

TOWN OF RIVER BEND
FINANCIAL STATEMENTS
RIVER BEND, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2020



Town of River Bend North Carolina

Appointed and Administrative Positions

June 30, 2020

Mayor

John Kirkland

Town Council

Brian Leonard

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

Town Seal



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PEARSON, PA

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Accountants

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Association

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of River Bend, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of River Bend's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of River Bend, North Carolina as of June 30, 2020, 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 27, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions on pages 70 and 71, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 72 and 73, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The combining and individual fund statements, budgetary schedules and other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements, budgetary schedules, other schedules and the accompanying Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2020, 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

December 9, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Town of River Bend
Management's Discussion and Analysis
June 30, 2020**

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, 2020. 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 \$7,793,179 (*net position*) at the close of the fiscal year.
- For governmental type activities, the Town's net position showed an increase of 16.6% at the close of the fiscal year at \$5,592,443. Net position for business-type activities, which exclusively include the Water and Sewer Enterprise Funds, were \$966,759 and \$1,233,977, respectively, for a total of \$2,200,736. This represents an increase of \$111,875 in the value of net position in the Water Fund, and an increase of \$203,883 in the value of net position in the Sewer Fund. On-going depreciation of the infrastructure, a total of \$206,508, continues to be a significant expense. The government's total net position increased by \$1,112,657.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,256,688, a decrease of \$962,853. Approximately 6.6% of this amount, or \$148,448, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,265,401 or 47.6% 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, 2020, expenditures reported were \$2,661,148 which includes the payment of the NCORR loan (\$949,846) with FEMA public assistance funds.
- The Town's total General Obligation bond debt decreased by \$225,000 (12%) during the current fiscal year. The key factor in this decrease is the timely payments of debt service expenditures.
- The Town holds an AA+ bond rating by Standard and Poor's Rating Services on its G.O. Series 2013 refunding bonds. The original bonds were used to purchase and upgrade the water and wastewater operations. The Town of River Bend maintains a stable A1 bond rating from Moody's Investor Service.

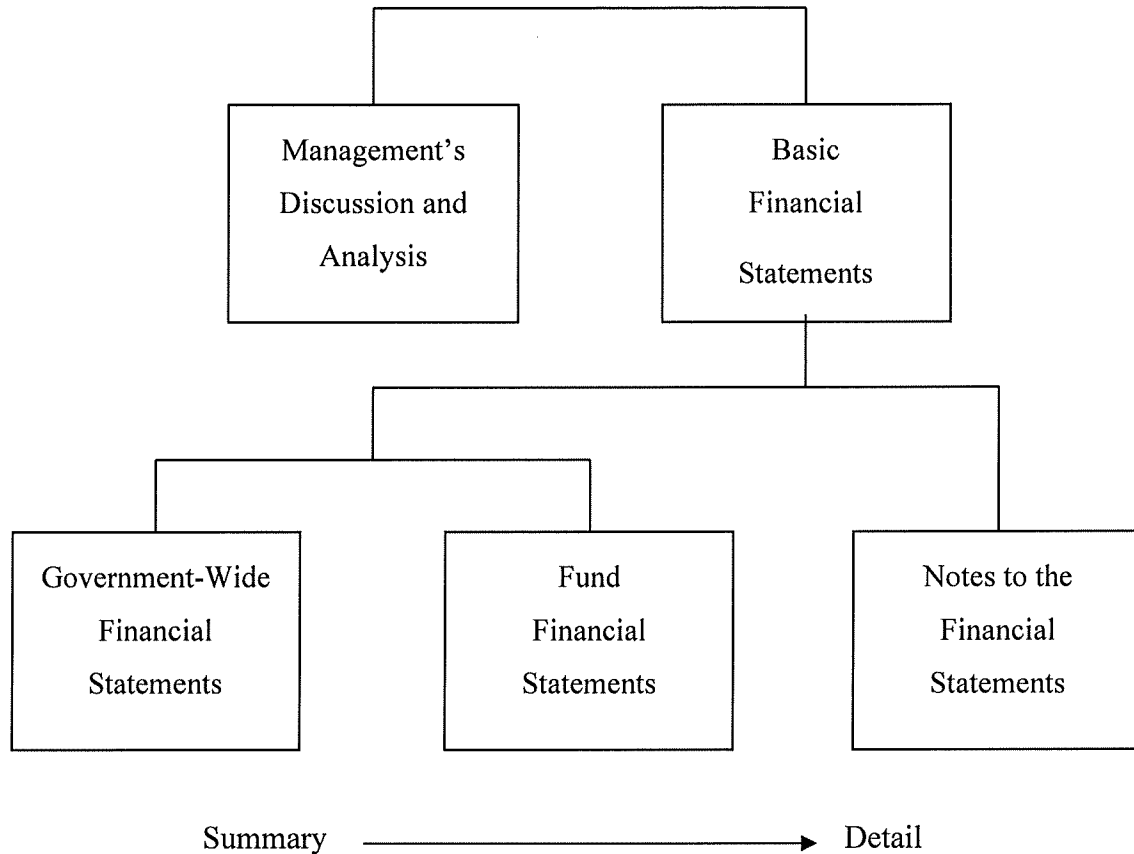
Overview of the Financial Statements

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

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

Management Discussion and Analysis

Town of River Bend

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

Management Discussion and Analysis

Town of River Bend

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

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

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

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

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of River Bend's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 99 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 \$7,793,179 as of June 30, 2020. The Town's net position increased by \$1,112,657 for the fiscal year ended June 30, 2020. The largest portion (53%) of total net position is the Town's unrestricted net position, \$4,125,806 that is available for future spending. The Town reports net investments in capital assets (e.g. land, buildings, machinery, and equipment) as 45 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 \$148,249 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	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 2,338,828	\$ 3,280,293	\$ 2,357,974	\$ 2,086,897	\$ 4,696,802	\$ 5,367,190
Net pension asset - Separation Allowance	-	-	-	-	-	-
Net pension asset - LGERS	-	-	-	-	-	-
Capital assets, net	3,569,556	2,719,369	1,615,084	1,780,596	5,184,640	4,499,965
Total assets	<u>5,908,384</u>	<u>5,999,662</u>	<u>3,973,058</u>	<u>3,867,493</u>	<u>9,881,442</u>	<u>9,867,155</u>
Deferred Outflows of Resources:						
Contributions to pension plan, current year - LGERS	69,360	56,502	19,722	16,169	89,082	72,671
Contributions to pension plan, current year - LEO	20,674	21,810	-	-	20,674	21,810
Pension deferrals	186,500	130,410	36,295	40,835	222,795	171,245
Deferred charges on refunding	-	-	62,498	71,427	62,498	71,427
Total deferred outflows of resources	<u>276,534</u>	<u>208,722</u>	<u>118,515</u>	<u>128,431</u>	<u>395,049</u>	<u>337,153</u>
Liabilities:						
Current liabilities	105,383	1,042,500	312,357	301,335	417,740	1,343,835
Long-term liabilities	435,151	295,554	1,575,093	1,804,576	2,010,244	2,100,130
Total liabilities	<u>540,534</u>	<u>1,338,054</u>	<u>1,887,450</u>	<u>2,105,911</u>	<u>2,427,984</u>	<u>3,443,965</u>
Deferred Inflows of Resources:						
Pension deferrals	<u>51,941</u>	<u>74,786</u>	<u>3,387</u>	<u>5,035</u>	<u>55,328</u>	<u>79,821</u>
Net Position:						
Net investment in capital assets	3,569,556	2,719,369	(50,432)	(112,135)	3,519,124	2,607,234
Restricted	148,249	162,507	-	-	148,249	162,507
Unrestricted	1,874,638	1,913,668	2,251,168	1,997,113	4,125,806	3,910,781
Total net position	<u>\$ 5,592,443</u>	<u>\$ 4,795,544</u>	<u>\$ 2,200,736</u>	<u>\$ 1,884,978</u>	<u>\$ 7,793,179</u>	<u>\$ 6,680,522</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 from flooded and damaged homes in the community and Town property. The North Carolina Office of Recovery and Resiliency (NCORR) provided the Town with a zero-interest, one-million-dollar loan. The loan was paid back in full at 06/30/20 with receipts of federal and state public assistance funds.
- Federal, state, and county disaster assistance and grant funds received this fiscal year totaled \$1,314,593, which included an NCORR grant of \$363,000. This grant covered bond debt service in the Water Fund, \$145,879, in the Sewer Fund, \$125,971, and \$91,150 for General Fund labor.
- The Municipal Building and Town Hall renovation capital project was funded with General Fund and Capital Reserve fund balances, \$1,040,100 and \$265,800, respectively. The municipal building will house the police department along with space for community activities. Additionally, this building will act as a command post for emergency operations. The Town Hall will be expanded to contain new restrooms, town sewer service, and upgraded offices.
- The Town Council adopted a tax rate of \$0.26 per hundred dollars of valuation, an increase of \$0.02. Property tax revenue, including motor vehicles, was up \$11,968 from FY19; fund balance in the amount of \$96,111 was originally budgeted to balance the FY20 budget.

Management Discussion and Analysis

Town of River Bend

- An annual comprehensive study of the operations and capital needs of the Water and Sewer systems, using a professionally designed rate model, determines whether our utility rates will enable the enterprise funds to cover operating costs and maintain cash reserves each fiscal year as budgeted. Sewer rates remained unchanged this fiscal year; residential water base rates were increased \$3 per month on 04/09/20.

Town of River Bend's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 41,766	\$ 60,410	\$ 1,311,383	\$ 1,017,505	\$ 1,353,149	\$ 1,077,915
Operating grants and contributions	1,129,776	443,028	-	-	1,129,776	443,028
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	747,969	725,978	-	-	747,969	725,978
Other taxes	569,779	659,572			569,779	659,572
Investment earnings, unrestricted	37,711	50,173	24,374	37,921	62,085	88,094
Miscellaneous, unrestricted	17,848	43,783	-	25,218	17,848	69,001
Total revenues	<u>2,544,849</u>	<u>1,982,944</u>	<u>1,335,757</u>	<u>1,080,644</u>	<u>3,880,606</u>	<u>3,063,588</u>
Expenses:						
General government	781,056	695,858	-	-	781,056	695,858
Public safety	636,538	1,329,186	-	-	636,538	1,329,186
Transportation	230,521	208,321	-	-	230,521	208,321
Environmental protection	62,457	59,928	-	-	62,457	59,928
Cultural and recreational	41,473	49,621	-	-	41,473	49,621
Water	-	-	491,059	470,606	491,059	470,606
Sewer	-	-	528,940	514,709	528,940	514,709
Total expenses	<u>1,752,045</u>	<u>2,342,914</u>	<u>1,019,999</u>	<u>985,315</u>	<u>2,772,044</u>	<u>3,328,229</u>
Increase in net position before special item	792,804	(359,970)	315,758	95,329	1,108,562	(264,641)
Special Item - gain on sale of capital assets	4,095	3,150	-	-	4,095	3,150
Increase in net position	796,899	(356,820)	\$ 315,758.00	\$ 95,329.00	1,112,657	(261,491)
Beginning of year - July 1	4,795,544	5,152,364	1,884,978	1,789,649	6,680,522	6,942,013
End of year - June 30	<u>\$ 5,592,443</u>	<u>\$ 4,795,544</u>	<u>\$ 2,200,736</u>	<u>\$ 1,884,978</u>	<u>\$ 7,793,179</u>	<u>\$ 6,680,522</u>

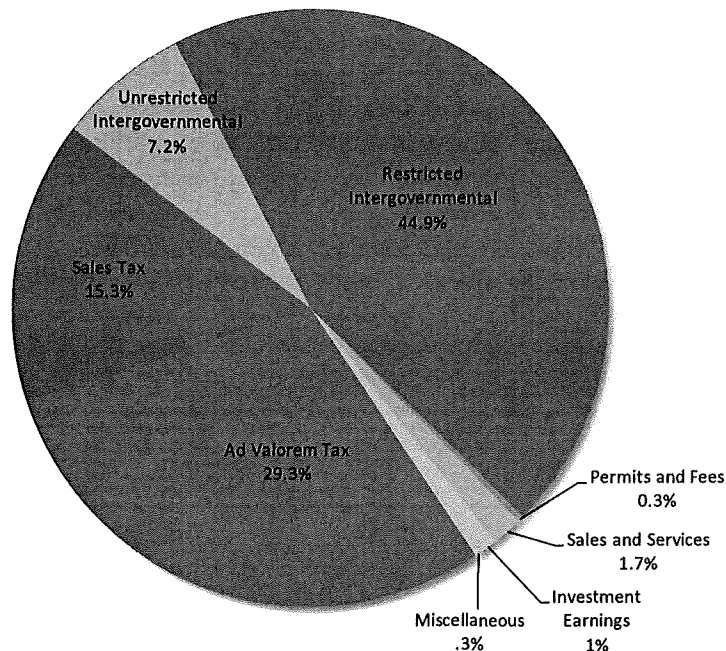
Management Discussion and Analysis

Town of River Bend

Governmental Activities. The total net position of the Town increased by \$1,112,657; governmental activities accounted for \$796,899 of an increase to the Town's net position. Key elements that affected net position are as follows:

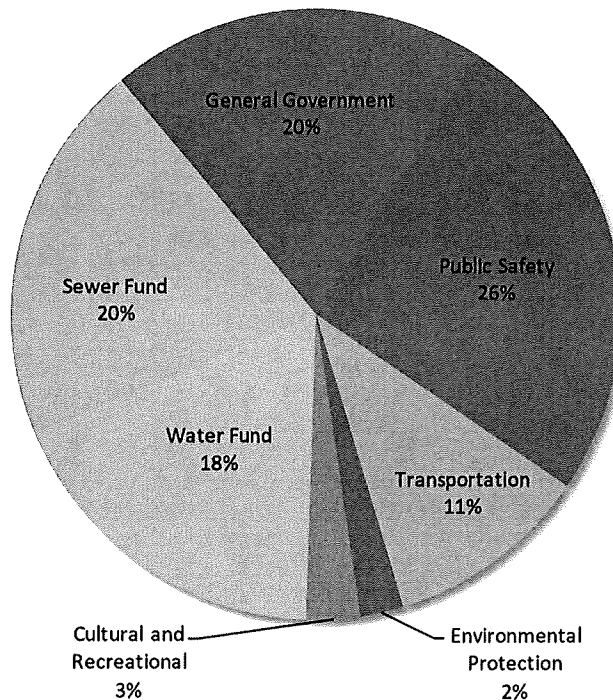
- A municipal building capital project, \$1,305,900, was funded with General Fund and Capital Reserve fund balances, requiring no debt borrowing.
- Federal and state public assistance funds received, \$949,846, paid the remainder of the NCORR one-million-dollar loan.
- Ad valorem taxes normally run around 50% of General Fund revenue; total property valuation was down 5% or fifteen million dollars. Craven County's four-year revaluation, originally effective FY 2020-21, was postponed until January 1, 2022, which affects FY 2022-23. This fiscal year the adopted rate was \$0.26 with a total property tax valuation of \$287,697,954; Craven County collection rate was 98.56%. Fund balance of \$96,111 was originally budgeted to cover the reduced tax revenue.
- General Fund Exhibit 6 in the Basic Financial Statement outlines budget to actual performance for revenues and expenditures. Departmental expenditures versus budget, excluding the NCORR loan (\$949,846) repayment, ended favorably, \$393,202, of which \$187,507 are FEMA Hazard Mitigation Grant Funds. These two projects were carried into the next fiscal year. Capital outlays increased capital assets for \$195,029; the General Fund Capital Improvement Plan contributed \$34,800 from Capital Reserves for capital outlay.

Town of River Bend
Figure 4. Revenue Sources - Governmental Activities - Fiscal Year 2020



Management Discussion and Analysis
Town of River Bend

Town of River Bend
Figure 5. Functional Expenses - Fiscal Year 2020



Business-Type Activities. Business-type activities increased the Town's net position by \$315,758. 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 four 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.
- An NCORR grant was received to cover bond debt service in the Water Fund, \$145,879, and in the Sewer Fund, \$125,971.
- Operating revenues from sewer services adequately covered the operating expenses, resulting in operating income and an increase in net position of \$203,883. Water fund net position increased by \$111,875.
- The Water Fund cash and cash equivalents increased by \$84,384, resulting in ending cash balance of \$1,086,502.
- The Sewer Fund increased its cash and cash equivalents balance by \$156,396, resulting in an ending cash balance of \$1,066,891.

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 Operating Expenses.

Management Discussion and Analysis

Town of River Bend

Water Fund:

- The Water Fund increased net position \$111,875 from last year to \$966,759 at year-end.
- Operating income was \$124,044, mainly due to an NCORR grant (\$145,879), compared to an operating loss of \$14,704 last year.
- Capital assets of \$8,367 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 \$108,302 compared to \$107,897 last year.

Sewer Fund:

- The Sewer Fund increased net position by \$203,883 from last year to \$1,233,977 at year-end.
- Operating income was \$214,190, mainly due to an NCORR grant (\$125,971) up from \$98,144 last year.
- Capital assets of \$32,629 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 by \$98,206, compared to \$95,064 last year.

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

Financial Analysis of the Town's Funds

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

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

Total governmental fund balances were \$2,256,688, a decrease of \$962,853 over the prior year. Included in this change is a decrease of \$296,948 in fund balance in the Capital Reserve Fund. The Town received 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 was paid back when in receipt of public assistance funds; payments for \$949,846 were made in fiscal year 2020, and the loan paid in full.

A municipal building and Town Hall renovation capital project was funded with General Fund and Capital Reserve fund balances, \$1,040,100 and \$265,800, respectively. The municipal building will house the police department along with space for community activities. In times of emergencies and natural disasters, this building will act as an operations command central. The Town Hall will be expanded to contain new restrooms, town sewer service, and upgraded offices.

The General Fund is the chief operating fund of the Town of River Bend. For the fiscal year ended June 30, 2020, the Town's fund balance available in the General Fund was \$1,636,549 and unassigned fund balance of the General Fund was \$1,265,401, a 48% decrease from prior year. Total fund balance is \$1,784,997. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

Management Discussion and Analysis

Town of River Bend

At year-end, unassigned General Fund balance represents 47.6% 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 67% of total General Fund expenditures and available fund balance represents 61.5% of that same amount.

The Department of State Treasurer reported the average fund balance of 77.89 percent for the group of non-electric cities with a population of 2,500 – 9,999 for the year ended June 30, 2019.

General Fund Budgetary Highlights. During the fiscal year, the Town amended the budget on ten 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 FY18-19, \$91,066.
- Funds were appropriated from General Fund balance for a nuisance abatement demolition of a home (\$9,000) and a transfer to the BUS Capital Project (\$1,024,200).
- Federal Disaster Assistance (\$629,206) and State Disaster Assistance (\$39,767) funds were received from Hurricane Florence for various categories and a Stormwater Hazard Mitigation Project (\$122,707), with the remainder reducing appropriated fund balance (\$546,266).
- Appropriated Fund Balance (\$26,700) and excess funds in the Street Maintenance department (\$19,000) were used for relocating the basketball court from the Municipal Building site.
- State Disaster Assistance (\$169,969) was received and reduced Appropriated Fund Balance.
- Contingency was used for a six-month lease for office space (\$4,800) for the police department.
- Federal Disaster Assistance (\$69,857) and State Disaster Assistance (\$23,285) funds were received from Hurricane Florence for a Public Buildings Hazard Mitigation Project (\$64,800); the remainder reduced appropriated fund balance (\$28,342).
- Appropriated Fund Balance (\$8,000) and a transfer from Capital Reserve Fund (\$29,000) were used to purchase a police vehicle.
- An additional \$15,900 was transferred to the BUS Capital Project for IT needs; Elections (\$3900) and Stormwater Management (\$12,000) were reduced.
- NCORR-FDLG-042 Grant funds (\$363,000) were received for Water & Sewer bond debt service and General Fund labor.
- Federal Disaster Assistance (\$6056) and State Disaster Assistance (\$2018) funds were received from Hurricane Dorian and offset Emergency Services department. Municipal Building furniture (\$13,000) was funded with transfers from departments with projected excess funds.

Excluding restricted intergovernmental revenues, actual operating revenues for the General Fund were less than the final budget by \$53,721. An unfavorable variance of \$70,586 was realized in Sales tax revenues and the related hold harmless tax as it was affected by a stalled economy in the last half of fiscal 2020. Ad Valorem tax collections were above budget by \$18,894.

Departmental expenditures, excluding NCORR Loan repayment, were less than the final budgeted amounts by \$393,202. This included two Hazard Mitigation Projects (\$187,507) that will be carried over to FY 2021. Although each functional area contributed to this total amount, the most significant, \$68,084, came from Public Safety due to the reduced cost of benefits. Details of the budget and actual amounts for revenues

Management Discussion and Analysis

Town of River Bend

and expenditures of the General Fund are presented in the Supplementary Information, Schedule 2, beginning on page 106. The Town complied with its budgetary requirements.

Proprietary Funds. The Town's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. These funds, which exclusively include the Town's Water and Sewer Funds, reported net position of \$966,759 and \$1,233,977, respectively, for a total of \$2,200,736. This represents an increase of \$315,758 from last fiscal year. As stated before, a key element each year is depreciation, for this year in the Water Fund, \$108,302, and the Sewer Fund, \$98,206. Unrestricted net position of the Water Fund and Sewer Fund at the end of the fiscal year amounted to \$2,251,168.

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, 2020 totaled \$5,184,640 (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:

- \$8,367, Trailer mounted 120kw diesel generator set, shared cost
- \$44,825, Police 2020 Ford Interceptor
- \$96,137, 2020 Street Paving Program
- \$45,700, Basketball Court
- \$816,041, Construction in progress

Water Fund:

- \$8,367, Trailer mounted 120kw diesel generator set, shared cost

Sewer Fund:

- \$8,367, Trailer mounted 120kw diesel generator set, shared cost
- \$24,262, Trailer mounted 75kw diesel generator set

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.

Management Discussion and Analysis

Town of River Bend

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

Town of River Bend's Capital Assets

Figure 6

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 929,320	\$ 929,320	\$ 183,357	\$ 183,357	\$ 1,112,677	\$ 1,112,677
Construction in progress	859,541	43,500	220,070	220,070	1,079,611	263,570
Plant and distribution system	-	-	5,800,615	5,800,615	5,800,615	5,800,615
Furniture and equipment	-	-	319,746	278,749	319,746	278,749
Building and improvements	1,352,521	1,306,821	8,960	8,960	1,361,481	1,315,781
Equipment and vehicles	446,400	421,869	-	-	446,400	421,869
Infrastructure	2,115,135	2,018,998	-	-	2,115,135	2,018,998.00
Subtotal	5,702,917	4,720,508	6,532,748	6,491,751	12,235,665	11,212,259
Less accumulated depreciation	(2,133,361)	(2,001,139)	(4,917,665)	(4,711,156)	(7,051,026)	(6,712,295)
Capital assets, net	\$ 3,569,556	\$ 2,719,369	\$ 1,615,084	\$ 1,780,596	\$ 5,184,640	\$ 4,499,964

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, 2020, the Town had total bonded debt outstanding of \$1,650,000, all of which is backed by the full faith and credit of the Town.

Town of River Bend's Long-Term Debt

Figure 7

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ -	\$ -	\$ 1,650,000	\$ 1,875,000	\$ 1,650,000	\$ 1,875,000
Direct placement NCORR	-	949,846	-	-	-	949,846
Unamortized premium on bonds	-	-	78,014	89,158	78,014	89,158
Unfunded pension obligation	-	-	-	-	-	-
Net pension liability (LGERS)	287,422	287,422	87,807	70,567	375,229	357,989
Total pension liability (LEO)	141,438	141,438	-	-	141,438	141,438
Total debt	\$ 470,797	\$ 1,420,643	\$ 1,837,485	\$ 2,058,704	\$ 2,308,282	\$ 3,479,347

Management Discussion and Analysis

Town of River Bend

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

Additional information on the Town's long-term debt is found starting on page 92 in the notes to the basic financial statements. The Town's legal debt margin at June 30, 2020 was approximately \$22,251,000.

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. The local area economy before COVID-19 was experiencing a steady recovery; March 2020 data show Craven County and State unemployment rate at 4.3%. Craven County unemployment rate at the end of June 2020 was reported at 6.9%, the State seasonally adjusted rate, 7.6%, and a national rate of 11.1%.

Budget Highlights and Rates for the Fiscal Year Ending June 30, 2021

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 2020. 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 tenth 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 \$1,890,000, a 10.6% decrease from the 2020 fiscal year-end budgeted revenues, (after deducting \$1,040,100 transferred to the Building Utilization Strategy (BUS) Capital Project) and a 28.7% decrease compared to year-end revenues. Included in this amount is NCORR Recovery Grant revenue, \$89,022, for the corresponding department expenditures.

The Council adopted a tax rate of \$0.26, which is no change from the prior year. Appropriated fund balance was used to balance the budget in the amount of \$222,833. We anticipate receiving revenues above those budgeted this fiscal year for requested hurricane public assistance funds (\$61,000), and State COVID-19 relief funding from the CARES Act (\$49,650).

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 46% of the total combined operating budget. Following the guidance of the Council, the budget reflects a 3.1% 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 \$6,359 to fund the Law Enforcement Officers' Separation Allowance. Our financial obligation for eligible retirees is \$7,888 this year.

Management Discussion and Analysis

Town of River Bend

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 \$68,450 will be budgeted to complete this project.

Capital Improvement Plans (CIP) are used to plan for capital needs in each major fund area in order to sustain and improve infrastructure and operations within the financial capacity of the Town. \$60,000 is budgeted to set aside in the General Capital Reserve Fund for this year.

CIP budgeted expenditures this year are for the replacement of information technology hardware, \$2,970, and a police vehicle, \$40,000. Storm water maintenance is an ongoing focus for the Town and specific projects will be funded, as they are prioritized and emergent issues addressed when necessary. Swale drainage in the Channel Run area of the Town that was flooded from Hurricane Florence is included in a hazard mitigation project funded by public assistance and town funds.

Included in the governmental CIP is a detailed plan for keeping our information technology equipment up to date. We are operating in a cloud environment which means our servers are maintained at a remote site by our IT contractor, who also provides continually updated firewall protection against cyber-attacks. This cost effective approach enabled us to reduce the amount of CIP funding for IT hardware while providing us with the necessary disaster recovery capability and efficient public e-mail retention. Due to reductions in the costs of our remaining hardware, particularly for mobile data terminals used by the police department, we are able to fund keep our CIP funding to approximately \$2,000 per year.

The new Municipal Building is complete and was dedicated on July 16th. This 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. Town Hall renovations will address upgrading the restrooms to be ADA (Americans with Disabilities Act) compliant, replacing a failing sewer line, along with creating a new exterior entrance and lobby to the meeting hall and restrooms. These projects (\$1,305,900) are 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. The Water base rate was last increased \$3 per month for residential users on 04/09/2020. 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. At the end of the next four years, it is projected that Water Fund cash reserves will be 52% of expenditures. At the end of the next four years, it is projected that the Sewer Fund cash reserves will be at 77% 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. The Water Fund has sufficient cash reserves to address these needs. CIP expenditures planned for the Water Fund this fiscal year include a corrosion prevention treatment project for the equipment in Well #3 (\$12,000), and purchase of a new vehicle, cost shared equally (\$11,000) with the Sewer Fund.

Management Discussion and Analysis

Town of River Bend

In the last quarter of fiscal year 2019-20 the Town was awarded a reimbursement-type grant in the amount of \$602,500 from the State of North Carolina. The grant will be used to purchase new radio-read water meters and associated equipment. This project was added to the Water Capital Improvement Plan in FY 2020.

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 2021, the only planned purchase is the cost-shared new vehicle (\$11,000) for the enterprise funds.

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, 2020

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,866,797	\$ 2,132,588	\$ 3,999,385
Taxes receivables (net)	12,403	-	12,403
Accounts receivable (net)	7,812	204,179	211,991
Prepaid items	199	-	199
Due from other governments	140,437	402	140,839
Total current assets	2,027,648	2,337,169	4,364,817
Noncurrent asset:			
Restricted cash and cash equivalents	311,180	20,805	331,985
Capital assets:			
Land and construction in progress	1,788,861	403,427	2,192,288
Other capital assets, net of depreciation	1,780,695	1,211,657	2,992,352
Total capital assets (net)	3,569,556	1,615,084	5,184,640
Total noncurrent assets	3,880,736	1,635,889	5,516,625
Total assets	5,908,384	3,973,058	9,881,442
DEFERRED OUTFLOWS OF RESOURCES			
Contributions to pension plan in current fiscal year - LGERS	69,360	19,722	89,082
Contributions to pension plan in current fiscal year - LEO	20,674	-	20,674
Pension deferrals	186,500	36,295	222,795
Deferred charge on refunding	-	62,498	62,498
Total deferred outflows of resources	276,534	118,515	395,049
LIABILITIES			
Current liabilities:			
Accounts payable	67,503	29,160	96,663
Accrued expenses	122	-	122
Unearned revenue - rents	2,112	-	2,112
Liabilities payable from restricted assets	-	20,805	20,805
Current portion of compensated absences	35,646	16,248	51,894
Current portion of long-term debt	-	246,144	246,144
Total current liabilities	105,383	312,357	417,740
Non-current liabilities:			
Non-current portion of compensated absences	6,291	5,416	11,707
Net pension liability - LGERS	287,422	87,807	375,229
Total pension liability - LEO	141,438	-	141,438
Non-current portion of long-term debt	-	1,481,870	1,481,870
Total long-term liabilities	435,151	1,575,093	2,010,244
Total liabilities	540,534	1,887,450	2,427,984
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	26,054	3,387	29,441
Deferred benefit payments and administrative expenses - LEO	25,887	-	25,887
Total deferred inflows of resources	51,941	3,387	55,328
NET POSITION			
Net investment in capital assets	3,569,556	(50,432)	3,519,124
Restricted for:			
Stabilization by State Statute	148,249	-	148,249
Streets	-	-	-
Unrestricted	1,874,638	2,251,168	4,125,806
Total net position	\$ 5,592,443	\$ 2,200,736	\$ 7,793,179

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, 2020**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental Activities:							
General government	\$ 781,056	\$ 33,399	\$ -	\$ -	\$ (747,657)	\$ -	\$ (747,657)
Public safety	636,538	383	1,042,743	-	406,588	-	406,588
Transportation	230,521	-	87,033	-	(143,488)	-	(143,488)
Environmental protection	62,457	7,984	-	-	(54,473)	-	(54,473)
Cultural and recreational	41,473	-	-	-	(41,473)	-	(41,473)
Total governmental activities	1,752,045	41,766	1,129,776	-	(580,503)	-	(580,503)
Business-type activities:							
Water fund	491,059	589,963	-	-	-	98,904	98,904
Sewer fund	528,940	721,420	-	-	-	192,480	192,480
Total business-type activities	1,019,999	1,311,383	-	-	-	291,384	291,384
Total primary government	\$ 2,772,044	\$ 1,353,149	\$ 1,129,776	\$ -	(580,503)	291,384	(289,119)
General revenues:							
Ad valorem taxes					747,969	-	747,969
Local option sales taxes					296,758	-	296,758
Franchise taxes					112,862	-	112,862
Other taxes and licenses					160,159	-	160,159
Interest earned on investments, unrestricted					37,711	24,374	62,085
Insurance settlements					1,090	-	1,090
Miscellaneous, unrestricted					16,758	-	16,758
Special item - gain on sale of capital assets					4,095	-	4,095
Total general revenues					1,377,402	24,374	1,401,776
Change in net position					796,899	315,758	1,112,657
Net position, beginning					4,795,544	1,884,978	6,680,522
Net position, ending					\$ 5,592,443	\$ 2,200,736	\$ 7,793,179

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

**Town of River Bend
Balance Sheet
Governmental Funds
June 30, 2020**

	<u>Major</u>			
	<u>General Fund</u>	<u>BUS Capital Projects</u>	<u>Non-Major Fund</u>	<u>Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,381,895	\$ 485,749	\$ (847)	\$ 1,866,797
Restricted cash	176,093	-	135,087	311,180
Receivables, net:				-
Taxes	12,403	-	-	12,403
Accounts	7,812	-	-	7,812
Prepaid items	199	-	-	199
Due from other governments	140,437	-	-	140,437
Total assets	<u>\$ 1,718,839</u>	<u>\$ 485,749</u>	<u>\$ 134,240</u>	<u>\$ 2,338,828</u>
LIABILITIES				
Accounts payable	\$ 54,292	\$ 13,211	\$ -	\$ 67,503
Accrued expenses	122	-	-	122
Unavailable revenue - rents	2,112	-	-	2,112
Total liabilities	<u>56,526</u>	<u>13,211</u>	<u>-</u>	<u>69,737</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	12,403	-	-	12,403
Total deferred inflows of resources	<u>12,403</u>	<u>-</u>	<u>-</u>	<u>12,403</u>
FUND BALANCES				
Nonspendable				
Prepaid items	199	-	-	199
Restricted				
Stabilization by State Statute	148,249	-	-	148,249
Committed:				
General Government capital outlay	135,087	-	-	135,087
Assigned	236,061	-	-	236,061
Unassigned	1,130,314	472,538	134,240	1,737,092
Total fund balances	<u>1,649,910</u>	<u>472,538</u>	<u>134,240</u>	<u>2,256,688</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,718,839</u>	<u>\$ 485,749</u>	<u>\$ 134,240</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.

3,569,556

Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the statement of net position.

90,034

Earned revenues considered deferred inflows of resources in fund statements.

12,403

Long-term loan

-

Pension related deferrals

134,559

Net pension liability

(287,422)

Total pension liability

(141,438)

Other long-term liabilities (compensated absences) are not due and payable in the current period and therefore are not reported in the funds.

(41,937)

Net position of governmental activities

\$ 5,592,443

Town of River Bend
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	<u>Major</u>			<u>Total</u>
	<u>General Fund</u>	<u>BUS Capital Projects</u>	<u>Non-Major Fund</u>	<u>Governmental Funds</u>
REVENUES				
Ad valorem taxes	\$ 740,181	\$ -	\$ -	\$ 740,181
Other taxes and licenses	387,149	-	-	387,149
Unrestricted intergovernmental	180,343	-	-	180,343
Restricted intergovernmental	1,132,063	-	-	1,132,063
Permits and fees	8,366	-	-	8,366
Sales and services	41,806	-	-	41,806
Investment earnings	24,453	9,606	3,652	37,711
Miscellaneous	8,351	-	-	8,351
Total revenues	2,522,712	9,606	3,652	2,535,970
EXPENDITURES				
Current:				
General government	547,925	26,927	-	574,852
Public safety	666,530	-	-	666,530
Transportation	203,988	-	-	203,988
Environmental protection	63,820	-	-	63,820
Cultural and recreational	34,010	-	847	34,857
Capital outlay	195,029	816,041	-	1,011,070
Principal reduction	949,846	-	-	949,846
Total expenditures	2,661,148	842,968	847	3,504,963
Excess (deficiency) of revenues over expenditures	(138,436)	(833,362)	2,805	(968,993)
Revenues over (under) expenditures	(138,436)	(833,362)	2,805	(968,993)
Other financing sources:				
Transfer (to) from other funds	(1,005,300)	1,305,900	(300,600)	-
Insurance settlement	1,090	-	-	1,090
Sale of capital assets	5,050	-	-	5,050
Total other financing sources	(999,160)	1,305,900	(300,600)	6,140
Revenues and other sources over expenditures and other sources	(1,137,596)	472,538	(297,795)	(962,853)
Fund balances, beginning	2,787,506	-	432,035	3,219,541
Fund balances, ending	\$ 1,649,910	\$ 472,538	\$ 134,240	\$ 2,256,688

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, 2020**

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

Net changes in fund balances - total governmental funds	\$	(962,853)
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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	1,011,070		
Depreciation expense for governmental assets	<u>(159,926)</u>		
			851,144

Contributions to the pension plan in the current fiscal year are not included on the statement of activities	90,034
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Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities	8,461
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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	7,789
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

New long-term debt issued	-		
Principal payments on long-term debt	<u>949,846</u>		949,846

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.

Compensated absences		1,023	
Pension expense		<u>(148,545)</u>	

Total changes in net position of governmental activities	\$	<u>796,899</u>
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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, 2020

	General Fund			
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 721,287	\$ 721,287	\$ 740,181	\$ 18,894
Other taxes and licenses	457,735	457,735	387,149	(70,586)
Unrestricted intergovernmental	189,000	189,000	180,343	(8,657)
Restricted intergovernmental	178,022	1,231,983	1,132,063	(99,920)
Permits and fees	7,900	7,900	8,366	466
Sales and services	37,320	37,320	41,806	4,486
Investment earnings	39,728	23,128	24,453	1,325
Miscellaneous	8,000	8,000	8,351	351
Total revenues	1,638,992	2,676,353	2,522,712	(153,641)
Expenditures:				
Current:				
General government	573,211	681,534	547,925	133,609
Public safety	606,967	742,439	666,530	75,909
Transportation	242,565	218,565	203,988	14,577
Environmental protection	93,491	214,073	63,820	150,253
Cultural and recreational	53,360	53,360	34,010	19,350
Capital outlay	141,500	194,533	195,029	(496)
Principal reduction	-	-	949,846	(949,846)
Total expenditures	1,711,094	2,104,504	2,661,148	(556,644)
Revenues over (under) expenditures	(72,102)	571,849	(138,436)	(710,285)
Other financing sources (uses):				
Transfers from other funds	5,800	48,300	48,300	-
Transfers to other funds	(13,500)	(1,053,600)	(1,053,600)	-
Sale of capital assets	-	-	5,050	5,050
Insurance settlement	-	-	1,090	1,090
Contingency	(16,309)	(11,509)	-	11,509
Appropriated fund balance	96,111	444,960	-	(444,960)
Total other financing sources (uses)	72,102	(571,849)	(999,160)	(427,311)
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ -	(1,137,596)	\$ (1,137,596)
Fund balances, beginning			2,787,506	
Fund balances, ending			\$ 1,649,910	

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, 2020**

	Major Enterprise Funds		
	Water Fund	Sewer Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,078,252	\$ 1,054,336	\$ 2,132,588
Accounts receivable, net	100,020	104,159	204,179
Due from Other Governments	454	(52)	402
Prepaid items	-	-	-
Total current assets	1,178,726	1,158,443	2,337,169
Noncurrent assets:			
Restricted cash and cash equivalents	8,250	12,555	20,805
Capital assets:			
Land and construction in progress	118,171	285,256	403,427
Other capital assets, net of depreciation	602,339	609,318	1,211,657
Capital assets (net)	720,510	894,574	1,615,084
Total noncurrent assets	728,760	907,129	1,635,889
Total assets	1,907,486	2,065,572	3,973,058
DEFERRED OUTFLOWS OF RESOURCES			
Contributions to pension plan in current fiscal year	9,327	10,395	19,722
Pension deferrals	17,148	19,147	36,295
Deferred charge on refunding	33,537	28,961	62,498
Total deferred outflows of resources	60,012	58,503	118,515
LIABILITIES			
Current liabilities:			
Accounts payable	11,541	17,619	29,160
Liabilities payable from restricted assets	8,250	12,555	20,805
Compensated absences - current	7,953	8,295	16,248
Current portion of long-term debt	132,085	114,059	246,144
Total current liabilities	159,829	152,528	312,357
Non-current liabilities:			
Other noncurrent liabilities:			
Compensated absences	2,651	2,765	5,416
Net pension liability	41,513	46,294	87,807
Long-term debt	795,146	686,724	1,481,870
Total noncurrent liabilities	839,310	735,783	1,575,093
Total liabilities	999,139	888,311	1,887,450
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	1,600	1,787	3,387
Total deferred inflows of resources	1,600	1,787	3,387
NET POSITION			
Net investment in capital assets	(173,184)	122,752	(50,432)
Unrestricted	1,139,943	1,111,225	2,251,168
Total net position	\$ 966,759	\$ 1,233,977	\$ 2,200,736

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, 2020

	Major Enterprise Funds		
	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Charges for services	\$ 429,870	\$ 589,699	\$ 1,019,569
Water and sewer taps	1,850	-	1,850
Other operating revenues	158,243	131,721	289,964
Total operating revenues	589,963	721,420	1,311,383
OPERATING EXPENSES			
Administration	273,483	287,111	560,594
Operations	85,323	122,939	208,262
Depreciation and amortization	107,113	97,180	204,293
Total operating expenses	465,919	507,230	973,149
Operating income (loss)	124,044	214,190	338,234
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	12,971	11,403	24,374
Interest and other charges	(25,140)	(21,710)	(46,850)
Other non-operating revenues (expenses)	-	-	-
Total nonoperating revenue (expenses)	(12,169)	(10,307)	(22,476)
Income (loss) before contributions and transfers	111,875	203,883	315,758
Transfers to other funds	-	-	-
Total income (loss) after contributions and transfers	111,875	203,883	315,758
Change in net position	111,875	203,883	315,758
Total net position, beginning	854,884	1,030,094	1,884,978
Total net position, ending	\$ 966,759	\$ 1,233,977	\$ 2,200,736

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, 2020**

	Major Enterprise Funds		
	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 412,272	\$ 578,850	\$ 991,122
Cash paid for goods and services	(205,630)	(253,695)	(459,325)
Cash paid to or on behalf of employees for services	(140,869)	(156,749)	(297,618)
Net customer deposits	1,643	3,467	5,110
Other operating revenues	158,243	131,721	289,964
Net cash provided (used) by operating activities	225,659	303,594	529,253
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	(8,367)	(32,629)	(40,996)
Principal paid on long-term debt	(120,739)	(104,261)	(225,000)
Interest and other costs paid on long-term debt	(25,140)	(21,711)	(46,851)
Net cash provided (used) by capital and related financing activities	(154,246)	(158,601)	(312,847)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings	12,971	11,403	24,374
Net cash provided (used) by investing activities	12,971	11,403	24,374
Net increase (decrease) in cash and cash equivalents	84,384	156,396	240,780
Balances, beginning	1,002,118	910,495	1,912,613
Balances, ending	\$ 1,086,502	\$ 1,066,891	\$ 2,153,393

(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, 2020**

	Major Enterprise Funds		
	Water Fund	Sewer Fund	Total
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 124,044	\$ 214,190	\$ 338,234
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	108,302	98,206	206,508
Amortization	(1,189)	(1,026)	(2,215)
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(19,448)	(10,849)	(30,297)
Decrease in deferred outflows of resources - pensions	467	520	987
(Decrease) in net pension liability	8,163	9,078	17,241
Increase (decrease) in deferred inflows of resources - pensions	(780)	(868)	(1,648)
Increase (decrease) in accounts payable	5,604	(7,956)	(2,352)
Increase (decrease) in customer deposits	1,643	3,467	5,110
Increase (decrease) in compensated absences	(1,147)	(1,168)	(2,315)
Total adjustments	101,615	89,404	191,019
Net cash provided by operating activities	\$ 225,659	\$ 303,594	\$ 529,253
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, 2020

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, 2020

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, 2020

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, ten 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, 2020

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, 2020 for customer deposits were \$20,805. 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, 2020 for the General Fund was \$311,180.

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, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

6. Prepaid Items

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

7. Capital Assets

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

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

Asset Class	Estimated Useful Lives
Buildings and systems	30 years
Maintenance and construction equipment	5 years
Furniture and office equipment	5 years
Medium and heavy motor vehicles	5 years
Automobiles and light trucks	5 years
Computer software and equipment	5 years

8. Deferred Outflows/Inflows of Resources

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

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, 2020

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. Amount prepaid at June 30, 2020 was \$199.

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, 2020 was \$148,249.

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, 2020

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, 2020, commitment for capital outlay was \$135,087.

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 2020-21 budget to balance the budget, \$224,262.

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, 2020, assigned fund balance for this purpose was \$11,799.

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, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

Total fund balance - General Fund	\$ 1,784,997
Less:	
Stabilization by State Statute	148,249
Streets	-
Prepaid	199
General Government capital outlay	135,087
LEO Separation Allowance	11,799
FY 2020-21 Fund Balance Appropriated	224,262
Remaining fund balance	\$ 1,265,401

The remaining available fund balance is 47.55% of the actual expenditures for the fiscal year (\$2,661,148), which is slightly below the adopted Fund Balance policy. Included in these expenditures is the NCORR loan balance (\$949,846) paid back this year with FEMA public assistance funds. The Council purposefully transferred \$1,315,900 of fund balance to the BUS Capital Project Fund for construction of a municipal building. Fund balance will be addressed as usual in future budget development sessions.

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	\$ 1,649,910
Capital Reserve Fund:	
Revenues:	
Investment earnings	3,652
Expenditures:	
Transfers in - General Fund	-
Transfers out - General Fund	(300,600)
Fund balance:	
Beginning of year - July 1	432,035
End of year (Exhibit 4) - June 30	\$ 1,784,997

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, 2020

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, 2020, the Town's deposits had a carrying amount of \$243,696 and a bank balance of \$268,930. 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 \$18,930 was covered by collateral held under the Pooling Method. The Town had petty cash of \$1,100 at June 30, 2020.

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

Note 3 - Detail Notes on All Funds (continued)

2. Investments

At June 30, 2020, the Town had \$4,086,563 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, 2020 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Total</u>
Governmental Activities:			
General	\$ -	\$ 15,957	\$ 15,957
Wildwood storage receivables	6,980	-	6,980
Other receivables	7,000	-	7,000
Due from other governments	140,437	-	140,437
Allowance for doubtful accounts	(6,168)	(3,554)	(9,722)
Total governmental activities	<u>\$ 148,249</u>	<u>\$ 12,403</u>	<u>\$ 160,652</u>
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Business-type Activities:			
Accounts	\$ 74,139	\$ 59,153	\$ 133,292
Unbilled receivables	79,087	102,084	181,171
Due from other governments	454	(52)	402
Allowance for doubtful accounts	(53,206)	(57,078)	(110,284)
Total business-type activities	<u>\$ 100,474</u>	<u>\$ 104,107</u>	<u>\$ 204,581</u>

Due from other governments consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Local option sales tax	\$ 107,636	\$ -
Sales tax refund receivable	26,646	402
Due from Craven County	6,155	-
Total	<u>\$ 140,437</u>	<u>\$ 402</u>

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

Note 3 - Detail Notes on All Funds (continued)

4. Capital Assets

Governmental Activities

Capital assets activity for the year ended June 30, 2020 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 929,320	\$ -	\$ -	\$ 929,320
Construction in progress	43,500	816,041	-	859,541
Total capital assets not being depreciated	972,820	816,041	-	1,788,861
Capital assets being depreciated:				
Buildings and improvements	1,306,821	45,700	-	1,352,521
Equipment and vehicles	421,869	53,191	(28,660)	446,400
Infrastructure	2,018,998	96,137	-	2,115,135
Total capital assets being depreciated	3,747,688	195,028	(28,660)	3,914,056
Less accumulated depreciation for:				
Buildings and improvements	1,060,512	26,192	-	1,086,704
Equipment and vehicles	317,698	34,574	(27,704)	324,568
Infrastructure	622,929	99,160	-	722,089
Total accumulated depreciation	2,001,139	\$ 159,926	\$ (27,704)	2,133,361
Total capital assets being depreciated, net	1,746,549			1,780,695
Governmental activities capital assets, net	<u>\$ 2,719,369</u>			<u>\$ 3,569,556</u>

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

General Government	\$ 103,952
Public Safety	15,993
Transportation	31,985
Cultural & Recreational	7,996
Total depreciation expense	<u>\$ 159,926</u>

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

Note 3 - Detail Notes on All Funds (continued)

Business-Type Activities

Capital assets activity for the Water Fund for the year ended June 30, 2020 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	3,157,810		-	3,157,810
Buildings and improvements	4,480	-	-	4,480
Furniture and equipment	143,973	8,367	-	152,340
Total capital assets being depreciated	3,306,263	8,367	-	3,314,630
Less accumulated depreciation for:				
Plant and distribution systems	2,472,712	103,112	-	2,575,824
Buildings and improvements	1,008	112	-	1,120
Furniture and equipment	130,269	5,078	-	135,347
Total accumulated depreciation	2,603,989	\$ 108,302	\$ -	2,712,291
Total capital assets being depreciated, net	702,274			602,339
Total water capital assets, net	\$ 820,445			\$ 720,510

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

Note 3 - Detail Notes on All Funds (continued)

Capital assets activity for the Sewer Fund for the year ended June 30, 2020 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	2,642,806		-	2,642,806
Buildings and improvements	4,480	-	-	4,480
Furniture and equipment	134,777	32,629	-	167,406
Total capital assets being depreciated	2,782,063	32,629	-	2,814,692
Less accumulated depreciation for:				
Plant and distribution systems	1,985,086	90,792	-	2,075,878
Buildings and improvements	1,008	112	-	1,120
Furniture and equipment	121,074	7,302	-	128,376
Total accumulated depreciation	2,107,168	\$ 98,206	\$ -	2,205,374
Total capital assets being depreciated, net	674,895			609,318
Total sewer capital assets, net	960,151			894,574
Total business-type activities capital assets, net	\$ 1,780,597			\$ 1,615,084

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2020 is composed of the following elements:

	Governmental Activities	Business-Type Activities Water Fund	Sewer Fund	Total
Capital assets	\$ 3,569,556	\$ 720,510	\$ 894,574	\$ 5,184,640
Deferred outflows of resources-refunding	-	33,537	28,961	62,498
Less: Debt related to capital assets	-	(927,231)	(800,783)	(1,728,014)
Net investment in capital assets	\$ 3,569,556	\$ (173,184)	\$ 122,752	\$ 3,519,124

B. Liabilities

1. Accounts Payable

Payables at the government-wide level at June 30, 2020, were as follows:

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

Note 3 - Detail Notes on All Funds (continued)

	<u>Vendors</u>
Governmental Activities:	
General Government	\$ 54,292
BUS Capital Projects	13,211
	<u>\$ 67,503</u>
 Business-Type Activities:	
Water Fund	\$ 11,541
Sewer Fund	17,619
Total	<u>\$ 29,160</u>

2. Pension Plan and Other Post-Employment Obligations

a. Local Governmental Employees' Retirement System

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. 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, 2020

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, 2020, was 9.70% of compensation for law enforcement officers and 8.98% 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 \$89,082 for the year ended June 30, 2020.

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, 2020, the Town reported a liability of \$375,229 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2020, the Town's proportion was 0.01374%, which was an increase of 0.00128% from its proportion measured as of June 30, 2019.

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

Note 3 - Detail Notes on All Funds (continued)

For the year ended June 30, 2020, the Town recognized pension expense of \$165,666. At June 30, 2020, 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	\$ 64,249	\$ -
Changes of assumptions	61,156	-
Net difference between projected and actual earnings on pension plan investments	9,152	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	11,832	13,694
Town contributions subsequent to the measurement date	89,082	-
Total	<u>\$ 235,471</u>	<u>\$ 13,694</u>

\$89,082 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$ 65,993
2021	18,405
2022	35,258
2023	13,037
2024	-
Thereafter	-
	<u>\$ 132,693</u>

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 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, 2020

Note 3 - Detail Notes on All Funds (continued)

The actuarial assumptions used in the December 31, 2018 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, 2019 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 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, 2020

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)	\$ 858,217	\$ 375,229	\$ (26,232)

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, 2018, the Separation Allowance's membership consisted of:

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

2. Summary of Significant Accounting Policies

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

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

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

Note 3 - Detail Notes on All Funds (continued)

3. Actuarial Assumptions

The entry age actuarial cost method was in the December 31, 2018 valuation. The total pension liability in the December 31, 2018 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	3.26 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, 2018.

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 \$20,674, 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 \$23,092 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, 2020, the Town reported a total pension liability of \$141,438. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing procedures incorporating the actuarial assumption. For the year ended June 30, 2020 the Town recognized pension expense of \$18,746.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 70,590	\$ 14,465
Changes of assumptions	5,816	1,282
Town benefit payments and plan administrative expense made subsequent to the measurement date	20,674	-
Total	<u>\$ 97,080</u>	<u>\$ 15,747</u>

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

Note 3 - Detail Notes on All Funds (continued)

\$20,674 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, 2021. 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:

2021	\$ 7,837
2022	12,120
2023	16,959
2024	16,959
2025	6,784
Thereafter	-
	\$ 60,659

\$23,092 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 3.26 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 (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Town's proportionate share of the net pension liability (asset)	\$ 155,248	\$ 141,438	\$ 128,775

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

Note 3 - Detail Notes on All Funds (continued)

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

	<u>2020</u>
Beginning balance	\$ 64,083
Service cost	6,956
Interest on the total pension liability	1,912
Changes of benefit terms	-
Difference between expected and actuarial experience	86,633
Changes of assumptions and other inputs	4,946
Benefit payments	(23,092)
Other	-
Ending balance of the total pension liability	<u><u>\$ 141,438</u></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, 2018 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, 2020

Note 3 - Detail Notes on All Funds (continued)

	LGERS	LEOSSA	Total
Pension Expense	\$ 165,666	\$ 18,746	\$ 184,412
Pension Liability	375,229	141,438	516,667
Proportionate share of the net pension liability	0.01246%	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	64,249	70,590	134,839
Changes of assumptions	61,156	5,816	66,972
Net difference between projected and actual earnings on plan investments	9,152	-	9,152
Changes in proportion and differences between contributions and proportionate share of contributions	11,832	-	11,832
Benefit payments and administrative costs paid subsequent to the measurement date	89,082	20,674	109,756
Deferred Inflows of Resources			
Differences between expected and actual experience		14,465	14,465
Changes of assumptions	-	1,282	1,282
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	13,694	-	13,694

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 \$15,047 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, 2020

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, 2020, the Town made contributions to the State for death benefits of \$1,358. 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, 2020 were \$48,494, which consisted of \$33,447 from the Town and \$15,047 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 \$62,498. The second item included in deferred outflows of resources is contributions to the pension plan in the current fiscal year and totals \$109,756. The final item included in deferred outflows of resources is pension deferrals and totals \$222,795. Of that amount \$76,406 are benefit payments made for the LEOSA subsequent to the measurement date. The remaining \$146,389 are pension deferrals related to LGERS.

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

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)	\$ 12,403
Pension deferrals	\$ 55,328

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, 2020 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%

\$885,370

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

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%

\$764,630

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
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	123,422	11,269	134,691	106,578	9,731	116,309
2026-2027	252,162	11,349	263,511	217,838	9,801	227,639
Total	<u>\$ 885,370</u>	<u>\$ 98,228</u>	<u>\$ 983,598</u>	<u>\$ 764,630</u>	<u>\$ 84,822</u>	<u>\$ 849,452</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, 2020, the Town's legal debt margin was approximately \$22,251,000.

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, 2020, the remaining unamortized balances for the refunding charge and premium were \$62,498 and \$78,014, respectively.

d. Indebtedness - Governmental Fund

On March 6, 2019, the Town entered into a direct placement 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 the remaining balance of \$949,846 during the year.

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

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, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion
Direct placement NCORR	\$ 949,846	\$ -	\$ 949,846	\$ -	\$ -
Compensated Absences	42,960	-	1,023	41,937	35,646
Net pension liability (LGERS)	225,027	62,395	-	287,422	-
Total pension liability (LEO)	64,083	77,355	-	141,438	-
	<u>\$ 1,281,916</u>	<u>\$ 139,750</u>	<u>\$ 950,869</u>	<u>\$ 470,797</u>	<u>\$ 35,646</u>

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

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion
Direct placement general obligation bond	\$ 1,006,109	\$ -	\$ 120,739	\$ 885,370	\$ 126,105
Unamortized premium on bonds	47,841	-	5,980	41,861	5,980
Compensated Absences	11,751	-	1,147	10,604	7,953
Net pension liability (LGERS)	33,351	8,162	-	41,513	-
Total Water Fund	<u>1,099,052</u>	<u>8,162</u>	<u>127,866</u>	<u>979,348</u>	<u>140,038</u>
Direct placement general obligation bond	868,891	-	104,261	764,630	108,895
Unamortized premium on bonds	41,317	-	5,164	36,153	5,164
Compensated Absences	12,228	-	1,168	11,060	8,295
Net pension liability (LGERS)	37,216	9,078	-	46,294	-
Total Sewer Fund	<u>959,652</u>	<u>9,078</u>	<u>110,593</u>	<u>858,137</u>	<u>122,354</u>
Total Business-Type Activities	<u>\$ 2,058,704</u>	<u>\$ 17,240</u>	<u>\$ 238,459</u>	<u>\$ 1,837,485</u>	<u>\$ 262,392</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.

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, 2020, the Water Fund and the Sewer Fund each reimbursed the General Fund \$92,424 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.

Town of River Bend, North Carolina
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

The Town's General Fund receives the benefit of the Water Fund and the Sewer Fund employees. For the year ended June 30, 2020, the General Fund reimbursed the Water Fund and the Sewer Fund \$36,608 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 - COVID-19 Contingencies

During the year ended June 30, 2020, the COVID-19 outbreak in the United States caused business disruption through mandated and voluntary closings. The extent of the impact of COVID-19 on operational and financial performance will depend on certain developments and cannot be reasonably predicted and estimated at this time. The COVID-19 outbreak is ongoing as of June 30, 2020, and additional impact on operational and financial performance may occur.

Note 7 - 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 8 – Continuing Obligations

The Town entered into a contract with K.A. Jones and Design Management for mowing, landscaping, and leaf and limb pick up services. The Town agrees to pay \$7,100 annually for landscaping and \$20,200 annually for mowing services until June 30, 2020. Leaf & limb pick up is paid by the ton and six pick-ups are scheduled in the fiscal year; \$35,150 was budgeted for this contract.

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, then month-to-month renewal.

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 \$800 per month until June 30, 2020 with an option for month-to-month renewal, as needed.

The Town has several contracts with VC3, Inc. for IT services:

1. A 60-month contract effective August 1, 2019 with VC3, Inc. for cloud-based Virtual Office services and security. The Town agrees to pay approximately \$45,000 per year.
2. Voice solutions for \$5,000 per year until January 31, 2023.
3. Website support and hosting for \$7,440 per year until March 31, 2024.

Note 9 – Transfers

The General Fund transferred \$1,040,100 to the BUS Capital Projects Fund, and the Capital Reserve Fund transferred \$265,800 to the BUS Capital Projects Fund. The Capital Reserve Fund transferred \$34,800 to the General Fund. These funds were allocated for capital projects and 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 Seven Fiscal Years*
Local Government Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
River Bend's proportion of the net pension liability (asset) (%)	0.01374%	0.01246%	0.01447%	0.01430%	0.01268%	0.01409%	0.01280%
River Bend's proportion of the net pension liability (asset) (\$)	\$ 375,229	\$ 295,594	\$ 221,062	\$ 303,494	\$ 56,906	\$ (83,096)	\$ 154,289
River Bend's covered payroll	\$ 908,407	\$ 783,565	\$ 798,855	\$ 810,291	\$ 803,165	\$ 777,738	\$ 742,978
River Bend's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	41.31%	37.72%	27.67%	37.45%	7.09%	(10.68%)	20.77%
Plan fiduciary net position as a percentage of the total pension liability	90.86%	94.18%	94.18%	91.47%	98.09%	102.64%	94.35%

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

Notes to schedule:

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period the following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Rate</u>
2020	7.00%
2019	7.00%
2018	7.20%
2017	7.25%
2016	7.25%
2015	7.25%
2014	7.25%

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

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 89,082	\$ 72,671	\$ 60,527	\$ 59,842	\$ 55,392	\$ 57,802	\$ 55,585
Contributions in relation to the contractually required contribution	89,082	72,671	60,527	59,842	55,392	57,802	55,585
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
River Bend's covered payroll	\$ 970,111	\$ 908,407	\$ 783,565	\$ 798,855	\$ 810,291	\$ 803,165	\$ 777,738
Contributions as a percentage of covered payroll	9.18%	8.00%	7.72%	7.49%	6.84%	7.20%	7.15%

Notes to schedule:

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Town of River Bend
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
June 30, 2020

	2020	2019	2018	2017	2016
Beginning balance	\$ 64,083	\$ 111,227	\$ 143,109	\$ 161,530	\$ 180,260
Service cost	6,956	3,821	5,367	5,907	3,959
Interest on the total pension liability	1,912	3,044	4,934	5,269	5,178
Changes on benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	86,633	(21,674)	(19,705)	-	-
Changes of assumptions or other inputs	4,946	(2,521)	8,086	(1,730)	-
Benefit payments	(23,092)	(29,814)	(30,564)	(27,867)	(27,867)
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 141,438</u>	<u>\$ 64,083</u>	<u>\$ 111,227</u>	<u>\$ 143,109</u>	<u>\$ 161,530</u>

Notes to schedule:

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

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period the following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Rate</u>
2020	3.26%
2019	3.64%
2018	3.16%
2017	3.86%
2016	3.57%

Town of River Bend
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2020

	2020	2019	2018	2017	2016
Total pension liability	\$ 141,438	\$ 64,083	\$ 111,227	\$ 143,109	\$ 161,530
Covered payroll	300,935	189,509	293,489	306,026	269,860
Total pension liability as a percentage of covered payroll	47.00%	33.82%	37.90%	46.76%	59.86%

Notes to schedule:

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.

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**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, 2020**

	General Fund	Capital Reserve Fund	Eliminations	Total General Fund
Revenues:				
Ad valorem taxes	\$ 740,181	\$ -	\$ -	\$ 740,181
Other taxes and licenses	387,149	-	-	387,149
Unrestricted intergovernmental	180,343	-	-	180,343
Restricted intergovernmental	1,132,063	-	-	1,132,063
Permits and fees	8,366	-	-	8,366
Sales and services	41,806	-	-	41,806
Investment earnings	24,453	3,652	-	28,105
Miscellaneous	8,351	-	-	8,351
Total revenues	<u>2,522,712</u>	<u>3,652</u>	<u>-</u>	<u>2,526,364</u>
Expenditures:				
General government	556,292	-	-	556,292
Public safety	711,355	-	-	711,355
Transportation	300,125	-	-	300,125
Environmental protection	63,820	-	-	63,820
Cultural and recreational	79,710	-	-	79,710
Principal reduction	949,846	-	-	949,846
Total expenditures	<u>2,661,148</u>	<u>-</u>	<u>-</u>	<u>2,661,148</u>
Revenues over (under) expenditures	<u>(138,436)</u>	<u>3,652</u>	<u>-</u>	<u>(134,784)</u>
Other Financing Sources (Uses):				
Transfers from other funds	48,300	-	(34,800)	13,500
Transfers to other funds	(1,053,600)	(300,600)	34,800	(1,319,400)
Insurance settlement	1,090	-	-	1,090
Sale of capital assets	5,050	-	-	5,050
Total other financing sources (uses)	<u>(999,160)</u>	<u>(300,600)</u>	<u>-</u>	<u>(1,299,760)</u>
Net change in fund balance	<u>(1,137,596)</u>	<u>(296,948)</u>	<u>-</u>	<u>(1,434,544)</u>
Fund Balances:				
Beginning of year - July 1	2,787,506	432,035	-	3,219,541
End of year - June 30	<u>\$ 1,649,910</u>	<u>\$ 135,087</u>	<u>\$ -</u>	<u>\$ 1,784,997</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, 2020
With Comparative Actual Amounts For the Year Ended June 30, 2019**

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes:				
Taxes	\$ 721,287	\$ 740,181	\$ 18,894	\$ 728,213
Other taxes and licenses:				
Local option sales tax	346,159	296,758	(49,401)	359,235
Piped natural gas tax	-	-	-	52
Hold harmless tax	97,136	79,116	(18,020)	95,635
Telecommunications sales tax	14,440	11,275	(3,165)	13,345
Total other taxes and licenses	<u>457,735</u>	<u>387,149</u>	<u>(70,586)</u>	<u>468,267</u>
Unrestricted intergovernmental:				
Utility franchise tax	119,000	112,862	(6,138)	119,954
Video programming	56,500	54,578	(1,922)	56,187
Beer and wine tax	13,500	12,903	(597)	13,044
Total unrestricted intergovernmental	<u>189,000</u>	<u>180,343</u>	<u>(8,657)</u>	<u>189,185</u>
Restricted intergovernmental:				
Federal and State grants	1,142,983	1,042,743	(100,240)	356,983
Solid waste disposal tax	3,000	2,287	(713)	2,119
Powell Bill allocation	86,000	87,033	1,033	86,045
Total restricted intergovernmental	<u>1,231,983</u>	<u>1,132,063</u>	<u>(99,920)</u>	<u>445,147</u>
Permits and fees:				
Zoning permits	5,000	5,887	887	13,319
Animal licenses	2,400	2,097	(303)	2,761
Court cost fees	500	382	(118)	310
Total permits and fees	<u>7,900</u>	<u>8,366</u>	<u>466</u>	<u>16,390</u>
Sales and services:				
Rents and concessions	36,120	33,399	(2,721)	44,020
Contributions and refunds	1,200	8,407	7,207	879
Miscellaneous	-	-	-	34,379
Total sales and services	<u>37,320</u>	<u>41,806</u>	<u>4,486</u>	<u>79,278</u>
Investment earnings	<u>23,128</u>	<u>24,453</u>	<u>1,325</u>	<u>39,896</u>
Miscellaneous:				
Miscellaneous revenue	8,000	8,351	351	8,526
Total miscellaneous	<u>8,000</u>	<u>8,351</u>	<u>351</u>	<u>8,526</u>
Total revenues	<u>2,676,353</u>	<u>2,522,712</u>	<u>(153,641)</u>	<u>1,974,902</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, 2020
With Comparative Actual Amounts For the Year Ended June 30, 2019**

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Expenditures:				
General Government:				
Governing Body				
Salaries and benefits	30,280	22,182	8,098	21,231
Other operating expenditures	11,110	8,813	2,297	9,715
Salaries allocated to Water and Sewer	(9,890)	(9,890)	-	(9,904)
Total governing body	<u>31,500</u>	<u>21,105</u>	<u>10,395</u>	<u>21,042</u>
Administration:				
Salaries and benefits	245,508	238,955	6,553	229,070
Other operating expenditures	70,579	65,696	4,883	67,065
Salaries allocated to Water and Sewer	(61,381)	(61,380)	(1)	(53,712)
Total administration	<u>254,706</u>	<u>243,271</u>	<u>11,435</u>	<u>242,423</u>
Finance:				
Salaries and benefits	97,735	95,309	2,426	93,398
Other operating expenditures	67,891	63,368	4,523	58,839
Salaries allocated to Water and Sewer	(48,009)	(48,010)	1	(46,875)
Total finance	<u>117,617</u>	<u>110,667</u>	<u>6,950</u>	<u>105,362</u>
Tax Listing:				
Contracted services	<u>10,883</u>	<u>9,737</u>	<u>1,146</u>	<u>9,518</u>
Legal:				
Professional services	<u>16,000</u>	<u>14,283</u>	<u>1,717</u>	<u>21,157</u>
Elections:				
Contracted services	<u>2,600</u>	<u>2,571</u>	<u>29</u>	<u>-</u>
Public Buildings:				
Salaries and benefits	15,416	14,980	436	14,148
Other operating expenditures	175,807	79,571	96,236	100,901
Capital outlay	7,333	8,367	(1,034)	7,623
Total public buildings	<u>198,556</u>	<u>102,918</u>	<u>95,638</u>	<u>122,672</u>
Central Services - Planning:				
Salaries and benefits	70,103	67,774	2,329	62,071
Other operating expenditures	13,997	11,062	2,935	2,247
Salaries allocated to Water and Sewer	(27,095)	(27,096)	1	(22,784)
Total central services - planning	<u>57,005</u>	<u>51,740</u>	<u>5,265</u>	<u>41,534</u>
Total general government	<u>688,867</u>	<u>556,292</u>	<u>132,575</u>	<u>563,708</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, 2020
With Comparative Actual Amounts For the Year Ended June 30, 2019**

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Public Safety:				
Police:				
Salaries and benefits	475,616	439,824	35,792	475,224
Other operating expenditures	98,781	90,812	7,969	46,656
Salaries allocated to Water and Sewer	(4,472)	(4,472)	-	(4,194)
Capital outlay	37,000	44,825	(7,825)	31,021
Total police	606,925	570,989	35,936	548,707
Emergency Management				
Salaries and benefits	-	-	-	14,308
Other operating expenditures	1,741	5,871	(4,130)	44,440
Contracted services	63,082	36,231	26,851	762,717
Total emergency management	64,823	42,102	22,721	821,465
Recovery Grant NCORR-FDLG-004				
Salaries and benefits	91,700	82,705	8,995	13,309
Other operating expenditures	2,000	3,896	(1,896)	1,328
Capital outlay	-	-	-	28,000
Total recovery grant NCORR_FDLG-004	93,700	86,601	7,099	42,637
Animal Control:				
Salaries and benefits	17,033	14,964	2,069	15,681
Other operating expenditures	358	99	259	114
Salaries allocated to Water and Sewer	(3,400)	(3,400)	-	(3,158)
Total animal control	13,991	11,663	2,328	12,637
Total public safety	779,439	711,355	68,084	1,425,446
Transportation:				
Powell Bill:				
Salaries and benefits	42,256	37,401	4,855	39,218
Other operating expenditures	18,400	17,829	571	6,795
Salaries allocated to Water and Sewer	(8,499)	(8,500)	1	(7,892)
Contracted services	1,495	2,187	(692)	17
Capital outlay	104,500	96,137	8,363	134,992
Total Powell Bill	158,152	145,054	13,098	173,130
Non-Powell Bill:				
Salaries and benefits	59,259	52,352	6,907	54,898
Other operating expenditures	71,873	71,360	513	60,074
Salaries allocated to Water and Sewer	(11,899)	(11,900)	1	(11,050)
Utilities	40,500	39,922	578	38,902
Contracted services	5,180	3,337	1,843	3,841
Capital outlay	-	-	-	-
Total Non-Powell Bill	164,913	155,071	9,842	146,665
Total transportation	323,065	300,125	22,940	319,795

**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, 2020
With Comparative Actual Amounts For the Year Ended June 30, 2019**

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Environmental Protection:				
Salaries and benefits	25,354	22,440	2,914	23,533
Other operating expenditures	85,517	33,878	51,639	3,719
Salaries allocated to Water and Sewer	(5,100)	(5,100)	-	(4,736)
Contracted services	108,302	12,602	95,700	38,615
Capital outlay	-	-	-	14,540
Total environmental protection	<u>214,073</u>	<u>63,820</u>	<u>150,253</u>	<u>75,671</u>
Cultural and recreational:				
Salaries and benefits	31,026	27,351	3,675	28,114
Other operating expenditures	17,234	10,366	6,868	12,241
Salaries allocated to Water and Sewer	(5,100)	(5,100)	-	(4,736)
Contracted services	10,200	1,393	8,807	8,121
Capital outlay	45,700	45,700	-	-
Total cultural and recreational	<u>99,060</u>	<u>79,710</u>	<u>19,350</u>	<u>43,740</u>
Debt Service:				
Principal reduction	-	949,846	(949,846)	50,154
Total debt service	<u>-</u>	<u>949,846</u>	<u>(949,846)</u>	<u>50,154</u>
Total expenditures	<u>2,104,504</u>	<u>2,661,148</u>	<u>(556,644)</u>	<u>2,478,514</u>
Revenues over (under) expenditures	<u>571,849</u>	<u>(138,436)</u>	<u>(710,285)</u>	<u>(503,612)</u>
Other financing sources (uses):				
Transfers from other funds:	48,300	48,300	-	117,470
Transfers to other funds:	(1,053,600)	(1,053,600)	-	(124,000)
Sale of capital assets	-	5,050	5,050	3,150
Loan Proceeds	-	-	-	1,000,000
Insurance Settlement	-	1,090	-	-
Contingency	(11,509)	-	12,599	-
Appropriated fund balance	444,960	-	(444,960)	-
Total other financing sources (uses)	<u>(571,849)</u>	<u>(999,160)</u>	<u>(427,311)</u>	<u>996,620</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,137,596)</u>	<u>\$ (1,137,596)</u>	<u>493,008</u>
 Fund balances, beginning		<u>2,787,506</u>		<u>2,294,498</u>
Fund balances, ending		<u>\$ 1,649,910</u>		<u>\$ 2,787,506</u>

Schedule 3

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, 2020
With Comparative Actual Amounts For the Year Ended June 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues				
Investment earnings	\$ 10,908	\$ 3,652	\$ (7,256)	\$ 10,277
Other financing sources (uses):				
Transfers out	(300,600)	(300,600)	-	(117,470)
Transfers in	-	-	-	124,000
Future procurement	(5,108)	-	5,108	-
Appropriated fund balance	294,800			
Total other financing sources (uses)	(10,908)	(300,600)	5,108	6,530
Net change in fund balance	\$ -	(296,948)	\$ (2,148)	16,807
Fund Balance:				
Beginning of year - July 1		432,035		415,228
End of year - June 30		\$ 135,087		\$ 432,035

Town of River Bend
BUS Capital Project - Major Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2020

		Actual			
	Project Authorization	Prior Years	Current Year	Total Project To Date	Variance Over (Under)
Revenues:					
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Donations	-	-	-	-	-
Investment income	10,000	-	9,606	9,606	(394)
Miscellaneous revenue	-	-	-	-	-
Total revenue	<u>10,000</u>	<u>-</u>	<u>9,606</u>	<u>9,606</u>	<u>(394)</u>
Expenditures:					
Admin and engineering, construction and capital spending	<u>1,315,900</u>	<u>-</u>	<u>842,968</u>	<u>842,968</u>	<u>(472,932)</u>
Total Expenditures	<u>1,315,900</u>	<u>-</u>	<u>842,968</u>	<u>842,968</u>	<u>(472,932)</u>
Revenues over (under) expenditures	<u>(1,305,900)</u>	<u>-</u>	<u>(833,362)</u>	<u>(833,362)</u>	<u>472,538</u>
Other financing sources (uses):					
Long-term debt issued	-	-	-	-	-
Transfers (to) from other funds	1,305,900	-	1,305,900	1,305,900	-
Contingency	-	-	-	-	-
Total other financing sources (uses)	<u>1,305,900</u>	<u>-</u>	<u>1,305,900</u>	<u>1,305,900</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>472,538</u>	<u>\$ 472,538</u>	<u>\$ 472,538</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 472,538</u>		

Town of River Bend
CDGB Project Fund - Non-Major Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2020

		Actual			
	Project			Total	Variance Over
	Authorization	Prior Years	Current Year	Project To Date	(Under)
Revenues:					
Restricted intergovernmental	\$ 750,000	\$ -	\$ -	\$ -	\$ (750,000)
Donations	-	-	-	-	-
Investment income	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-
Total revenue	<u>750,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(750,000)</u>
Expenditures:					
Admin and engineering	75,000	-	847	847	(74,153)
Construction and capital spending	<u>675,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(675,000)</u>
Total Expenditures	<u>750,000</u>	<u>-</u>	<u>847</u>	<u>847</u>	<u>(749,153)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(847)</u>	<u>(847)</u>	<u>(847)</u>
Other financing sources (uses):					
Long-term debt issued	-	-	-	-	-
Transfers (to) from other funds	-	-	-	-	-
Contingency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(847)</u>	<u>\$ (847)</u>	<u>\$ (847)</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ (847)</u>		

**Town of River Bend
Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2020
With Comparative Actual Amounts For the Year Ended June 30, 2019**

	2020		2019
	Final Budget	Actual	Variance Over/Under
			Actual
Revenues:			
Operating Revenues:			
Charges for services	\$ 409,611	\$ 429,870	\$ 20,259
Water taps	1,250	1,850	600
Other operating revenues	161,681	158,243	(3,438)
Total operating revenues	572,542	589,963	17,421
Non-Operating Revenues:			
Interest earnings	19,366	12,971	(6,395)
Miscellaneous	-	-	-
Total non-operating revenues	19,366	12,971	(6,395)
Total revenues	591,908	602,934	11,026
Expenditures:			
Water Administration:			
Salaries and benefits	146,135	140,869	5,266
Allocated costs reimbursed by General Fund	(36,608)	(36,608)	-
Operating expenses	167,526	161,710	5,816
Repairs and maintenance	1,500	809	691
Capital outlay	-	-	-
Total administration	278,553	266,780	11,773
Water Operations:			
Operating expenses	115,387	82,797	32,590
Repairs and maintenance	9,000	2,526	6,474
Capital outlay	7,333	8,367	(1,034)
Total operations	131,720	93,690	38,030
Debt Services:			
Principal repayment	120,739	120,739	-
Interest	25,140	25,140	-
Total debt service	145,879	145,879	-
Total expenditures	556,152	506,349	49,803

**Town of River Bend
Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2020
With Comparative Actual Amounts For the Year Ended June 30, 2019**

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	<u>35,756</u>	<u>96,585</u>	<u>60,829</u>	<u>(45,496)</u>
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Transfers to other funds	-	-	-	-
Designated/future capital outlay	(8,932)	-	8,932	-
Contingency	(26,824)	-	26,824	-
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	<u>(35,756)</u>	<u>-</u>	<u>35,756</u>	<u>-</u>
Revenue and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>96,585</u>	<u>\$ 96,585</u>	<u>\$ (45,496)</u>

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

Reconciling items:

Depreciation	(108,302)
Amortization	1,189
Capital outlay	8,367
Repayment of long-term debt principal	120,739
(Increase) decrease in compensated absences	1,147
Increase (decrease) in deferred outflows of resources - pensions	(467)
(Increase) decrease in net pension liability	(8,163)
(Increase) decrease in deferred inflows of resources - pensions	780
Change in net position	<u>\$ 111,875</u>

**Town of River Bend
Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2020
With Comparative Actual Amounts For the Year Ended June 30, 2019**

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating Revenues:				
Charges for services	\$ 585,470	\$ 589,699	\$ 4,229	\$ 580,444
Sewer taps	1,250	-	(1,250)	1,250
Other operating revenues	132,877	131,721	(1,156)	7,411
Total operating revenues	719,597	721,420	1,823	589,105
Non-Operating Revenues:				
Interest earnings	16,719	11,403	(5,316)	16,919
Miscellaneous	-	-	-	17,578
Total non-operating revenues	16,719	11,403	(5,316)	34,497
Total revenues	736,316	732,823	(3,493)	623,602
Expenditures:				
Sewer Administration:				
Salaries and benefits	162,511	156,749	5,762	159,521
Allocated costs reimbursed by General Fund	(36,608)	(36,608)	-	(34,902)
Operating expenses	165,951	158,599	7,352	149,931
Repairs and maintenance	750	809	(59)	725
Capital outlay	-	-	-	-
Total administration	292,604	279,549	13,055	275,275
Sewer Operations:				
Operating expenses	156,451	98,755	57,696	126,359
Repairs and maintenance	27,264	24,184	3,080	8,294
Capital outlay	36,833	32,629	4,204	18,542
Total operations	220,548	155,568	64,980	153,195
Debt Services:				
Principal repayment	104,261	104,261	-	101,944
Interest	21,710	21,710	-	23,748
Other costs	-	-	-	-
Total debt service	125,971	125,971	-	125,692
Total expenditures	639,123	561,088	78,035	554,162

**Town of River Bend
Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2020
With Comparative Actual Amounts For the Year Ended June 30, 2019**

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	<u>97,193</u>	<u>171,735</u>	<u>74,542</u>	<u>69,440</u>
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Transfers to other funds:	-	-	-	-
Contingency	(33,943)	-	33,943	-
Designated/future capital outlay	<u>(63,250)</u>	<u>-</u>	<u>63,250</u>	<u>-</u>
Total other financing sources (uses)	<u>(97,193)</u>	<u>-</u>	<u>97,193</u>	<u>-</u>
Revenue and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>171,735</u>	<u>\$ 171,735</u>	<u>\$ 69,440</u>

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

Reconciling items:

Depreciation	(98,206)
Amortization	1,026
Capital outlay	32,629
Repayment of long-term debt principal	104,261
(Increase) decrease in compensated absences	1,168
Increase (decrease) in deferred outflows of resources - pensions	(520)
(Increase) decrease in net pension liability	(9,078)
(Increase) decrease in deferred inflows of resources - pensions	<u>868</u>

Change in net position \$ 203,883

OTHER SUPPLEMENTARY INFORMATION

This section contains additional information required
on property taxes.

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy

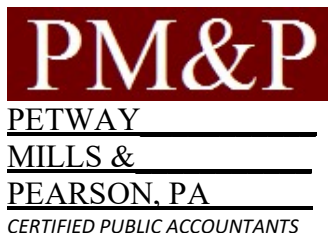
Town of River Bend
Schedule of Ad Valorem Taxes Receivable
June 30, 2020

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2019</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2019-2020	\$ -	\$ 750,081	\$ 739,342	\$ 10,739
2018-2019	2,554	-	1,473	1,081
2017-2018	1,514	-	240	1,274
2016-2017	241	-	-	241
2015-2016	191	-	-	191
2014-2015	163	-	-	163
2013-2014	439	-	-	439
2012-2013	744	-	-	744
2011-2012	640	-	-	640
2010-2011	445	-	-	445
2009-2010	581	-	581	-
	<u>\$ 7,512</u>	<u>\$ 750,081</u>	<u>\$ 741,636</u>	<u>\$ 15,957</u>
Less: allowance for uncollectible accounts - taxes				<u>(3,554)</u>
Ad valorem taxes receivable-net				<u><u>\$ 12,403</u></u>
<u>Reconciliation with revenues:</u>				
Ad valorem taxes-General Fund				\$ 740,181
Taxes written off, statute of limitations				581
Miscellaneous adjustments				<u>874</u>
Total collections and credits				<u><u>\$ 741,636</u></u>

**Town of River Bend
Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2020**

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy	\$287,271,223	\$ 0.26	\$ 746,905	\$ 665,867	\$ 81,038
Discoveries	1,221,504	0.26	3,176	3,176	-
Abatements	<u>(794,773)</u>	0.26	<u>(2,066)</u>	<u>(2,066)</u>	<u>-</u>
Total Property Valuation	<u><u>\$287,697,954</u></u>				
Net levy			748,015	666,977	81,038
Uncollected taxes at June 30, 2020			<u>(10,739)</u>	<u>(10,739)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 737,276</u>	<u>\$ 656,238</u>	<u>\$ 81,038</u>
Current levy collection percentage			<u>98.56%</u>	<u>98.39%</u>	<u>100.00%</u>
Prior Year's Collection Percentage			<u>99.65%</u>	<u>99.61%</u>	<u>100.00%</u>

COMPLIANCE SECTION



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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, 2020, 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 December 9, 2020.

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*.

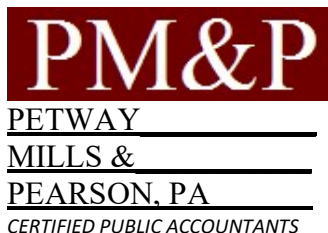
Purpose of this Report

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

December 9, 2020



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Independent Auditors' Report on Compliance for Each Major State Program and on Internal Control over Compliance in Accordance with Uniform Guidance and the State Single Audit Implementation Act

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

Report on Compliance for Each Major State Program

We have audited Town of River Bend's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on Town of River Bend's major State program as of and for the year ended June 30, 2020. Town of River Bend's major State program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Town of River Bend's major State program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in and applicable sections of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Town of River Bend's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major State program. However, our audit does not provide a legal determination of Town of River Bend's compliance.

Opinion on Each Major State Program

In our opinion, Town of River Bend complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major State program as of and for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Town of River Bend is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Town of River Bend 's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Petway Mills & Pearson, PA

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

December 9, 2020

**Town of River Bend
Schedule of Findings and Responses
For the Year Ended June 30, 2020**

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

State Awards

Internal control over major State Programs:

Material weakness identified ? _____ yes X no

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

Noncompliance material to State awards _____ yes X no

Type of auditor's report issued on
compliance for major State programs: Unmodified

Any audit findings disclosed that are
required to be reported in accordance
with Uniform Guidance _____ yes X no

Identification of major State Programs State Grants for Financially Distressed Local Governments

**Town of River Bend
Schedule of Findings and Responses
For the Year Ended June 30, 2020**

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

**Town of River Bend
Corrective Action Plan
For the Year Ended June 30, 2020**

SECTION II – FINANCIAL STATEMENT FINDINGS

None required.

SECTION III – STATE AWARD FINDINGS AND QUESTIONED COSTS

None required.

**Town of River Bend
Summary Schedule of Prior Year's Audit Findings
For the Year Ended June 30, 2020**

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, 2020

Grantor/Pass-through/ Grantor-Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures
FEDERAL AWARDS			
US Department of Homeland Security			
Passed through Department of Public Safety - Division of Emergency Management			
Public Assistance Program			
Hurricane Florence	97.036		\$ 699,064
Hurricane Dorian	97.036		<u>14,631</u>
Total US Department of Homeland Security			<u>713,695</u>
US Department of Housing and Urban Development			
Passed through NC Department of Environmental Quality			
Community Development Block Grant	14.228	18-C-3065	<u>847</u>
Infrastructure Fund			
TOTAL FEDERAL AWARDS			<u>714,542</u>
STATE AWARDS			
NC Department of Transportation			
Direct Program			
Powell Bill		DOT-4	<u>145,054</u>
NC Office of Recovery and Resiliency			
Direct Program			
State Grants for Financially Distressed Local Governments		NCORR-FDLG-004	86,601
State Grants for Financially Distressed Local Governments		NCORR-FDLG-042	<u>363,000</u>
US Department of Homeland Security			
Passed through Department of Public Safety - Division of Emergency Management			
Public Assistance Program			
Hurricane Florence		FEMA-4353-DR-NC	233,021
Hurricane Dorian		FEMA-4465-DR-NC	<u>4,877</u>
Total US Department of Homeland Security			<u>237,898</u>
TOTAL STATE AWARDS			<u>832,553</u>
TOTAL FEDERAL AND STATE ASSISTANCE			<u>\$ 1,547,095</u>

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

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards includes the State grant activity of the Town under the programs of the Federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFA is presented in accordance with the requirements of Title 2, US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for the Federal Awards* and the Single Audit Implementation Act. 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.