fund Lab) that flooded during Hurricane Florence; we received FEMA funding for repairs and subsequently purchased flood insurance for those structures. The Finance Officer and Tax Collector are individually bonded for \$60,000 and \$10,000, respectively.

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

7. Long-Term Obligations

a. General Obligation Indebtedness - Enterprise Funds

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

The Town's general obligation bonds payable at June 30, 2019 are comprised of the following:

Serviced by the Water Fund:

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

\$1,006,109

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 3 - Detail Notes on All Funds (continued)

Serviced by the Sewer Fund:

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

\$868,891

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

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

b. Statutory Debt Limitation

The Town is subject to the Municipal Finance Law of North Carolina which limits the amount of net bonded debt (exclusive of revenue and special assessment bonds). The Town may have outstanding to 8% of the appraised value of property subject to taxation. At June 30, 2019, the Town's legal debt margin was approximately \$23,300,000.

c. Deferred Bond Refunding Charges/Premium

The Town had \$125,000 unamortized bond refunding charges and \$156,022 premium from the 2013 advanced refunding issue. The unamortized bond refunding charges are reported as a deferred outflow of resources on the Statement of Net Position, and the advanced refunding is including in long-term debt. At June 30, 2019, the remaining unamortized balances for the refunding charge and premium were \$71,427 and \$89,158, respectively.

d. Indebtedness - Governmental Fund

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

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 3 - Detail Notes on All Funds (continued)

e. Changes in Long-Term Liabilities

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

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion
Direct borrowing NCORR	\$ -	\$ 1,000,000	\$ 50,154	\$ 949,846	\$ 949,846
Compensated Absences	36,320	6,640	-	42,960	36,516
Net pension liability (LGERS)	167,079	57,948	-	225,027	-
Total pension liability (LEO)	111,227	-	47,144	64,083	-
	<u>\$ 314,626</u>	<u>\$ 1,064,588</u>	<u>\$ 97,298</u>	<u>\$ 1,281,916</u>	<u>\$ 986,362</u>

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

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion
Direct placement general obligation bond	\$ 1,124,165	\$ -	\$ 118,056	\$ 1,006,109	\$ 120,739
Unamortized premium on bonds	53,821	-	5,980	47,841	5,980
Compensated Absences	8,344	3,407	-	11,751	8,813
Net pension liability (LGERS)	25,510	7,841	-	33,351	-
Total Water Fund	<u>1,211,840</u>	<u>11,248</u>	<u>124,036</u>	<u>1,099,052</u>	<u>135,532</u>
Direct placement general obligation bond	970,835	-	101,944	868,891	104,261
Unamortized premium on bonds	46,481	-	5,164	41,317	5,164
Compensated Absences	8,692	3,536	-	12,228	9,171
Net pension liability (LGERS)	28,473	8,743	-	37,216	-
Total Sewer Fund	<u>1,054,481</u>	<u>12,279</u>	<u>107,108</u>	<u>959,652</u>	<u>118,596</u>
Total Business-Type Activities	<u>\$ 2,266,321</u>	<u>\$ 23,527</u>	<u>\$ 231,144</u>	<u>\$ 2,058,704</u>	<u>\$ 254,128</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 4 - Federal and State Assisted Programs

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 5 - Reimbursement of General Fund Expenditures

The Town's Water Fund and Sewer Fund receive the benefit of administrative services and other employees paid for by the General Fund. For the year ended June 30, 2019, the Water Fund and the Sewer Fund each reimbursed the General Fund \$84,521 in accordance with the Town's indirect cost plan. The reimbursement was reported as expenses in the Water Fund and Sewer Fund and as a reduction of expenditures in the General Fund.

The Town's General Fund receives the benefit of the Water Fund and the Sewer Fund employees. For the year ended June 30, 2019, the General Fund reimbursed the Water Fund and the Sewer Fund \$34,902 each, in accordance with the Town's indirect cost plan. The reimbursement was reported as expenditures in the General Fund and as a reduction of expenses in the Water Fund and the Sewer Fund.

Note 6 - Subsequent Events

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

Note 7 – Continuing Obligations

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

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

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

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

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

Note 8 – Transfers

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

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

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

Schedule of Contributions to Local Government Employees' Retirement System

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

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

Town of River Bend
Town of River Bend's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Five Fiscal Years*
Local Government Employees' Retirement System

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

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

**Town of River Bend
Town of River Bend's Contributions
Required Supplementary Information
Last Five Fiscal Years
Local Government Employees' Retirement System**

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

Town of River Bend
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
June 30, 2019

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

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

Town of River Bend
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2019

	2019	2018	2017
Total pension liability	\$ 64,083	\$ 111,227	\$ 143,109
Covered payroll	189,509	293,489	306,026
Total pension liability as a percentage of covered payroll	33.82%	37.90%	46.76%

Notes to the schedules:

The Town of River Bend has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

**INDIVIDUAL FUND FINANCIAL STATEMENTS
AND SCHEDULES**

This section contains additional information on the Governmental
and Proprietary Funds (budget to actual comparison) and other
schedules (ad valorem taxes receivable and current tax levy).

**Town of River Bend
Governmental Funds
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
For the Fiscal Year Ended June 30, 2019**

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

Town of River Bend
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2019
With Comparative Actual Amounts For the Year Ended June 30, 2018

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

**Town of River Bend
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2019
With Comparative Actual Amounts For the Year Ended June 30, 2018**

	2019		2018
	Final Budget	Actual	Variance Over/Under
			Actual
Expenditures:			
General Government:			
Governing Body			
Salaries and benefits	21,800	21,231	569
Other operating expenditures	16,235	9,715	6,520
Salaries allocated to Water and Sewer	(9,904)	(9,904)	-
Total governing body	<u>28,131</u>	<u>21,042</u>	<u>7,089</u>
Administration:			
Salaries and benefits	234,580	229,070	5,510
Other operating expenditures	73,728	67,065	6,663
Salaries allocated to Water and Sewer	(53,712)	(53,712)	-
Total administration	<u>254,596</u>	<u>242,423</u>	<u>12,173</u>
Finance:			
Salaries and benefits	93,750	93,398	352
Other operating expenditures	61,601	58,839	2,762
Salaries allocated to Water and Sewer	(46,875)	(46,875)	-
Total finance	<u>108,476</u>	<u>105,362</u>	<u>3,114</u>
Tax Listing:			
Contracted services	<u>10,246</u>	<u>9,518</u>	<u>728</u>
Legal:			
Professional services	<u>24,000</u>	<u>21,157</u>	<u>2,843</u>
Elections:			
Contracted services	<u>-</u>	<u>-</u>	<u>-</u>
Public Buildings:			
Salaries and benefits	15,172	14,148	1,024
Other operating expenditures	145,476	100,901	44,575
Capital outlay	8,150	7,623	527
Total public buildings	<u>168,798</u>	<u>122,672</u>	<u>46,126</u>
Central Services - Planning:			
Salaries and benefits	63,282	62,071	1,211
Other operating expenditures	6,435	2,247	4,188
Salaries allocated to Water and Sewer	(22,783)	(22,784)	1
Total central services - planning	<u>46,934</u>	<u>41,534</u>	<u>5,400</u>
Total general government	<u>641,181</u>	<u>563,708</u>	<u>77,473</u>

**Town of River Bend
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2019
With Comparative Actual Amounts For the Year Ended June 30, 2018**

	2019		2018
	Final Budget	Actual	Variance Over/Under
			Actual
Public Safety:			
Police:			
Salaries and benefits	475,280	475,224	56
Other operating expenditures	54,168	46,656	7,512
Salaries allocated to Water and Sewer	(4,195)	(4,194)	(1)
Capital outlay	32,750	31,021	1,729
Total police	558,003	548,707	9,296
Emergency Management			
Salaries and benefits	36,400	14,308	22,092
Other operating expenditures	100,750	44,440	56,310
Contracted services	867,440	762,717	104,723
Total emergency management	1,004,590	821,465	183,125
Recovery Grant NCORR-FDLG-004			
Salaries and benefits	22,500	13,309	9,191
Other operating expenditures	2,000	1,328	672
Capital outlay	28,000	28,000	-
Total recovery grant NCORR_FDLG-004	52,500	42,637	9,863
Animal Control:			
Salaries and benefits	16,216	15,681	535
Other operating expenditures	400	114	286
Salaries allocated to Water and Sewer	(3,157)	(3,158)	1
Total animal control	13,459	12,637	822
Total public safety	1,628,552	1,425,446	203,106
Transportation:			
Powell Bill:			
Salaries and benefits	40,542	39,218	1,324
Other operating expenditures	14,300	6,795	7,505
Salaries allocated to Water and Sewer	(7,893)	(7,892)	(1)
Contracted services	1,500	17	1,483
Capital outlay	133,500	134,992	(1,492)
Total Powell Bill	181,949	173,130	8,819
Non-Powell Bill:			
Salaries and benefits	56,858	54,898	1,960
Other operating expenditures	66,151	60,074	6,077
Salaries allocated to Water and Sewer	(11,050)	(11,050)	-
Utilities	40,000	38,902	1,098
Contracted services	6,980	3,841	3,139
Capital outlay	-	-	-
Total Non-Powell Bill	158,939	146,665	12,274
Total transportation	340,888	319,795	21,093

**Town of River Bend
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2019
With Comparative Actual Amounts For the Year Ended June 30, 2018**

	2019		2018
	Final Budget	Actual	Variance Over/Under
			Actual
Environmental Protection:			
Salaries and benefits	24,325	23,533	792
Other operating expenditures	12,200	3,719	8,481
Salaries allocated to Water and Sewer	(4,736)	(4,736)	-
Contracted services	67,645	38,615	29,030
Capital outlay	30,000	14,540	15,460
Total environmental protection	129,434	75,671	53,763
Cultural and recreational:			
Salaries and benefits	28,658	28,114	544
Other operating expenditures	18,175	12,241	5,934
Salaries allocated to Water and Sewer	(4,736)	(4,736)	-
Contracted services	12,098	8,121	3,977
Total cultural and recreational	54,195	43,740	10,455
Total expenditures	2,794,250	2,428,360	365,890
Revenues over (under) expenditures	(1,174,079)	(453,458)	720,621
Other financing sources (uses):			
Transfers from other funds:	130,970	117,470	(13,500)
Transfers to other funds:	(137,500)	(124,000)	13,500
Sale of capital assets	3,700	3,150	(550)
Loan Proceeds	-	1,000,000	1,000,000
Principal Payment	-	(50,154)	(50,154)
Contingency	(16,639)	-	16,639
Appropriated fund balance	1,193,548	-	(1,193,548)
Total other financing sources (uses)	1,174,079	946,466	(227,613)
Net change in fund balance	\$ -	493,008	\$ 493,008
Fund balances, beginning		2,294,498	2,106,518
Fund balances, ending		<u>\$ 2,787,506</u>	<u>\$ 2,294,498</u>

Town of River Bend
Capital Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2019
With Comparative Actual Amounts For the Year Ended June 30, 2018

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

**Town of River Bend
Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019
With Comparative Actual Amounts For the Year Ended June 30, 2018**

	2019		2018
	Final Budget	Actual	Variance Over/Under
			Actual
Revenues:			
Operating Revenues:			
Charges for services	\$ 428,972	\$ 407,796	\$ (21,176)
Water taps	1,250	2,800	1,550
Other operating revenues	15,746	17,804	2,058
Total operating revenues	445,968	428,400	(17,568)
Non-Operating Revenues:			
Interest earnings	18,250	21,002	2,752
Miscellaneous	-	7,640	7,640
Total non-operating revenues	18,250	28,642	10,392
Total revenues	464,218	457,042	(7,176)
Expenditures:			
Water Administration:			
Salaries and benefits	141,561	143,432	(1,871)
Allocated costs reimbursed by General Fund	(34,902)	(34,902)	-
Operating expenses	158,122	152,885	5,237
Repairs and maintenance	1,500	784	716
Capital outlay	-	-	-
Total administration	266,281	262,199	4,082
Water Operations:			
Operating expenses	96,516	80,509	16,007
Repairs and maintenance	12,500	5,116	7,384
Capital outlay	9,200	9,156	44
Total operations	118,216	94,781	23,435
Debt Services:			
Principal repayment	118,056	118,056	-
Interest	27,502	27,502	-
Total debt service	145,558	145,558	-
Total expenditures	530,055	502,538	27,517

**Town of River Bend
Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019
With Comparative Actual Amounts For the Year Ended June 30, 2018**

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

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

Reconciling items:

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

Town of River Bend
Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018
With Comparative Actual Amounts For the Year Ended June 30, 2017

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

**Town of River Bend
Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018
With Comparative Actual Amounts For the Year Ended June 30, 2017**

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

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

Reconciling items:	
Depreciation	(95,064)
Amortization	1,026
Capital outlay	18,542
Repayment of long-term debt principal	101,944
(Increase) decrease in compensated absences	(3,536)
Increase in deferred outflows of resources - pensions	8,707
Increase in net pension liability	8,743
(Increase) in deferred inflows of resources - pensions	<u>(909)</u>
Change in net position	<u>\$ 108,893</u>

OTHER SUPPLEMENTARY INFORMATION

This section contains additional information required
on property taxes.

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy

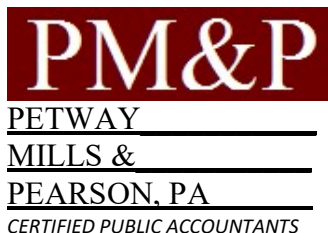
Town of River Bend
Schedule of Ad Valorem Taxes Receivable
June 30, 2019

<u>Fiscal</u> <u>Year</u>	<u>Uncollected</u> <u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Collections</u> <u>and Credits</u>	<u>Uncollected</u> <u>Balance</u> <u>June 30, 2019</u>
2018-2019	\$ -	\$ 727,923	\$ 725,369	\$ 2,554
2017-2018	4,383	-	2,869	1,514
2016-2017	247	-	6	241
2015-2016	195	-	4	191
2014-2015	190	-	27	163
2013-2014	460	-	21	439
2012-2013	744	-	-	744
2011-2012	729	-	89	640
2010-2011	445	-	-	445
2009-2010	588	-	7	581
2008-2009	469	-	469	-
	<u>\$ 8,450</u>	<u>\$ 727,923</u>	<u>\$ 728,861</u>	<u>\$ 7,512</u>
Less: allowance for uncollectible accounts - taxes				<u>(2,898)</u>
Ad valorem taxes receivable-net				<u><u>\$ 4,614</u></u>
<u>Reconciliation with revenues:</u>				
Ad valorem taxes-General Fund				\$ 728,213
Taxes written off, statute of limitations				469
Miscellaneous adjustments				<u>179</u>
Total collections and credits				<u><u>\$ 728,861</u></u>

**Town of River Bend
Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2019**

				Total Levy	
	Town - Wide			Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Total Levy		
Original levy	\$302,649,329	\$ 0.24	\$ 726,358	\$ 646,375	\$ 79,983
Discoveries	724,908	0.24	1,740	1,740	-
Abatements	<u>(322,296)</u>	0.24	<u>(774)</u>	<u>(774)</u>	<u>-</u>
Total Property Valuation	<u><u>\$303,051,941</u></u>				
Net levy			727,324	647,341	79,983
Uncollected taxes at June 30, 2019			<u>(2,554)</u>	<u>(2,554)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 724,770</u>	<u>\$ 644,787</u>	<u>\$ 79,983</u>
Current levy collection percentage			<u>99.65%</u>	<u>99.61%</u>	<u>100.00%</u>
Prior Year's Collection Percentage			<u>99.50%</u>	<u>99.44%</u>	<u>100.00%</u>

COMPLIANCE SECTION



C. Briggs Petway, Jr.
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Accountants

Medical Group
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Association

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of River Bend, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of River Bend's basic financial statements, and have issued our report thereon dated October 9, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of River Bend's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Petway Mills & Pearson, PA

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

October 9, 2019

**Town of River Bend
Schedule of Findings and Responses
For the Year Ended June 30, 2019**

SECTION I. – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified
that are not considered to be
material weaknesses? _____ yes X none reported

Noncompliance material to financial
statements noted _____ yes X no

**Town of River Bend
Schedule of Findings and Responses
For the Year Ended June 30, 2019**

SECTION II. – FINANCIAL STATEMENT FINDINGS

None.

**Town of River Bend
Corrective Action Plan
For the Year Ended June 30, 2019**

SECTION II. – FINANCIAL STATEMENT FINDINGS

None Required.

**Town of River Bend
Summary Schedule of Prior Year's Audit Findings
For the Year Ended June 30, 2019**

There were no prior year audit findings.

Town of River Bend
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019

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

Notes to the Schedule of Expenditures of State Financial Awards:

Note 1: Basis of Presentation

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

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Costs

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