

Town of Broadway, North Carolina

Financial Statements

For the Fiscal Year Ended June 30, 2024

Town Board Members

Donald F. Andrews, Mayor
Thomas H. Beal, Mayor Pro Tem
Teresa Dew Kelly
Lynne West Green
James W. Paschal
April S. Collins

Administrative and Financial Staff

John Godfrey Town Manager
Gail Brown, Finance Officer

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TOWN OF BROADWAY
Audit Highlights
June 30, 2024

	Page Number	June 30, 2024	June 30, 2023
Cash balances	(16)	\$ 2,912,000	\$ 2,581,000
Fixed Assets			
Governmental-net	(16)	1,690,000	1,230,000
Proprietary-net	(16)	1,076,000	993,000
General fund			
Total fund balance	(18)	2,096,000	1,805,000
Unassigned fund balance	(18)	1,656,000	1,397,000
Increase in fund balance	(20)	291,000	525,000
Water and sewer fund			
Cash balances	(23)	970,000	930,000
Change in net position	(24)	137,000	2,000
Ad Valorem taxes			
Tax collections	(62)	677,000	568,000
Valuation subject to tax	(62)	155,053,000	108,223,000
Overall collection percentage	(62)	99.21%	98.83%
Long-term debt			
General governmental	(47)	637,000	676,000

Other Highlights:

Audit opinion-Unmodified-"Clean"-This means that the financial statements present fairly in all material respects the financial position and the results of the operations and the cash flows of its proprietary fund types of the Town of Broadway for the year ended June 30, 2024.

**Note that all numbers have been rounded to the nearest \$1,000. Page numbers in parenthesis are from the June 30, 2024 financial statements.



104 Brady Court, Cary, North Carolina 27511
Phone 919-466-0946 Fax 919-466-0947

Independent Auditor's Report

To the Honorable Mayor and
Members of the Board of Commissioners
Town of Broadway, North Carolina

Report on the Audit of Financial Statements

Opinions

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 Broadway, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Broadway as of June 30, 2024, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Broadway and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Audit of 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about the Town of Broadway's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Governmental Auditing Standards, will always detect material misstatement when it exists. The risk of not detecting material misstatement resulting from fraud is higher than for

one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material, if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Governmental Auditing Standards we

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Town of Broadway's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Broadway's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 8 through 15, the Law Enforcement Officers' Special Separation Allowance's Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 52 through 53, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions on pages 50 through 51 be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Broadway's basic financial statements. The combining and individual fund statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This 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 by us and other auditors. In our opinion, the combining and individual fund financial statements,

budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.


Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 9, 2025 on our consideration of the Town of Broadway's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Broadway's 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 Town of Broadway's internal control over financial reporting and compliance.


JOYCE AND COMPANY, CPA
Cary, North Carolina

January 9, 2025



104 Brady Court, Cary, North Carolina 27511
Phone 919-466-0946 Fax 919-466-0947

**Report on Internal Control over Financial Reporting and On Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Independent Auditor's Report

To the Honorable Mayor and
Members of the Board of Commissioners
Town of Broadway, North Carolina

We have audited, in accordance with the 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, 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 Broadway, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statement, which collectively comprises the Town of Broadway's basic financial statements, and have issued our report thereon dated January 9, 2025.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when 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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency as an item that we consider to be a material weakness (Item 1).

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Broadway's financial statements are free of 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


instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses in Item 2.

Town of Broadway's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Broadway's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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.


JOYCE AND COMPANY, CPA
Cary, North Carolina

January 9, 2025

Town of Broadway, North Carolina
Schedule of Findings and Responses

For the year ended June 30, 2024

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:		Unmodified
Internal control over financial reporting:		
• Material weakness(es) identified?	<u> X </u> yes	<u> </u> no
• Significant deficiency (s) identified that are not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to financial statement noted	<u> X </u> yes	<u> </u> no

Federal Awards

The Town of Broadway has no major federal programs.

State Awards

The Town of Broadway has no major state programs.

Section II. Financial Statement Findings

Item 1 Segregation of Duties and Review of Financial Statements

Material Weakness

<u>Criteria</u>	Duties should be segregated to provide reasonable assurance that transactions are handled appropriately and provide for adequate review of each function, especially during periods when one employee is absent. In addition, internal financial statements should be reviewed at least monthly and any errors corrected at that time.
<u>Condition</u>	There is a lack of proper segregation of duties involving custody of assets, authorization and approval of related transactions affecting those assets, recording and reporting of related transactions, execution of the transaction or activity and review of items.
<u>Effect</u>	Capital outlay expenditures and capital contributions totaling \$480,821 were misclassified and excluded from the depreciation schedule, which resulted in materially incorrect reports being relied upon in preparing the financial statements.
<u>Cause</u>	The Town lacks adequate staff to properly segregate duties noted above. In addition, the monthly review and correcting journal entries by an outside accountant were not completed timely or appropriately.
<u>Recommendation</u>	The duties should be separated as much as possible, and alternative controls should be used to compensate for the lack of segregation. The governing board should provide some of these controls since they are familiar with operations and likely to spot unfamiliar vendors and transactions. Also, due to their knowledge of the Town and the community, they will be able to determine if explanations for unusual transactions are valid. In addition, external month end review should be performed by persons with knowledge and understanding of fund accounting and governmental accounting principles.

Views of responsible officials and planned corrective actions

The Town agrees with this finding. At this time, the governing board will begin reviewing monthly bank account reconciliations and credit card charges to compensate for lack of segregation of duties. Management will not make changes such as hiring additional staff as the costs to implement such changes outweigh the assurances that would be provided. Management will continue to evaluate alternative procedures and controls regarding this condition. In addition, management has engaged services with an external accountant with governmental finance experience.

Item 2 Delayed Audit Submission

Criteria An audit of the financial statements to be completed within 120 days after year-end per North Carolina State General Statute G.S. 159.

Condition The Town did not have auditable financial statements and records available until after 120 days after year-end.

Effect Audit was unable to be completed within 120 days of fiscal year end due to financial statements unready.

Cause The Town's records weren't available, causing delays in completing the current year audit.

Views of responsible officials and planned corrective actions

The Town agrees with this finding. The Town will take steps to ensure timely availability of records for future audits.

Section III. Federal Award Findings and Questioned Costs

None reported

Section IV. State Award Findings and Questioned Costs

None reported

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2023 - 1

Lack of segregation of duties

Status: The Town strives for as much separation of duties as possible and cost beneficial.

Finding 2022 - 1

Lack of segregation of duties

Status: The Town strives for as much separation of duties as possible and cost beneficial.

Finding 2021 - 1

Lack of segregation of duties

Status: The Town strives for as much separation of duties as possible and cost beneficial.

**TOWN OF BROADWAY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

As management of the Town of Broadway, we offer readers of the Town of Broadway's financial statements this narrative overview and analysis of the financial activities of the Town of Broadway (the "Town") for the fiscal year ended June 30, 2024. 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

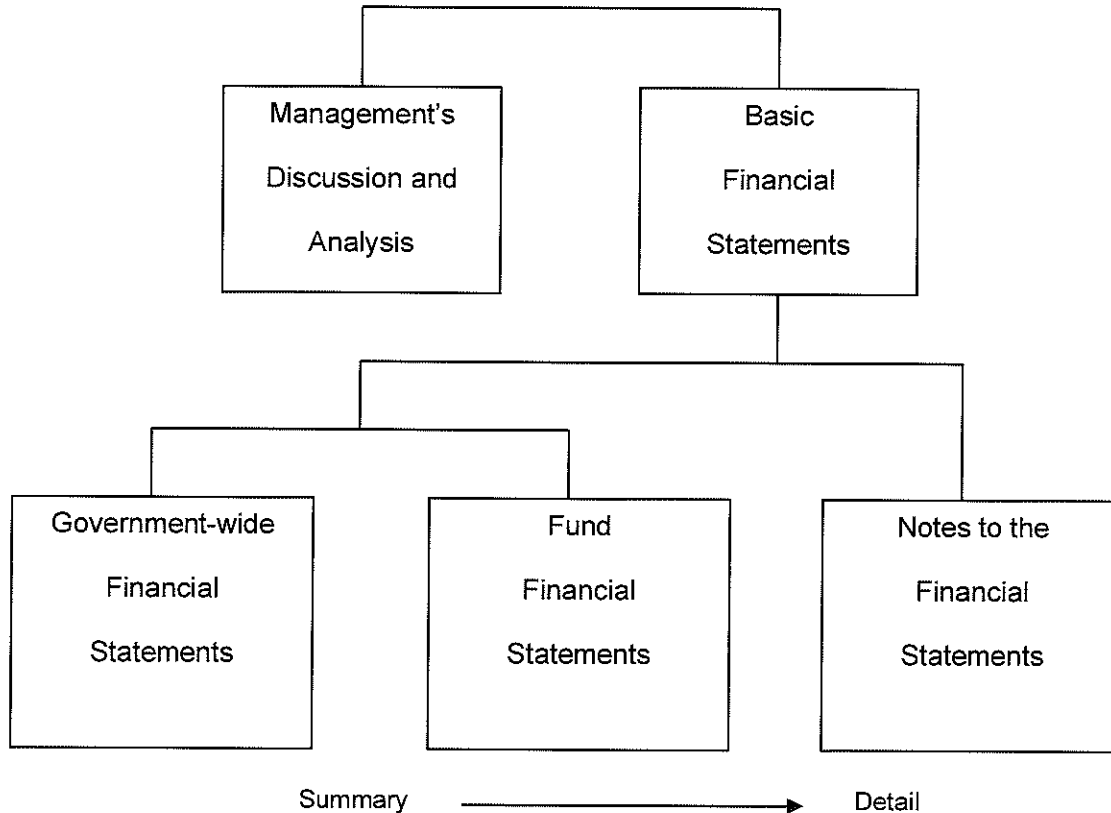
- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$4,686,397 (*net position*). The assets and deferred outflows of resources of the governmental activities exceeded liabilities and deferred inflows of resources by \$2,875,243 and the assets and deferred outflows of resources of the business-type activities exceeded liabilities and deferred inflows of resources by \$1,991,154.
- The government's total net position increased by \$873,303, primarily due to an increase property tax and the capital contribution of the NC Disabled Veteran's Memorial.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$2,096,116, an increase of \$290,654 compared with the prior year. Approximately 16.6 percent of this total amount, or \$348,099, is non-spendable or restricted.
- At the end of the current fiscal year unassigned fund balance for the general fund was \$1,655,641, or 134.7 percent of total general fund expenditures for the fiscal year.
- As of the close of the current fiscal year, the Town's business-type funds reported a combined ending net position of \$1,991,154, an increase of \$137,302.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements 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 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 three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

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.

**TOWN OF BROADWAY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

The two government-wide statements report the Town's net position and how they have changed. Net position is the difference between the Town's total assets and deferred outflows of resources and 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, environmental protection, cultural and recreational, and general administration. Property taxes and intergovernmental revenues finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer services offered by the Town.

The government-wide financial statements are on pages 16 and 17 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, 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 can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting which provides a short-term spending 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 is described in a reconciliation that is a part of the fund financial statements.

The Town 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 Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Council; 2) the final budget as amended by the board; 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 has one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its water and sewer activity. This fund is the same as the function shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

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 begin on page 26 of this report.

**TOWN OF BROADWAY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Broadway's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 49 of this report.

Interdependence with Other Entities – The Town depends on financial resources flowing from, or associated with 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 State laws and State appropriations.

Government-Wide Financial Analysis

The following reflects condensed information on the Town's net position.

**Town of Broadway
Statement of Net Position
Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 2,137,053	\$ 1,842,736	\$ 1,015,870	\$ 937,297	\$ 3,152,923	\$ 2,780,033
Capital assets	1,690,247	1,231,604	1,076,475	993,026	2,766,722	2,224,630
Deferred outflows of resources	303,637	273,172	54,119	41,927	357,756	315,099
Total assets and deferred outflows of resources	<u>4,130,937</u>	<u>3,347,512</u>	<u>2,146,464</u>	<u>1,972,250</u>	<u>6,277,401</u>	<u>5,319,762</u>
Long-term liabilities	1,128,840	1,073,369	76,382	52,822	1,205,222	1,126,191
Other liabilities	105,329	106,382	79,182	65,759	184,511	172,141
Deferred inflows of resources	21,525	28,519	(254)	(183)	21,271	28,336
Total liabilities and deferred inflows of resources	<u>1,255,694</u>	<u>1,208,270</u>	<u>155,310</u>	<u>118,398</u>	<u>1,411,004</u>	<u>1,326,668</u>
Net position:						
Net investment in capital assets	1,053,612	555,760	1,076,475	993,026	2,130,087	1,548,786
Restricted	325,648	311,289	-	-	325,648	311,289
Unrestricted	1,495,983	1,272,193	914,679	860,826	2,410,662	2,133,019
Total net position	<u>\$ 2,875,243</u>	<u>\$ 2,139,242</u>	<u>\$ 1,991,154</u>	<u>\$ 1,853,852</u>	<u>\$ 4,866,397</u>	<u>\$ 3,993,094</u>

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 the Town exceeded liabilities and deferred inflows by \$4,866,397 as of June 30, 2024. The Town's net position increased by \$873,303 for the fiscal year ended June 30, 2024. However, a large portion of net position (43.77%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position, \$325,648 (6.69%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,410,662 (49.54%) is unrestricted.

**TOWN OF BROADWAY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

The Town's total revenues and expenses for governmental and business-type activities are reflected below:

**Town of Broadway
Changes in Net Position
Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 161,120	\$ 173,684	\$ 495,416	\$ 461,791	\$ 656,536	\$ 635,475
Operating grants and contributions	133,824	493,147	-	-	133,824	493,147
Capital grants and contributions	580,090	42,918	150,742	3,540	730,832	46,458
General revenues:						
Property taxes	685,044	574,255	-	-	685,044	574,255
Other taxes	275,523	243,316	-	-	275,523	243,316
Other	137,662	193,494	365	503	138,027	193,997
Total revenues	<u>1,973,263</u>	<u>1,720,814</u>	<u>646,523</u>	<u>465,834</u>	<u>2,619,786</u>	<u>2,186,648</u>
Expenses:						
General government	551,179	495,292	-	-	551,179	495,292
Public safety	447,940	386,466	-	-	447,940	386,466
Transportation	42,474	60,043	-	-	42,474	60,043
Environmental protection	128,674	124,598	-	-	128,674	124,598
Cultural and recreational	54,180	67,598	-	-	54,180	67,598
Interest on long-term debt	15,975	16,934	-	-	15,975	16,934
Water and sewer	-	-	509,221	538,833	509,221	538,833
Total expenses	<u>1,240,422</u>	<u>1,150,931</u>	<u>509,221</u>	<u>538,833</u>	<u>1,749,643</u>	<u>1,689,764</u>
Increase (decrease) in net position before transfers and disposals	732,841	569,883	137,302	(72,999)	870,143	496,884
Transfers	-	(82,079)	-	82,079	-	-
Gain (loss) on disposal	3,160	5,500	-	(6,696)	3,160	(1,196)
Total transfers and disosals	<u>3,160</u>	<u>(76,579)</u>	<u>-</u>	<u>75,383</u>	<u>3,160</u>	<u>(1,196)</u>
Increase (decrease) in net position	<u>736,001</u>	<u>493,304</u>	<u>137,302</u>	<u>2,384</u>	<u>873,303</u>	<u>495,688</u>
Net position, beginning, previously reported	<u>2,139,242</u>	<u>1,645,938</u>	<u>1,853,852</u>	<u>1,851,468</u>	<u>3,993,094</u>	<u>3,497,406</u>
Net position, ending	<u>\$ 2,875,243</u>	<u>\$ 2,139,242</u>	<u>\$ 1,991,154</u>	<u>\$ 1,853,852</u>	<u>\$ 4,866,397</u>	<u>\$ 3,993,094</u>

Governmental activities – Governmental activities increased the Town's net position by \$736,001.

- Increase in property tax revenue compared to the prior year.
- Capital grants and the contribution of the NC Disabled Veteran's Memorial.

Business-type activities: Business-type activities increased the Town's net position by \$137,302. Key factors to this change in net position are as follows:

- Increase in capital grants and a 7.28% increase in charges for services.

**TOWN OF BROADWAY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

- Decrease in operating expense of 5.5% excluding non-capital project

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town'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.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, fund balance available in the General Fund was \$1,655,641, while total fund balance reached \$2,096,116. As a measure of General Fund liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 134.7 percent of total General Fund expenditures, while total fund balance represents 170.57 percent of the same amount.

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

There were several reasons the Town revised its budget throughout the year. Following are the main components of the increase:

- \$54,823 increase to appropriate federal highway grant funds and \$16,511 to appropriate fund balance for the Sidewalk project.
- \$41,228 increase to appropriate fund balance for salaries, insurance and benefits, and the Our Town festival.
- \$10,000 increase to appropriate fund balance for an increase in tipping fees and Waste Industries fees.

Proprietary Funds. The Town's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$914,679. The total increase in net position was \$137,302. Other factors concerning the finances of the fund have already been addressed in the discussion of the Town's business-type activities.

Capital Assets and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2024, totals \$2,766,722, (net of accumulated depreciation and amortization). These assets include buildings, streets, storm drainage, sidewalks, land, machinery and equipment, vehicles and intangible assets.

- Major capital asset purchases in the governmental fund included new siding on the Community building, the Main Street sidewalk, and the capital contribution of the NC Disabled Veterans Memorial.

**TOWN OF BROADWAY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

- Major capital asset purchases in the proprietary fund in this fiscal year included a hydrant at Edgewater Drive, and the rebuild and replacement of a sewer pump.

**Town of Broadway
Capital Assets
Figure 4**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 256,754	\$ 256,754	\$ 85,934	\$ 85,934	\$ 342,688	\$ 342,688
Construction in progress	-	46,297	310,759	160,017	310,759	206,314
Total non-depreciable assets	256,754	303,051	396,693	245,951	653,447	549,002
Buildings and improvements	2,100,360	1,489,632	4,062,492	4,041,838	6,162,852	5,531,470
Furniture and equipment	94,635	90,995	-	-	94,635	90,995
Vehicles	219,905	243,907	42,148	42,148	262,053	286,055
Intangible assets	48,895	48,895	-	-	48,895	48,895
Total depreciable assets	2,463,795	1,873,429	4,104,640	4,083,986	6,568,435	5,957,415
Accumulated depreciation and amortization	1,030,302	944,876	3,424,858	3,336,911	4,455,160	4,281,787
Depreciable assets, net	1,433,493	928,553	679,782	747,075	2,113,275	1,675,628
Total	\$ 1,690,247	\$ 1,231,604	\$ 1,076,475	\$ 993,026	\$ 2,766,722	\$ 2,224,630

Additional information on the Town's capital assets can be found in Note II of the basic financial statements beginning on page 35 of this report.

Long-term Debt. As of June 30, 2024, the Town's debt represents a building loan of \$599,456, installment purchases, lease agreements, and IT subscriptions.

**Town of Broadway
Outstanding Debt
Figure 5**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Installment purchase	\$ 8,460	\$ 26,796	\$ -	\$ -	\$ 8,460	\$ 26,796
Lease liabilities	17,788	23,726	-	-	17,788	23,726
IT subscription liabilities	10,931	14,433	-	-	10,931	14,433
USDA loan	599,456	610,889	-	-	599,456	610,889
Total	\$ 636,635	\$ 675,844	\$ -	\$ -	\$ 636,635	\$ 675,844

The Town's total debt decreased by \$39,209 during the past fiscal year. This represents a net decrease of \$18,336 in installment purchases, a net decrease of \$11,433 in the USDA loan, a net decrease in leases of \$5,938, and a decrease in IT subscriptions of \$3,502.

**TOWN OF BROADWAY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to eight percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town \$11,767,589.

Additional information regarding the Town's long-term debt can be found in Note III beginning on page 45 of this report.

Economic Factors

The following is the key economic indicator for the Town.

- The county unemployment rate decreased .7% from prior year to 4.8%.

Budget Highlights for the Fiscal Year Ending June 30, 2025

Governmental Activities: The governmental fund's primary revenue resources are property taxes and intergovernmental revenues. The property tax rate was approved for an increase to 46 cents per \$100 value. This will help cover the current level of services as costs continue to rise. It will also provide a 3% cost of living increase for employees and an expected health insurance increase. Further, the Town will continue its high level of service to its citizens and will not reduce services in the upcoming year.

Business-type Activities: Water and sewer rates will increase by 9% to help with the infrastructure to continue to be self-supporting. The fund will continue to reimburse the general fund \$10,000 per year for the purchase of sewer infrastructure.

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:

Town Manager
Town of Broadway
P. O. Box 130
Broadway, North Carolina 27505

TOWN OF BROADWAY, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,771,399	\$ 933,405	\$ 2,704,804
Taxes receivable, net	5,581	-	5,581
Accounts receivable, net	11,988	56,413	68,401
Due from other governmental agencies	114,975	22,733	137,708
Internal balances	40,000	(40,000)	-
Prepaid items	22,451	6,391	28,842
Restricted cash	170,659	36,928	207,587
Total current assets	<u>2,137,053</u>	<u>1,015,870</u>	<u>3,152,923</u>
Non-current assets:			
Capital assets:			
Land and construction in progress	256,754	396,693	653,447
Other capital assets, net of accumulated depreciation	1,403,689	679,782	2,083,471
Right to use intangible assets, net of amortization	29,804	-	29,804
Total capital assets	<u>1,690,247</u>	<u>1,076,475</u>	<u>2,766,722</u>
Total assets	<u>3,827,300</u>	<u>2,092,345</u>	<u>5,919,645</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	<u>303,637</u>	<u>54,119</u>	<u>357,756</u>
LIABILITIES			
Current liabilities:			
Accounts payable	17,733	26,443	44,176
Accrued interest payable	14,415	-	14,415
Accrued liabilities	4,036	1,184	5,220
Compensated absences	39,336	14,627	53,963
Current portion of long-term debt	29,809	-	29,809
Liabilities payable from restricted assets:			
Customer deposits	-	36,928	36,928
Total current liabilities	<u>105,329</u>	<u>79,182</u>	<u>184,511</u>
Non-current liabilities:			
Net pension liability LGERS	292,060	76,382	368,442
Long-term debt	606,826	-	606,826
Total pension liability LEO	229,954	-	229,954
Total non-current liabilities	<u>1,128,840</u>	<u>76,382</u>	<u>1,205,222</u>
Total liabilities	<u>1,234,169</u>	<u>155,564</u>	<u>1,389,733</u>
DEFERRED INFLOWS OF RESOURCES			
Drug forfeiture revenues	1,613	-	1,613
Pension deferrals	19,912	(254)	19,658
Total deferred inflows of resources	<u>21,525</u>	<u>(254)</u>	<u>21,271</u>
NET POSITION			
Net investment in capital assets	1,053,612	1,076,475	2,130,087
Restricted for:			
Stabilization by State Statute	154,989	-	154,989
Streets	151,866	-	151,866
USDA Reserve	15,588	-	15,588
Cultural and Recreational	1,592	-	1,592
Public safety	1,613	-	1,613
Unrestricted	<u>1,495,983</u>	<u>914,679</u>	<u>2,410,662</u>
Total net position	<u>\$ 2,875,243</u>	<u>\$ 1,991,154</u>	<u>\$ 4,866,397</u>

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

TOWN OF BROADWAY, NORTH CAROLINA
 STATEMENT OF ACTIVITIES
 Year Ended June 30, 2024

Function/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Primary Government Business-type Activities		Total
			Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-type Activities	
Primary government:								
Governmental activities:								
General government	\$ 551,179	\$ 37,075	\$ -	\$ 533,606	\$ 19,502	\$ -	\$ 19,502	
Public safety	447,940	484	94,400	-	(353,056)	-	(353,056)	
Transportation	42,474	-	-	46,484	4,010	-	4,010	
Environmental protection	128,674	123,561	1,036	-	(4,077)	-	(4,077)	
Cultural and recreational	54,180	-	38,388	-	(15,792)	-	(15,792)	
Interest on long-term debt	15,975	-	-	-	(15,975)	-	(15,975)	
Total governmental activities	1,240,422	161,120	133,824	580,090	(365,388)	-	(365,388)	
Business-type activities:								
Water and sewer	509,221	495,416	-	150,742	-	136,937	136,937	
Total primary government	\$ 1,749,643	\$ 656,536	\$ 133,824	\$ 730,832	(365,388)	136,937	(228,451)	
General revenues:								
Ad valorem taxes					685,044	-	685,044	
Other taxes and licenses					275,523	-	275,523	
Unrestricted intergovernmental revenues					79,993	-	79,993	
Investment earnings					53,576	365	53,941	
Gain or (loss) on disposal of capital assets					3,160	-	3,160	
Miscellaneous					4,093	-	4,093	
Total general revenues					1,101,389	365	1,101,754	
Change in net position					736,001	137,302	873,303	
Net position, beginning, as previously reported					2,130,136	1,853,852	3,983,988	
Prior period restatement					9,106	-	9,106	
Net position, beginning, as restated					2,139,242	1,853,852	3,993,094	
Net position, end of year					\$ 2,875,243	\$ 1,991,154	\$ 4,866,397	

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

TOWN OF BROADWAY, NORTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2024

	<u>Major Fund</u> <u>General</u> <u>Fund</u>
ASSETS	\$ 1,771,399
Cash and cash equivalents	170,659
Restricted cash	5,581
Taxes receivable, net of allowance of \$ 7,976	11,988
Accounts receivable, net	114,975
Due from other governmental agencies	40,000
Due from water and sewer fund	<u>22,451</u>
Prepaid items	
Total assets	<u>2,137,053</u>
 LIABILITIES	
Accounts payable	17,733
Accrued liabilities	<u>4,036</u>
Total liabilities	<u>21,769</u>
 DEFERRED INFLOWS OF RESOURCES	
Property taxes receivable	5,581
Sanitation receivable, net	11,974
Drug forfeiture revenues	<u>1,613</u>
Total deferred inflows of resources	<u>19,168</u>
 FUND BALANCES	
Non-spendable	22,451
Prepaid items	
Restricted	154,989
Stabilization by State Statute	151,866
Streets	15,588
USDA Reserve	1,592
Cultural and Recreational	1,613
Public safety	
Committed	31,184
Cemetery funds	
Assigned	61,192
Cultural and Recreational	<u>1,655,641</u>
Unassigned	<u>2,096,116</u>
Total fund balances	
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,137,053</u>

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

TOWN OF BROADWAY, NORTH CAROLINA
RECONCILIATION of the BALANCE SHEET - GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
June 30, 2024

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

Total Fund Balance, Governmental Funds	\$ 2,096,116
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,660,443
Right to use intangible assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	29,804
Deferred outflows of resources related to pensions are not reported in the funds	303,637
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	17,555
Long-term liabilities used in governmental activities are not financial uses and, therefore, are not reported in the funds	
Long-term debt	(607,915)
Compensated absences	(39,336)
Net pension liability	(292,060)
Total pension liability	(229,954)
Lease liability	(17,789)
IT Subscription liability	(10,931)
Other short-term liabilities (accrued interest) are not due and payable in current period and therefore are not reported in the funds	(14,415)
Deferred inflows of resources related to pensions are not reported in the funds	<u>(19,912)</u>
Net position of governmental activities	<u>\$ 2,875,243</u>

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

TOWN OF BROADWAY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	<u>Major Fund</u> General Fund
REVENUES	
Ad valorem taxes	\$ 685,126
Other taxes and licenses	275,523
Unrestricted intergovernmental	79,993
Restricted intergovernmental	218,667
Contributions & donations	38,388
Sales and services	161,036
Investment earnings	53,576
Miscellaneous	<u>510</u>
Total revenues	<u>1,512,819</u>
EXPENDITURES	
Current operating	468,280
General government	379,454
Public safety	42,474
Transportation	128,674
Environmental protection	42,583
Cultural and recreational	111,212
Capital outlay	
Debt service	39,209
Principal	<u>17,022</u>
Interest	
Total expenditures	<u>1,228,908</u>
Excess of revenues over expenditures	<u>283,911</u>
OTHER FINANCING SOURCES (USES)	
Sale of capital assets	3,160
Insurance recovery	<u>3,583</u>
Total other financing sources	<u>6,743</u>
Net change in fund balance	290,654
Fund balances, beginning of year	<u>1,805,462</u>
Fund balances, end of year	<u>\$ 2,096,116</u>

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

TOWN OF BROADWAY, NORTH CAROLINA
RECONCILIATION of the STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS TO THE STATEMENT
OF ACTIVITIES
For the Year Ended June 30, 2024

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

Net changes in fund balances - total governmental funds \$ 290,654

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures which were capitalized	111,212
Depreciation expense for governmental assets	(99,628)
Amortization expense for intangible assets	(9,800)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities 55,730

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue for tax revenues	(82)
Change in unavailable revenue for sanitation revenues	84
Amount of donated assets	456,859

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.

Long-term debt retired	29,769
Lease and subscription liabilities retired	9,440
Decrease in accrued interest payable	1,047

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	(5,733)
Pension expense LGERS	(91,799)
Pension expense LEOSSA	(11,752)

Total changes in net position of governmental activities \$ 736,001

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

TOWN OF BROADWAY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 609,840	\$ 609,840	\$ 685,126	\$ 75,286
Other taxes and licenses	213,500	213,500	275,523	62,023
Unrestricted intergovernmental	65,560	65,560	79,993	14,433
Restricted intergovernmental	187,465	242,288	218,667	(23,621)
Contributions & donations	-	-	38,388	38,388
Sales and services	155,200	155,200	161,036	5,836
Investment earnings	500	500	53,576	53,076
Miscellaneous	500	500	510	10
Total revenues	<u>1,232,565</u>	<u>1,287,388</u>	<u>1,512,819</u>	<u>225,431</u>
Expenditures:				
Current operating:				
General government	560,281	563,659	475,380	88,279
Public safety	399,014	399,664	383,094	16,570
Transportation	106,500	177,834	142,946	34,888
Environmental protection	130,885	140,885	128,674	12,211
Cultural and recreational	15,000	53,900	42,583	11,317
Debt Service:				
Principal retirement	36,885	56,685	39,209	17,476
Interest and other charges	-	-	17,022	(17,022)
Total expenditures	<u>1,248,565</u>	<u>1,392,627</u>	<u>1,228,908</u>	<u>163,719</u>
Revenues over (under) expenditures	<u>(16,000)</u>	<u>(105,239)</u>	<u>283,911</u>	<u>389,150</u>
Other financing sources (uses):				
Sale of capital assets	1,000	1,000	3,160	2,160
Loan repayment from water/sewer fund	10,000	10,000	-	(10,000)
Insurance recovery	-	-	3,583	3,583
Total other financing sources	<u>11,000</u>	<u>11,000</u>	<u>6,743</u>	<u>(4,257)</u>
Fund balance appropriated	5,000	94,239	-	(94,239)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	290,654	<u>\$ 290,654</u>
Fund balances, beginning of year			<u>1,805,462</u>	
Fund balances, end of year			<u>\$ 2,096,116</u>	

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

TOWN OF BROADWAY, NORTH CAROLINA
SCHEDULE OF NET POSITION - PROPRIETARY FUND
June 30, 2024

	Business-type Activities - Enterprise
	Major Fund - Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 933,405
Accounts receivable, net of allowance of \$32,752	56,413
Due from other governmental agencies	22,733
Prepaid items	6,391
Restricted cash	<u>36,928</u>
Total current assets	<u>1,055,870</u>
Non-current assets:	
Capital assets:	
Land, improvements and construction in progress	396,693
Other capital assets, net of accumulated depreciation	<u>679,782</u>
Total non-current assets	<u>1,076,475</u>
Total assets	<u>2,132,345</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	<u>54,119</u>
LIABILITIES	
Current liabilities:	
Accounts payable	26,443
Accrued liabilities	1,184
Due to general fund	40,000
Compensated absences	14,627
Liabilities payable from restricted assets:	
Customer deposits	<u>36,928</u>
Total current liabilities	<u>119,182</u>
Non-current liabilities:	
Net pension liability	<u>76,382</u>
Total non-current liabilities	<u>76,382</u>
Total liabilities	<u>195,564</u>
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	<u>(254)</u>
NET POSITION	
Net investment in capital assets	1,076,475
Unrestricted	<u>914,679</u>
Total net position	<u>\$ 1,991,154</u>

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

TOWN OF BROADWAY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUND
For the Year Ended June 30, 2024

	Business-type Activities - Enterprise
	Major Fund - Water and Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 474,701
Connection and tap fees	20,367
Other operating revenues	<u>348</u>
Total operating revenues	<u>495,416</u>
OPERATING EXPENSES	
Water and sewer operations	410,589
Depreciation	<u>98,632</u>
Total operating expenses	<u>509,221</u>
Operating income	<u>(13,805)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	<u>365</u>
Total nonoperating revenue (expenses)	<u>365</u>
Loss before contributions and transfers	(13,440)
Capital contributions	<u>150,742</u>
Change in net position	137,302
Total net position, beginning, previously reported	<u>1,853,852</u>
Total net position, ending	<u>\$ 1,991,154</u>

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

TOWN OF BROADWAY, NORTH CAROLINA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Major Fund - Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 489,863
Cash paid for goods and services	(250,911)
Cash paid to employees for services	(135,572)
Customer deposits received, net	<u>342</u>
Net cash provided by operating activities	<u>103,722</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
General Fund loan payment	<u>(10,000)</u>
Net cash provided by noncapital financing activities	<u>(10,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Contributions from other agencies	128,010
Acquisition and construction of capital assets	<u>(182,081)</u>
Net cash used in capital and related financing activities	<u>(54,071)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>365</u>
Net increase in cash and cash equivalents	40,016
Balances, beginning	<u>930,317</u>
Balances, ending	<u>\$ 970,333</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (13,805)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	98,632
Bad debt expense	313
Changes in assets and liabilities:	
Decrease in accounts receivable	(5,553)
Decrease in prepaid items	(584)
Increase in deferred outflows of resources for pensions	(12,192)
Increase in accounts payable and accrued liabilities	15,354
Increase in compensated absences	(2,274)
Increase in customer deposits	342
Increase in net pension liability	23,560
Decrease in deferred inflows of resources for pensions	<u>(71)</u>
Net cash provided by operating activities	<u>\$ 103,722</u>

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

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Broadway (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 that is governed by an elected mayor and a five-member council.

B. Basis of Presentation

Government-wide Statements - The statement of net position and the statement of activities display information on all of the financial activities of the overall government, except for fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements, which 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 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. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational requirements of a particular program and (c) capital grants and contributions which are program specific. 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 Town has no fiduciary funds to report. 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 non-major 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 and investment earnings, result from non-exchange transactions or ancillary activities.

The Town reports the following major governmental fund:

General Fund - The General Fund is the general operating fund of the Town. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants and various other taxes and licenses. The primary expenditures are for public safety, streets and highways, sanitation, parks and recreation, and general government services.

The Town reports the following major enterprise fund:

Water and Sewer Fund - This fund is used to account for the Town's water and sewer operations. A Water and Sewer Capital Project Fund has been consolidated into the Water and Sewer fund for financial reporting purposes. The budgetary comparison for the Water and Sewer Capital Project fund has been included in the supplemental information.

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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 and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using 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, 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, donations and similar items 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. 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 enterprise fund 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/amortization 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 generally 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 leases and IT subscriptions are reported as other financing sources.

The Town considers all revenues available if they are collected within the 90 days after year-end, except for property taxes. Ad valorem taxes receivable 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. Also, as of September 1, 2013, State law altered the 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 beer and wine 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 Broadway because the tax is levied by Lee County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants,

**TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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 general revenues.

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 and the Enterprise Fund. Project ordinances are adopted for the Water and Sewer Capital Project Fund. 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 departmental level for all annually budgeted funds and at the object level for the multi-year funds. All amendments must be approved by the governing board. The Town Manager and Finance Officer are authorized by budget ordinance to transfer appropriations between functional areas within a department; however, any revisions that alter the total expenditures of any fund or department must be approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

As required by State law [G.S. 159-26(d)], the Town maintains encumbrance accounts that are considered to be "budgetary accounts".

E. Assets, Liabilities, Deferred Outflows/Inflows 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 State law [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 North Carolina Capital Management Trust (NCCMT) Government Portfolio is an SEC-registered money market mutual fund that is currently certified by the Local Government Commission under the provisions of G.S. 159-30(c)(8) and the North Carolina Administrative Code. The Government Portfolio is a 2a7 fund that invests in treasuries, government agencies, and repurchase agreements collateralized by treasuries. It is rated AAAM by S&P and AAA-mf by Moody's Investor Services and reported at fair value.

2. Cash and Cash Equivalents

The Town pools money 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

Powell Bill funds are classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

136-41.4. Money that has been contributed for cultural and recreation projects are restricted as specified by the revenue source and are also classified as restricted cash. Money that is the unspent portion of grant funds that are restricted for public safety expenditures is also classified as restricted cash. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Money that has been set aside in reserve for future debt service payments are restricted.

Town of Broadway Restricted Cash

Governmental Activities
 General Fund

Streets	\$ 151,866
Public Safety	1,613
Cultural and recreational	1,592
USDA Reserve	<u>15,588</u>

Total governmental activities	<u>\$ 170,659</u>
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Business-type Activities
 Water and Sewer Fund

Customer deposits	<u>36,928</u>
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Total Business-type activities	<u>\$ 36,928</u>
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Total Restricted Cash	<u>\$ 207,587</u>
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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, interest does not accrue until the following January 6. These taxes levied are based on the assessed values as of January 1, 2023. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

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 and expensed as the items are used.

7. Capital Assets

Capital assets which include property, plant, equipment and infrastructure are reported in the Town's government-wide and proprietary fund financial statements. Capital assets of the Town generally have an initial, individual cost of more than \$2,000 and an estimated useful life of more than one year. Assets are stated at cost if purchased or constructed. 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

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

at cost or estimated historical cost. Certain items acquired before July 1, 1970, are recorded at an estimated original cost. The total of such estimates is not considered large enough that the errors would be material when capital assets are considered as a whole. The Town has elected not to retroactively report major general infrastructure. 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.

The Town's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the Town reports a lease (only applies when the Town is the lessee) or agreements where the Town reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

The right to use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right to use subscription assets should be amortized on a straight-line basis over the subscription term.

Capital assets are depreciated using the straight-line method over the assets' estimated useful lives. Assets acquired under capital leases are amortized over the assets' estimated useful lives. Capital assets are reported in the Town's basic financial statements net of accumulated depreciation and amortization. Water and sewer lines are depreciated on a composite straight-line basis for the entire plant, regardless of the year of acquisition, at a 1.67% rate. In the composite rate, gain or loss on dispositions is not calculated except in extraordinary circumstances. Other assets are depreciated at the following rates:

Buildings	40 years
Furniture and office equipment	10 years
Maintenance and construction equipment	5 years
Motor vehicles	5 years
Water and sewer equipment	15 years

8. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, pension deferrals in the 2024 fiscal year. In addition to liabilities, the statement of financial position will sometimes 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 future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category - property taxes receivable and sanitation receivable, unavailable revenue (reported only on the Balance Sheet of Governmental Funds), unearned drug forfeiture revenues and pension deferrals.

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

9. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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 has no 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 are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of four 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 Expenses – portion of fund balance that is not an available resource because it represents certain payments to vendors applicable to future accounting periods and is, therefore, not a spendable resource.

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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

Restricted for Stabilization by State statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as non-spendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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.

Restricted for USDA Reserve – portion of fund balance that is restricted by loan covenant for future debt service payments.

Restricted for Cultural & Recreation – portion of fund balance that is restricted by revenue source for beautification projects and façade improvement projects.

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for public safety expenditures.

Committed fund balance – The committed fund balance classification includes amounts that can be used for specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for Cemetery – portion of fund balance that is committed by the Board for the Town's cemetery.

Assigned fund balance – portion of fund balance that the Town intends to use for specific purposes.

Assigned for Cultural & Recreation – portion of fund balance assigned by the Board for festival events.

Unassigned fund balance – 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. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The Town has adopted a fund balance policy for the general fund that instructs management to conduct the business of the Town in such a manner that will target an unassigned fund balance at the close of each fiscal year equal to at least 70% of the closing fiscal year's operating budget.

12. Pensions

For purposes of measuring the net pension liability, 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 Broadway's employer contributions are recognized when due and the Town of Broadway 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.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Excess of Expenditures over Appropriations

For the fiscal year ending June 30, 2024, capital outlay expenditures made in the Town's Water/Sewer Fund exceeded the authorized appropriations made by the governing board by \$142,579. Management and the Board will more closely review the budget reports to ensure compliance in future years.

B. Noncompliance with North Carolina General Statutes

All units of government in North Carolina are required by G.S. 159-34 to receive and submit an annual audit report to the Local Government Commission. These reports are due by statute no later than four months after the close of the unit's fiscal year, October 31st of each year with a grace period until December 1st. The Town's fiscal year 2024 financial statements were not submitted by December 1, 2024.

III. 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 that exceed the federal depository insurance coverage are collateralized with 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 the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or 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 under-collateralization. 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.

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

III. DETAIL NOTES ON ALL FUNDS (Continued):

At June 30, 2024, the Town's deposits had a carrying amount of \$1,883,704 and a bank balance of \$1,904,118. Of the bank balance \$250,000 was covered by federal depository insurance and the remaining was covered by collateral held under the pooling method.

2. Investments

At June 30, 2024, the Town had invested \$1,028,637 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 – Allowance for Doubtful Accounts

The amount of property taxes receivable as of June 30, 2024 reflect the uncollected portion of property tax levies reduced for a portion not expected to be collected and are summarized below:

	<u>General Fund</u>
Property taxes receivable	\$ 13,558
Less allowance for collectibles	<u>7,977</u>
Net property taxes receivable	<u>\$ 5,581</u>

Accounts receivables as of June 30, 2024, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Enterprise Fund</u>
Waste management fees	\$ 18,201	\$ -
Utility user charges	-	77,883
Other	<u>14</u>	<u>11,282</u>
Total receivables	18,215	89,165
Less allowance for collectibles	<u>6,227</u>	<u>32,752</u>
Net total receivables	<u>\$ 11,988</u>	<u>\$ 56,413</u>

Due from other governments that is owed to the Town consist of the following:

	<u>General Fund</u>
Local option sales tax	\$ 70,577
Property tax	16,550
Sales and use tax	7,764
NC Department of Revenue	3,561
Solid waste disposal tax	250
Utility sales tax	<u>16,273</u>
Total	<u>\$ 114,975</u>

4. Interfund Balances

At June 30, 2024, \$40,000 was due to the general fund from the proprietary fund for the purchase of a sewer lift station and a parcel of land containing 1.17 acres.

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

III. DETAIL NOTES ON ALL FUNDS (Continued):

5. Capital Assets

Capital assets at June 30, 2024, are summarized below:

Governmental Activities by type:

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2024</u>
Non-depreciable assets:				
Land	\$ 256,754	\$ -	\$ -	\$ 256,754
Construction in progress	46,297	100,472	146,769	-
	<u>303,051</u>	<u>100,472</u>	<u>146,769</u>	<u>256,754</u>
Depreciable assets:				
Buildings & infrastructure	1,489,632	610,728	-	2,100,360
Furniture & equipment	90,995	3,640	-	94,635
Vehicles	243,907	-	24,002	219,905
	<u>1,824,534</u>	<u>614,368</u>	<u>24,002</u>	<u>2,414,900</u>
Less accumulated depreciation for:				
Buildings & infrastructure	718,177	66,407	-	784,584
Furniture & equipment	64,581	8,470	-	73,051
Vehicles	152,827	24,751	24,002	153,576
Total accumulated depreciation	<u>935,585</u>	<u>99,628</u>	<u>24,002</u>	<u>1,011,211</u>
Depreciable assets, net	<u>888,949</u>	<u>514,740</u>	<u>-</u>	<u>1,403,689</u>
Governmental activities capital assets, net	<u>1,192,000</u>	<u>615,212</u>	<u>146,769</u>	<u>1,660,443</u>
Capital Assets being Amortized:				
Leased Equipment	30,672	-	-	30,672
IT Subscriptions	18,223	-	-	18,223
	<u>48,895</u>	<u>-</u>	<u>-</u>	<u>48,895</u>
Less accumulated amortization for:				
Leased Equipment	5,647	6,155	-	11,802
IT Subscriptions	3,644	3,645	-	7,289
	<u>9,291</u>	<u>9,800</u>	<u>-</u>	<u>19,091</u>
Governmental activities intangible assets, net	<u>39,604</u>	<u>(9,800)</u>	<u>-</u>	<u>29,804</u>
Governmental activities capital assets, net	<u>\$ 1,231,604</u>			<u>\$ 1,690,247</u>

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

III. DETAIL NOTES ON ALL FUNDS (Continued):

Depreciation and amortization expense was charged to functional programs of the primary government as follows:

General government	\$	65,622
Public safety		22,409
Cultural and recreational		<u>11,597</u>
Total depreciation expense	<u>\$</u>	<u>99,628</u>

Business-type activities by type:

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2024</u>
Non-depreciable assets:				
Land	\$ 85,934	\$ -	\$ -	\$ 85,934
Construction in progress	160,017	150,742	-	<u>310,759</u>
Total non-depreciable assets	<u>245,951</u>	<u>150,742</u>	<u>-</u>	<u>396,693</u>
Depreciable assets:				
Water tank	111,513	-	-	111,513
Water system	731,469	6,200	-	737,669
Vehicles	42,148	-	-	42,148
Sewer system	1,973,817	-	-	1,973,817
Sewer pumps	383,185	25,139	10,685	397,639
Waste water treatment	841,854	-	-	<u>841,854</u>
	<u>4,083,986</u>	<u>31,339</u>	<u>10,685</u>	<u>4,104,640</u>
Less accumulated:				
Water tank	68,827	2,787	-	71,614
Water system	495,714	12,449	-	508,163
Vehicles	42,151	-	-	42,151
Sewer system	1,755,392	48,537	-	1,803,929
Sewer pumps	230,486	11,310	10,685	231,111
Waste water treatment	744,341	23,549	-	<u>767,890</u>
Total accumulated depreciation	<u>3,336,911</u>	<u>98,632</u>	<u>10,685</u>	<u>3,424,858</u>
Depreciable assets, net	<u>747,075</u>			<u>679,782</u>
Business-type activities capital assets, net	<u>\$ 993,026</u>			<u>\$ 1,076,475</u>

Construction commitments

The Town has an active construction project as of June 30, 2024. At year-end, the Town's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Broadway Water Main Relocation	\$ 162,967	\$ 5,310
Sewer Asset Inventory & Assessment	147,792	252,208

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

III. DETAIL NOTES ON ALL FUNDS (Continued):

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description – The Town of Broadway is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental 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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR 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 benefits increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as an LEO and have reached age 50, or have completed five years of creditable service as an LEO and have reached age 55, or have completed 15 years of creditable service as an 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 Broadway employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by LGERS Board of Trustees. The Town of Broadway's contractually required contribution rate for the year ended June 30, 2024, was 14.10% of compensation for law enforcement officers and 12.85% for general employees and firefighters, actuarially determined as an amount that, when combined with employer contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Broadway were \$73,184 for the year ended June 30, 2024.

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

III. DETAIL NOTES ON ALL FUNDS (Continued):

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 the 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, 2024, the Town reported a liability of \$368,442 for its proportionate share of the net pension liability. The net pension liability was measured as of June, 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 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, 2023 (measurement date), the Town's proportion was 0.00556% which was an increase of 0.00078% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Town recognized pension expense of \$120,550. At June 30, 2024 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 41,055	\$ 884
Changes of assumptions	15,657	-
Net difference between projected and actual earnings on pension plan investments	98,611	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	33,215	40
Town contributions subsequent to the measurement date	73,184	-
Total	<u>\$ 261,722</u>	<u>\$ 924</u>

\$73,184 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, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2025	\$ 70,018
2026	42,005
2027	71,421
2028	4,170
Total	<u>\$ 187,614</u>

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

III. DETAIL NOTES ON ALL FUNDS (Continued):

Actuarial Assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 8.25 percent including inflation and productivity factor
Investment rate of return	6.5 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.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2011 through December 31, 2015.

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 a 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 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 of June 30, 2022 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	33.0%	2.4%
Global Equity	38.0%	6.9%
Real Estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Credit	7.0%	5.3%
Inflation Protection	6.0%	4.3%
	<u>100%</u>	

The information above is based on 30-year expectations developed with an investment consulting firm's 2024 long-term capital market assumptions. 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 2.38%. All rates of return and inflation are annualized figures. Source data provided in the 2023 Annual Comprehensive Financial Report published on the website of the [NC Office of State Controller](#).

Discount rate. The discount rate used to measure the total pension liability was 6.50%. 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

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

III. DETAIL NOTES ON ALL FUNDS (Continued):

projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.50 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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 638,312	\$ 368,442	\$ 146,260

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

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description:

The Town of Broadway 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 or have attained 55 years of age and have completed five or more 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 law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2021, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>4</u>
Total	<u><u>6</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 and refunds are recognized when due and payable in accordance with the terms of the plan.

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

III. DETAIL NOTES ON ALL FUNDS (Continued):

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

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2022 valuation. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount	4.00 percent

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

Mortality rates are based on the Pub-2010 amount-weighted tables using generational improvement with Scale MP-2019.

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. 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 the investment earnings. The Town paid \$28,115 as benefits 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, 2024, the Town reported a total pension liability of \$229,954. The total pension liability was measured as of December 31, 2023 based on a December 31, 2022 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2023 utilizing update procedures incorporating the actuarial assumptions. For the year end June 30, 2024, the Town recognized pension expense of \$39,867.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 59,538	\$ -
Changes of assumptions	22,438	18,734
Town benefit payments and plan administrative expense made subsequent to the measurement date	14,058	-
Total	<u>\$ 96,034</u>	<u>\$ 18,734</u>

\$14,058 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred inflows of resources and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

III. DETAIL NOTES ON ALL FUNDS (Continued):

Year ended June 30:

2025	\$ 25,769
2026	24,062
2027	7,702
2028	4,818
2029	891
Thereafter	-

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 4.00 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current rate:

	<u>1% Decrease (3.00%)</u>	<u>Discount Rate (4.00%)</u>	<u>1% Increase (5.00%)</u>
Total Pension Liability	\$ 243,321	\$ 229,954	\$ 217,702

Law Enforcement Officers' Special Separation Allowance

	<u>2024</u>
Beginning Balance	\$ 219,895
Service Cost	5,051
Interest on the total pension liability	8,872
Differences between expected and actual experience in the measurement of the total pension liability	20,529
Changes of assumptions or other inputs	3,722
Benefit payments	<u>(28,115)</u>
Ending balance of the total pension liability	<u>229,954</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 December 31, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

III. DETAIL NOTES ON ALL FUNDS (Continued):

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 120,550	\$ 39,867	\$ 160,417
Pension Liability	368,442	229,954	598,396
Proportionate share of the net pension liability	0.00556%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	41,055	59,538	100,593
Changes of assumptions	15,657	22,438	38,095
Net difference between projected and actual earnings on plan investments	98,611	-	98,611
Changes in proportion and differences between contributions and proportionate share of contributions	33,215	-	33,215
Benefit payments and administrative costs paid subsequent to the measurement date	73,184	14,058	87,242
Deferred of Inflows of Resources			
Differences between expected and actual experience	884	-	884
Changes of assumptions	-	18,734	18,734
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	40	-	40

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

Funding Policy - Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2024 were \$15,749, which consisted of \$15,749 from the Town and \$0 from the law enforcement officers.

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

III. DETAIL NOTES ON ALL FUNDS (Continued):

2. Other Employment Benefits

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

3. Deferred Outflows and Inflows of Resources

The Town has several deferred outflows of resources. Deferred outflows of resources are comprised of the following:

Source	Amount
Contributions to pension plan in the current fiscal year (LGERS)	\$ 73,184
Differences between expected and actual experience (LGERS)	41,055
Changes of assumptions (LGERS)	15,657
Net difference between projected and actual (LGERS)	98,611
Changes in proportion and differences between employer contributions and proportionate share of contributions (LGERS)	33,215
Differences between expected and actual experience (LEO)	59,538
Changes of assumptions (LEO)	22,438
Benefit payments and administration expenses subsequent to the measurement date (LEO)	14,058
Total	<u>\$ 357,756</u>

Deferred inflows of resources at year-end are composed of the following elements:

	Statement of Net Position	General Fund Balance Sheet
Property taxes receivable, net (General Fund)	\$ -	\$ 5,581
Sanitation fees receivable, net (General Fund)	-	11,974
Drug forfeiture revenues (General Fund)	1,613	1,613
Differences between expected and actual experience (LGERS)	884	-
Changes in proportion and difference between employer contributions and proportionate share of contributions (LGERS)	40	-
Changes of assumption (LEO)	18,734	-
	<u>\$ 21,271</u>	<u>\$ 19,168</u>

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

III. DETAIL NOTES ON ALL FUNDS (Continued):

4. 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 carries commercial insurance in the amount of \$1,000,000 for these types of losses under a policy with a major national insurer. In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Town manager, finance officer, and Town clerk are individually bonded for \$200,000 each. 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.

The Town of Broadway does not carry flood insurance due to the fact that none of the Town is located in a flood zone.

5. Long-Term Obligations

a. Leases

The Town has entered into agreements to lease certain equipment. The lease agreement qualifies as other than short-term leases under GASB 87 and, therefore, have been recorded at present value of the future minimum lease payments as of the date of their inception.

The first agreement was executed in fiscal year 2021-2022, to lease equipment and at July 1, 2021 requires 57 monthly payments of \$59. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 4.35%, which is the incremental borrowing rate. The liability balance as of June 30, 2024 is \$1,245.

The second agreement was executed on September 16, 2022 to lease public safety body cameras and requires 5 annual payments of \$5,736.50. There are no variable components of the lease. The lease liability is measured at a discount rate of 2%, which is the incremental borrowing rate. The liability balance as of June 30, 2024 is \$16,543.

The future minimum lease obligations and the new present value of these minimum lease payments as of June 30, 2023, are as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2025	\$ 6,072	\$ 372	\$ 6,444
2026	6,092	235	6,327
2027	5,624	112	5,736
	<u>\$ 17,788</u>	<u>\$ 719</u>	<u>\$ 18,507</u>

b. USDA Loan

On July 19, 2018 the Town's construction loan was converted to a USDA loan in the amount of \$665,000 for the Town Hall project. Annual debt service payments will be made, including interest of \$294,123 on the loan are as follows:

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

III. DETAIL NOTES ON ALL FUNDS (Continued):

Fiscal Year Ending <u>June 30</u>	Governmental Activities	
	<u>Principal</u>	<u>Interest</u>
2025	11,705	14,237
2026	11,983	13,959
2027	12,267	13,675
2028	12,559	13,383
2029	12,857	13,085
Thereafter	<u>538,085</u>	<u>211,275</u>
	<u>\$ 599,456</u>	<u>\$ 279,614</u>

c. Installment Purchase

	<u>Governmental Activities</u>
Installment purchase with Ford Motor Credit Company; issued September 2022, in the amount of \$25,428; annual payments of \$9,115 that includes interest at 7.74% for two years, secured by vehicle.	<u>\$ 8,460</u>
Total installment purchase contracts	<u>\$ 8,460</u>

Annual debt service payments of the installment purchase as of June 30, 2024, including \$655 of interest, are as follows:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	<u>\$ 8,460</u>	<u>\$ 655</u>
	<u>\$ 8,460</u>	<u>\$ 655</u>

d. Subscriptions

For the year ended June 30, 2023, the Town implemented requirements of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (Subscriptions). The Statement provides a definition of Subscriptions and provides uniform guidance for accounting and financial reporting for such transactions. The guidance will decrease the diversity in the accounting and financial reporting for these transactions, thereby, increasing comparability in financial reporting among governments. Further, the reporting of subscription asset (a right-to-use intangible capital asset) and subscription liability will enhance the relevance and reliability of the financial statements.

The Town entered into an agreement in September 2022 for public safety body camera device management software with an initial term of 5 years. The Subscription does not have a stated interest rate, therefore, the Town's incremental borrowing rate of 2% was used to discount the subscription payments. As a result, the amount of \$18,223 was added as a right-to-use subscription asset. The liability balance remaining at June 30, 2024 is \$10,931.

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

III. DETAIL NOTES ON ALL FUNDS (Continued):

The future minimum subscription obligations and the net present value of these minimum payments as of June 30, 2024, are as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2025	\$ 3,572	\$ 218	\$ 3,790
2026	3,643	147	3,790
2027	3,716	74	3,790
	<u>\$ 10,931</u>	<u>\$ 439</u>	<u>\$ 11,370</u>

e. Changes in Long-Term Liabilities

The following is a summary of changes in the Town's long-term debt for the year ended June 30, 2024.

	July 1, <u>2023</u>	<u>Additions</u>	<u>Retirements</u>	June 30, <u>2024</u>	Due Within <u>One Year</u>
Governmental Activities:					
Installment Purchase	26,796	-	18,336	8,460	8,460
Leases	23,726	-	5,938	17,788	6,072
Subscriptions	14,433	-	3,502	10,931	3,572
USDA loan	610,889	-	11,433	599,456	11,705
Compensated absences	33,603	33,104	27,371	39,336	39,336
Net pension obligation (LGERS)	216,838	75,222	-	292,060	-
Total pension obligation (LEO)	219,895	10,059	-	229,954	-
Total:	<u>1,146,180</u>	<u>118,385</u>	<u>66,580</u>	<u>1,197,985</u>	<u>69,145</u>
Business Type Activities:					
Compensated absences	16,901	14,499	16,773	14,627	14,627
Net pension obligation (LGERS)	52,822	23,560	-	76,382	-
Total:	<u>69,723</u>	<u>38,059</u>	<u>16,773</u>	<u>91,009</u>	<u>14,627</u>

At June 30, 2024, the Town had no bond authorized but unissued and legal debt margin of approximately \$11,767,589.

Compensated absences for governmental activities have typically been liquidated in the General Fund.

C. Fund Balance

The following schedule provides management and citizens with information on the portion of General fund balance that is remaining for appropriation:

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

III. DETAIL NOTES ON ALL FUNDS (Continued):

<i>Total fund balance-General Fund</i>	\$ 2,096,116
Less:	
Prepaid expenses	22,451
Stabilization by State Statute	154,989
Streets-Powell Bill	151,866
USDA Reserve	15,588
Cultural & recreational-Facade	1,592
Cultural & recreational-Festival	61,192
Public Safety-Controlled substance tax	1,613
Cemetery funds	31,184
Remaining Fund Balance	<u>1,655,641</u>

Required
Supplementary Financial Data

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

- * Schedule of Proportionate Share of Net Pension Liability for Local Government Employee's Retirement System
- * Schedule of Contributions to Local Government Employees' Retirement System
- * Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- * Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance

Town of Broadway, North Carolina
Town of Broadway's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Ten Fiscal Years *

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Local Government Employees' Retirement System										
Broadway's proportion of the net pension liability (asset) (%)	0.00556%	0.00478%	0.00365%	0.00442%	0.00485%	0.00520%	0.00471%	0.00570%	0.00565%	0.00519%
Broadway's proportion of the net pension liability (asset) (\$)	\$ 368,442	\$ 269,660	\$ 55,976	\$ 157,945	\$ 132,450	\$ 123,362	\$ 71,956	\$ 120,973	\$ 25,357	\$ (30,608)
Broadway's covered-employee payroll	\$ 548,371	\$ 460,293	\$ 433,479	\$ 363,516	\$ 378,704	\$ 367,593	\$ 361,554	\$ 356,179	\$ 345,153	\$ 332,110
Broadway's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	67.19%	58.58%	12.91%	41.18%	34.97%	33.56%	19.90%	33.96%	7.35%	(9.22%)
Plan fiduciary net position as a percentage of the total pension liability**	82.49%	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.47%

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

** This will be the same percentage for all participant employers in the LGERS plan.

Town of Broadway, North Carolina
Town of Broadway's Contributions
Required Supplementary Information
Last Ten Fiscal Years

Local Government Employees' Retirement System

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 73,184	\$ 57,666	\$ 50,096	\$ 45,651	\$ 35,920	\$ 30,898	\$ 29,052	\$ 27,727	\$ 24,878	\$ 24,944
Contributions in relation to the contractually required contribution	73,184	57,666	50,096	45,651	35,920	30,898	29,052	27,727	24,878	24,944
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Broadway's covered payroll	\$ 548,371	\$ 460,293	\$ 428,121	\$ 433,479	\$ 383,516	\$ 378,704	\$ 367,593	\$ 361,554	\$ 356,179	\$ 345,153
Contributions as a percentage of covered payroll	13.35%	12.53%	11.70%	10.53%	9.37%	8.16%	7.90%	7.67%	6.98%	7.23%

Town of Broadway, North Carolina
 Schedule of Changes in Total Pension Liability
 Law Enforcement Officers' Special Separation Allowance
 Required Supplementary Information
 Last Seven Fiscal Years

	2024	2023	2022	2021	2020	2019	2018
Beginning Balance	\$ 219,895	\$ 223,283	\$ 212,299	\$ 103,182	\$ 90,351	\$ 83,941	\$ 75,690
Service Cost	5,051	7,618	8,990	5,151	4,069	4,373	3,622
Interest on total pension liability	8,872	4,708	4,023	3,364	3,289	2,653	2,922
Differences between expected and actual experience in the measurement of total pension liability	20,529	39,979	10,117	42,203	2,645	2,818	(3,176)
Changes of assumptions or other inputs	3,722	(27,578)	(4,453)	58,399	2,828	(3,434)	4,883
Benefit payments	(28,115)	(28,115)	(7,693)	-	-	-	-
Ending balance of the total pension liability	\$ 229,954	\$ 219,895	\$ 223,283	\$ 212,299	\$ 103,182	\$ 90,351	\$ 83,941

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

Town of Broadway, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Last Seven Fiscal Years

	2024	2023	2022	2021	2020	2019	2018
Total pension liability	\$ 229,954	\$ 219,895	\$ 223,283	\$ 212,299	\$ 103,182	\$ 90,351	\$ 83,941
Covered payroll	194,541	187,504	196,390	187,383	182,469	177,596	169,133
Total pension liability as a percentage of covered-employee payroll	118.20%	117.27%	113.69%	113.30%	56.55%	50.87%	49.63%

Notes to the schedules:

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

TOWN OF BROADWAY, NORTH CAROLINA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2024
With Comparative Totals at June 30, 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and investments	\$ 1,771,399	\$ 1,496,344
Restricted cash	170,659	153,936
Taxes receivable, net	5,581	5,663
Accounts receivable, net	11,988	11,938
Due from other governmental agencies	114,975	107,305
Due from water and sewer fund	40,000	50,000
Prepaid items	<u>22,451</u>	<u>17,550</u>
Total assets	<u>2,137,053</u>	<u>1,842,736</u>
LIABILITIES		
Accounts payable	17,733	14,384
Accrued liabilities	<u>4,036</u>	<u>3,725</u>
Total liabilities	<u>21,769</u>	<u>18,109</u>
DEFERRED INFLOWS OF RESOURCES		
Property taxes receivable	5,581	5,663
Sanitation receivable, net	11,974	11,890
Drug forfeiture revenues	<u>1,613</u>	<u>1,612</u>
Total deferred inflows of resources	<u>19,168</u>	<u>19,165</u>
FUND BALANCES		
Non-spendable		
Prepaid expenses	22,451	17,550
Restricted		
Stabilization by State Statute	154,989	157,353
Streets	151,866	140,340
USDA Reserve	15,588	10,392
Cultural and Recreational	1,592	1,592
Public safety	1,613	1,612
Committed		
Cemetery funds	31,184	31,101
Assigned		
Cultural and Recreational	61,192	48,115
Unassigned	<u>1,655,641</u>	<u>1,397,407</u>
Total fund balances	<u>2,096,116</u>	<u>1,805,462</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,137,053</u>	<u>\$ 1,842,736</u>

TOWN OF BROADWAY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2024

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023

	2024		Variance with Final Budget	2023
	Final Budget	Actual		Actual
Revenues:				
Ad valorem taxes:				
Taxes	\$ 609,840	\$ 682,361	\$ 72,521	\$ 570,083
Interest	-	2,765	2,765	2,406
Total	<u>609,840</u>	<u>685,126</u>	<u>75,286</u>	<u>572,489</u>
Other taxes and licenses:				
Local option sales tax	<u>213,500</u>	<u>275,523</u>	<u>62,023</u>	<u>243,316</u>
Unrestricted intergovernmental:				
Utilities sales tax	60,000	73,526		66,697
Beer and wine tax	5,560	6,467		5,815
Total	<u>65,560</u>	<u>79,993</u>	<u>14,433</u>	<u>72,512</u>
Restricted intergovernmental:				
Powell Bill allocation	41,265	46,484		41,278
Other local government	90,000	94,400		94,400
Solid waste disposal tax	1,200	1,036		1,034
Federal grant	109,823	76,747		(603)
Total	<u>242,288</u>	<u>218,667</u>	<u>(23,621)</u>	<u>136,109</u>
Contributions & Donations	-	38,388	38,388	36,450
Sales and services:				
Cemetery	12,500	29,325		32,500
Community building rent	17,500	7,750		17,105
Sanitation fees	125,000	123,477		123,838
Police fee	200	484		329
Total	<u>155,200</u>	<u>161,036</u>	<u>5,836</u>	<u>173,772</u>
Investment earnings	<u>500</u>	<u>53,576</u>	<u>53,076</u>	<u>28,044</u>
Miscellaneous:				
Other	500	510		639
Total	<u>500</u>	<u>510</u>	<u>10</u>	<u>639</u>
Total revenues	<u>1,287,388</u>	<u>1,512,819</u>	<u>225,431</u>	<u>1,263,331</u>

(Continued)

TOWN OF BROADWAY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
For the Fiscal Year Ended June 30, 2024
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023

	2024		Variance with Final Budget	2023
	Final Budget	Actual		Actual
Expenditures:				
General government:				
Governing body:				
Salaries and benefits		\$ 9,301		\$ 9,301
Operating expenditures		4,299		575
	<u>16,635</u>	<u>13,600</u>	<u>3,035</u>	<u>9,876</u>
Administration:				
Salaries and benefits		80,411		75,065
Operating expenditures		61,349		65,960
	<u>180,480</u>	<u>141,760</u>	<u>38,720</u>	<u>141,025</u>
Finance:				
Salaries and benefits		114,797		82,966
Operating expenditures		53,284		51,182
	<u>190,903</u>	<u>168,081</u>	<u>22,822</u>	<u>134,148</u>
Public buildings:				
Salaries and benefits		95,213		87,197
Operating expenditures		48,815		47,093
Capital outlay		7,100		28,412
	<u>174,541</u>	<u>151,128</u>	<u>23,413</u>	<u>162,702</u>
Cemetery:				
Operating expenditures		811		395
	<u>1,100</u>	<u>811</u>	<u>289</u>	<u>395</u>
Total general government	<u>563,659</u>	<u>475,380</u>	<u>88,279</u>	<u>448,146</u>
Public safety:				
Police:				
Salaries and benefits		331,290		297,653
Operating expenditures		48,164		38,680
Capital outlay		3,640		88,311
Total public safety	<u>399,664</u>	<u>383,094</u>	<u>16,570</u>	<u>424,644</u>

(Continued)

TOWN OF BROADWAY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
For the Fiscal Year Ended June 30, 2024
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023

	2024		Variance with Final Budget	2023	
	Final Budget	Actual		Actual	Actual
Expenditures (Continued):					
Transportation:					
Streets:					
Operating expenditures		\$ 42,474		\$ 60,043	
Capital outlay		100,472		8,683	
Total transportation	<u>177,834</u>	<u>142,946</u>	<u>34,888</u>	<u>68,726</u>	
Environmental protection:					
Operating expenditures	<u>140,885</u>	<u>128,674</u>	<u>12,211</u>	<u>124,598</u>	
Cultural and recreational:					
Operating expenditures	<u>53,900</u>	<u>42,583</u>	<u>11,317</u>	<u>31,195</u>	
Debt Service					
Principal retirement		39,209		40,467	
Interest and other charges		17,022		15,764	
	<u>56,685</u>	<u>56,231</u>	<u>454</u>	<u>56,231</u>	
Total expenditures	<u>1,392,627</u>	<u>1,228,908</u>	<u>163,719</u>	<u>1,153,540</u>	
Revenues over (under) expenditures	<u>(105,239)</u>	<u>283,911</u>	<u>389,150</u>	<u>109,791</u>	
Other financing sources:					
Transfer from ARP CSLFRF fund	-	-		335,315	
Installment purchase obligations issued	-	-		25,428	
Sale of capital assets	1,000	3,160		5,500	
Insurance recovery	-	3,583		3,031	
Loan repayment from water/sewer fund	10,000	-		-	
Lease liabilities issued	-	-		27,580	
IT Subscription liabilities issued	-	-		18,223	
Total other financing sources	<u>11,000</u>	<u>6,743</u>	<u>(4,257)</u>	<u>415,077</u>	
Fund balance appropriated	<u>94,239</u>	<u>-</u>	<u>(94,239)</u>	<u>-</u>	
Net change in fund balance:	<u>\$ -</u>	<u>290,654</u>	<u>\$ 290,654</u>	<u>\$ 524,868</u>	
Fund balances, beginning of year		<u>1,805,462</u>			
Fund balances, end of year		<u>\$2,096,116</u>			

TOWN OF BROADWAY, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2024
With Comparative Amounts for the Fiscal Year Ended June 30, 2023

	2024		Variance with Final Budget	2023	
	Final Budget	Actual		Actual	Actual
Revenues:					
Operating revenues:					
User charges water and sewer	\$ 452,479	\$ 474,701	\$ 22,222	\$ 445,963	
Connection and tap fees	15,000	20,367	5,367	15,239	
Intergovernmental revenues	-	-	-	-	
Other	350	348	(2)	589	
	<u>467,829</u>	<u>495,416</u>	<u>27,587</u>	<u>461,791</u>	
Nonoperating revenues:					
Interest on investments	-	365	365	503	
Total revenues	<u>467,829</u>	<u>495,781</u>	<u>27,952</u>	<u>462,294</u>	
Expenditures:					
Water and sewer department:					
Salaries and benefits	183,559	183,721	(162)	161,204	
Operating expenditures	185,061	125,701	59,360	170,861	
Repairs and maintenance	15,000	9,529	5,471	9,708	
Water purchased	89,000	82,301	6,699	83,154	
Total water and sewer department	<u>472,620</u>	<u>401,252</u>	<u>71,368</u>	<u>424,927</u>	
Capital outlay:	<u>18,616</u>	<u>31,339</u>	<u>(12,723)</u>	<u>-</u>	
Total expenditures	<u>491,236</u>	<u>432,591</u>	<u>58,645</u>	<u>424,927</u>	
Revenues over (under) expenditures	(23,407)	63,190	86,597	37,367	
Other financing sources (uses):					
Fund balance appropriated	23,407	-	(23,407)	-	
Transfer from ARP CSLFRF fund	-	-	-	82,079	
Total other financing sources (uses)	<u>23,407</u>	<u>-</u>	<u>(23,407)</u>	<u>82,079</u>	
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>63,190</u>	<u>\$ 63,190</u>	<u>\$ 119,446</u>	

(Continued)

TOWN OF BROADWAY, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2024
With Comparative Amounts for the Fiscal Year Ended June 30, 2023

Revenues and other sources over expenditures and other uses	63,190
Reconciliation of modified accrual basis to full accrual basis:	
Capital outlay	31,339
Depreciation	(98,632)
Increase in bad debt allowance	(314)
Increase in deferred outflows of resources - pensions	12,192
Increase in net pension liability	(23,560)
Decrease in deferred inflows of resources - pensions	71
Decrease in compensated absences	2,274
Water and Sewer Capital Projects Fund	
Grant Funds	<u>150,742</u>
Change in net position	<u>\$ 137,302</u>

**TOWN OF BROADWAY, NORTH CAROLINA
 WATER AND SEWER CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES -
 BUDGET AND ACTUAL
 From Inception and for the year ended June 30, 2024**

	<u>Project Budget</u>	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to June 30, 2024</u>
Revenues:				
Grants	<u>\$ 167,500</u>	<u>\$ 150,742</u>	<u>\$ 160,017</u>	<u>\$ 310,759</u>
Expenditures:				
Water line project - capital outlay	<u>168,180</u>	<u>150,742</u>	<u>160,017</u>	<u>310,759</u>
Other financing sources:				
Transfers in - Water/Sewer	<u>680</u>	<u>-</u>	<u>680</u>	<u>680</u>
Total other financing sources	<u>680</u>	<u>-</u>	<u>680</u>	<u>680</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 680</u>	<u>\$ 680</u>

TOWN OF BROADWAY, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2024

<u>Fiscal year</u>	<u>Uncollected balance June 30, 2023</u>	<u>Additions</u>	<u>Collections and credits</u>	<u>Uncollected balance June 30, 2024</u>
2023-2024	\$ -	\$ 682,699	\$ (677,276)	\$ 5,423
2022-2023	6,730	-	(3,632)	3,098
2021-2022	1,279	-	(776)	503
2020-2021	1,122	-	(258)	864
2019-2020	1,335	-	(282)	1,053
2018-2019	1,173	-	(204)	969
2017-2018	275	-	(85)	190
2016-2017	666	-	(3)	663
2015-2016	576	-	(107)	469
2014-2015	256	-	-	256
2013-2014	<u>71</u>	<u>-</u>	<u>(1)</u>	<u>70</u>
Net taxes receivable	<u>\$ 13,483</u>	<u>\$ 682,699</u>	<u>\$ (682,624)</u>	13,558
Less: allowance for uncollectable accounts				<u>7,977</u>
Ad valorem taxes receivable - net				<u>\$ 5,581</u>
Reconciliation with revenues:				
Ad valorem taxes - General Fund				\$ 682,361
Reconciling items:				
Taxes released and written off				<u>263</u>
Subtotal				<u>263</u>
Total collections and credits				<u>\$ 682,624</u>

TOWN OF BROADWAY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
For the Fiscal Year Ended June 30, 2024

	Town-wide		Total levy		
	Property valuation	Rate	Total levy	Property excluding registered motor vehicles	Registered motor vehicles
Original levy:					
Property taxed at current year's rate	\$ 134,149,091	\$ 0.44	\$ 590,256	\$ 590,256	\$ -
Corporate utility	1,532,273	0.44	6,742	6,742	-
Motor vehicles tag and tax levy	18,973,409	0.44	83,483	-	83,483
Penalties	-		299	299	-
	<u>154,654,773</u>		<u>680,780</u>	<u>597,297</u>	<u>83,483</u>
Discoveries:					
Current year taxes	195,813	0.44	812	812	-
Gap bills	202,722	0.44	1,427	1,427	-
Penalties	-	0.44	178	178	-
	<u>155,053,308</u>		<u>683,197</u>	<u>599,714</u>	<u>83,483</u>
Abatements	(500)		(498)	(498)	-
Total property valuation	<u>\$ 155,052,808</u>				
Net levy			682,699	599,216	83,483
Uncollected taxes at June 30, 2024			5,423	5,090	333
Current year's taxes collected			<u>\$ 677,276</u>	<u>\$ 594,126</u>	<u>\$ 83,150</u>
Current levy collection percentage			<u>99.21%</u>	<u>99.15%</u>	<u>99.60%</u>

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