

Town of Broadway

Financial Statements

For the Fiscal Year Ended June 30, 2009

TOWN OF BROADWAY, NORTH CAROLINA

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McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Broadway, North Carolina, as of and for the year ended June 30, 2009, which collectively comprise the Town of Broadway's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Broadway's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Broadway, North Carolina as of June 30, 2009, 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 conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 2 through 9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Broadway, North Carolina's basic financial statements. The combining and individual fund financial statements and schedules as well as the supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McGladrey & Pullen, LLP

Greensboro, North Carolina
October 30, 2009

**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 (Town) for the fiscal year ended June 30, 2009. 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.

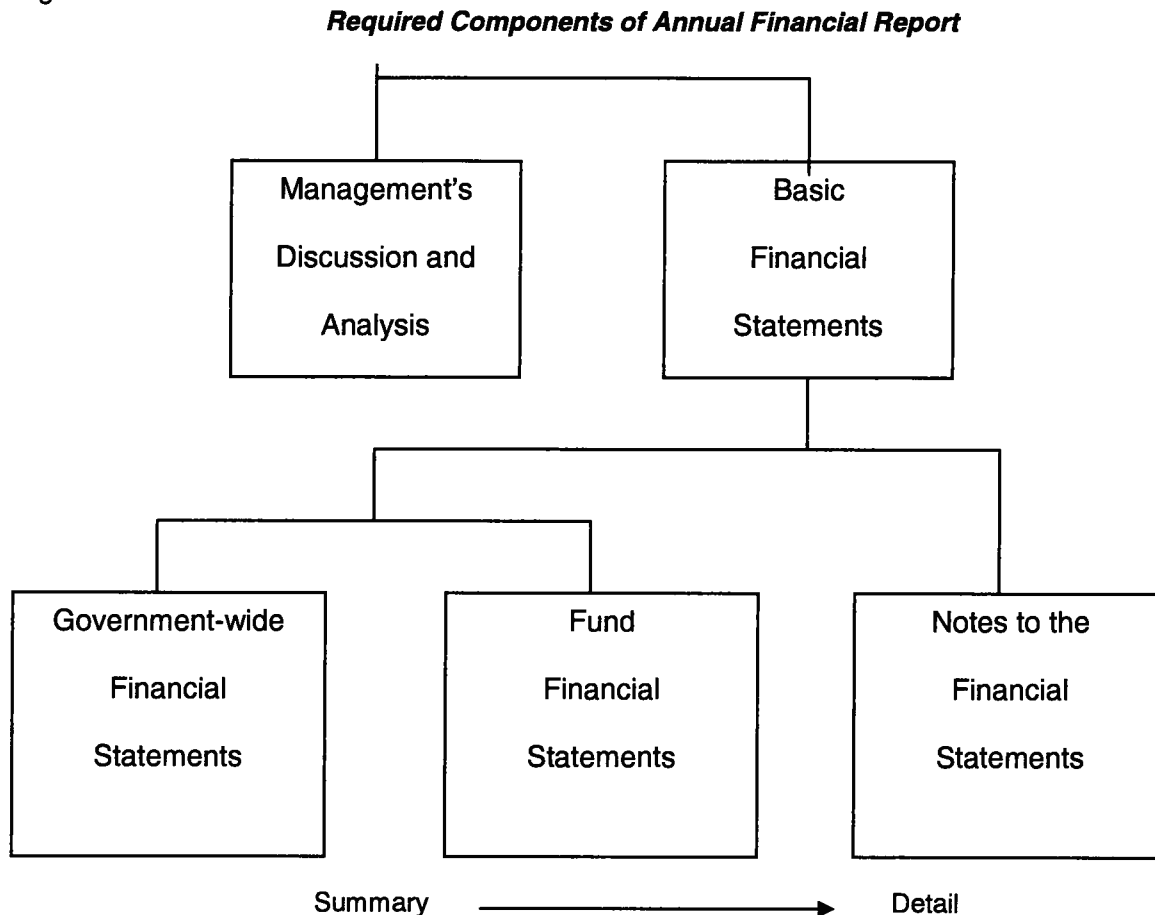
Financial Highlights

- The assets of the Town of Broadway exceeded its liabilities at the close of the fiscal year by \$2,697,639. The assets of the governmental activities exceeded liabilities by \$1,260,876 and the assets of the business-type activities exceeded liabilities by \$1,436,763.
- The government's total net assets increased by \$138,461.
- As of the close of the current fiscal year, the Town of Broadway's general fund reported ending fund balance of \$857,976, an increase of \$62,847 in comparison with the prior year. Approximately 49 percent of this total amount, or \$416,806, is available for spending at the government's discretion (*unreserved, undesignated fund balance*).
- As of the close of the current fiscal year, the Town's business-type funds reported combined ending net assets of \$1,436,763, an increase of \$72,034.

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.

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 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 assets and how they have changed. Net assets are the difference between the Town's total assets and total liabilities. Measuring net assets is one way to gauge the Town's financial condition. Over time, increases or decreases in net assets help determine whether the Town's financial position is improving or deteriorating. The statement of activities presents information which show how the Town's net assets changed during the most recent fiscal year.

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 10 and 11 of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) 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 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 assets 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 Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Council; 2) the final budget as amended by the Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – The Town has one enterprise 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 Assets 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 18 of this report.

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

Net Assets

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

**Town of Broadway
Statement of Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 898,064	\$ 836,307	\$ 226,649	\$ 166,912	\$ 1,124,713	\$ 1,003,219
Capital assets	500,176	463,171	1,925,052	1,939,170	2,425,228	2,402,341
Total assets	<u>1,398,240</u>	<u>1,299,478</u>	<u>2,151,701</u>	<u>2,106,082</u>	<u>3,549,941</u>	<u>3,405,560</u>
Long-term liabilities	-	-	668,000	700,000	668,000	700,000
Other liabilities	137,364	105,029	46,938	41,353	184,302	146,382
Total liabilities	<u>137,364</u>	<u>105,029</u>	<u>714,938</u>	<u>741,353</u>	<u>852,302</u>	<u>846,382</u>
Net assets:						
Invested in capital assets, net of related debt	500,176	463,171	1,257,052	1,239,170	1,757,228	1,702,341
Restricted	302,279	284,026	-	-	302,279	284,026
Unrestricted	<u>458,421</u>	<u>447,252</u>	<u>179,711</u>	<u>125,559</u>	<u>638,132</u>	<u>572,811</u>
Total net assets	<u>\$ 1,260,876</u>	<u>\$ 1,194,449</u>	<u>\$ 1,436,763</u>	<u>\$ 1,364,729</u>	<u>\$ 2,697,639</u>	<u>\$ 2,559,178</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Town exceeded liabilities by \$2,697,639 as of June 30, 2009. The Town's net assets increased by \$138,461 for the fiscal year ended June 30, 2009. The largest portion of net assets, 65%, reflects the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's 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 assets, \$302,279 (11%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$638,132 (24%) is unrestricted.

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

Changes in Net Assets

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

**Town of Broadway
Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 12,177	\$ 11,338	\$ 358,986	\$ 351,976	\$ 371,163	\$ 363,314
Operating grants and contributions	56,913	55,531	-	-	56,913	55,531
Capital grants	5,395	-	49,921	20,000	55,316	20,000
General revenues:						
Property taxes	357,128	361,548	-	-	357,128	361,548
Other taxes	256,785	296,830	-	-	256,785	296,830
Other	97,291	101,109	788	3,709	98,079	104,818
Total revenues	<u>785,689</u>	<u>826,356</u>	<u>409,695</u>	<u>375,685</u>	<u>1,195,384</u>	<u>1,202,041</u>
Expenses:						
General government	359,328	352,297	-	-	359,328	352,297
Public safety	248,750	223,946	-	-	248,750	223,946
Transportation	25,970	46,263	-	-	25,970	46,263
Environmental protection	68,567	69,422	-	-	68,567	69,422
Cultural and recreational	16,647	5,687	-	-	16,647	5,687
Water and sewer	-	-	337,661	336,086	337,661	336,086
Total expenses	<u>719,262</u>	<u>697,615</u>	<u>337,661</u>	<u>336,086</u>	<u>1,056,923</u>	<u>1,033,701</u>
Increase in net assets	66,427	128,741	72,034	39,599	138,461	168,340
Net assets, July 1	<u>1,194,449</u>	<u>1,065,708</u>	<u>1,364,729</u>	<u>1,325,130</u>	<u>2,559,178</u>	<u>2,390,838</u>
Net assets, June 30	<u>\$ 1,260,876</u>	<u>\$ 1,194,449</u>	<u>\$ 1,436,763</u>	<u>\$ 1,364,729</u>	<u>\$ 2,697,639</u>	<u>\$ 2,559,178</u>

Governmental activities – Governmental activities increased the Town's net assets by \$66,427. Elements of this increase are as follows:

- Sales and services revenue increased due to more rentals of the community building.
- Contributions and donations totaled \$17,641.
- Investment earnings of \$13,531 due to higher investment balances throughout the year.

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

Business-type activities: Business-type activities increased the Town's net assets by \$72,034. Key elements of this increase are as follows:

- Increase in user charges due to increase in consumption.
- Capital contributions relating to grants totaled \$49,921.

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. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$416,806, while total fund balance reached \$857,976. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 57 percent of total General Fund expenditures, while total fund balance represents 118 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.

Revenues were less than budgeted amounts primarily due to less local option sales tax and Powell Bill funds received. Expenditures were less than budgeted amounts primarily due to less street expenditures and less general government operating expenses.

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 assets of the Water and Sewer Fund at the end of the fiscal year amounted to \$179,711. The total increase in net assets was \$72,034. 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, 2009, totals \$2,425,228 (net of accumulated depreciation). These assets include buildings, streets, storm drainage, sidewalks, land, machinery and equipment, and vehicles.

- Major capital asset purchases in the governmental fund included a police car, repairs to streets, storm drain basins and paving of a parking lot.
- Major capital purchases in the proprietary fund included upgrades to the Waste Water Treatment Plant and the wastewater study.

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

**Town of Broadway
Capital Assets**

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 256,754	\$ 256,754	\$ 60,934	\$ 60,934	\$ 317,688	\$ 317,688
Construction in progress	-	-	-	20,000	-	20,000
Total non-depreciable assets	256,754	256,754	60,934	80,934	317,688	337,688
Buildings and improvements	338,434	296,434	3,811,147	3,712,228	4,149,581	4,008,662
Furniture and equipment	39,086	36,651	-	-	39,086	36,651
Vehicles	168,136	147,384	16,710	16,710	184,846	164,094
Total depreciable assets	545,656	480,469	3,827,857	3,728,938	4,373,513	4,209,407
Accumulated depreciation	302,234	274,052	1,963,739	1,870,702	2,265,973	2,144,754
Depreciable assets, net	243,422	206,417	1,864,118	1,858,236	2,107,540	2,064,653
Total	\$ 500,176	\$ 463,171	\$ 1,925,052	\$ 1,939,170	\$ 2,425,228	\$ 2,402,341

Additional information on the Town's capital assets can be found in Note 5 of the basic financial statements.

Long-term Debt. As of June 30, 2009, the Town had total bonded debt outstanding of \$668,000. This debt is backed by the full faith and credit of the Town.

**Town of Broadway
Outstanding Debt
General Obligation Bonds**

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ -	\$ -	\$ 668,000	\$ 700,000	\$ 668,000	\$ 700,000

The Town's bonded debt decreased by \$32,000 during the past fiscal year due to principal payments on existing bonded debt.

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 is approximately \$5.8 million.

Additional information regarding the Town's long-term debt can be found in Note 10 beginning on page 29 of this report.

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

Economic Factors

The following is the key economic indicator for the Town.

- The county unemployment rate increased 7.6% from prior year to 14.8%.

Budget Highlights for the Fiscal Year Ending June 30, 2010

Governmental Activities: The governmental fund's primary revenue resources are property taxes and intergovernmental revenues. For the fiscal year ending June 30, 2010, the budget decreased 3.1% over the prior year. The decrease was due to a decrease in amounts budgeted for ad valorem taxes and local option taxes compared to prior year.

Business-type Activities: The business-type funds budgeted revenue increased 1.3% for the fiscal year ending June 30, 2010. The largest increases in budgeted expenses are for salaries.

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 ASSETS
June 30, 2009

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 740,953	\$ 236,941	\$ 977,894
Receivables			
Ad valorem taxes, net of allowance of \$4,126	13,724	-	13,724
Other	13,981	29,992	43,973
Customers, net of allowance of \$13,931	-	45,334	45,334
Other governmental agencies	38,959	-	38,959
Internal balances	90,447	(90,447)	-
Deferred bond issuance costs	-	4,829	4,829
Capital assets:			
Land	256,754	60,934	317,688
Other capital assets, net of accumulated depreciation	243,422	1,864,118	2,107,540
Total capital assets - net	<u>500,176</u>	<u>1,925,052</u>	<u>2,425,228</u>
Total assets	<u>1,398,240</u>	<u>2,151,701</u>	<u>3,549,941</u>
Liabilities			
Accounts payable and accrued expenses	108,300	24,958	133,258
Deposits	-	20,780	20,780
Unearned revenues	1,491	-	1,491
Accrued compensated absences	27,573	-	27,573
Grant payable	-	1,200	1,200
Long-term liabilities:			
Due in one year	-	33,000	33,000
Due in more than one year	-	635,000	635,000
Total liabilities	<u>137,364</u>	<u>714,938</u>	<u>852,302</u>
Net assets			
Invested in capital assets, net of related debt	500,176	1,257,052	1,757,228
Restricted	302,279	-	302,279
Unrestricted	<u>458,421</u>	<u>179,711</u>	<u>638,132</u>
Total net assets	<u>\$ 1,260,876</u>	<u>\$ 1,436,763</u>	<u>\$ 2,697,639</u>

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

TOWN OF BROADWAY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

Function/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government	
			Grants and Contributions	Capital Grants and Contributions		Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 359,328	\$ 12,070	\$ 17,641	\$ -	\$ (329,617)	\$ -	\$ (329,617)
Public safety	248,750	107	1,254	5,395	(241,994)	-	(241,994)
Transportation	25,970	-	38,018	-	12,048	-	12,048
Environmental protection	68,567	-	-	-	(68,567)	-	(68,567)
Cultural and recreational	16,647	-	-	-	(16,647)	-	(16,647)
Total governmental activities	719,262	12,177	56,913	5,395	(644,777)	-	(644,777)
Business-type activities:							
Water and sewer	337,661	358,986	-	49,921	-	71,246	71,246
Total primary government	\$ 1,056,923	\$ 371,163	\$ 56,913	\$ 55,316	(644,777)	71,246	(573,531)
General revenues:							
Ad valorem taxes					357,128	-	357,128
Local option taxes					196,316	-	196,316
Other taxes					60,469	-	60,469
Investment earnings					13,531	788	14,319
Miscellaneous					83,760	-	83,760
Total general revenues					711,204	788	711,992
Change in net assets					66,427	72,034	138,461
Net assets, beginning of year					1,194,449	1,364,729	2,559,178
Net assets, end of year					\$ 1,260,876	\$ 1,436,763	\$ 2,697,639

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

TOWN OF BROADWAY, NORTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2009

ASSETS	<u>Major Fund General</u>
Cash and cash equivalents	\$ 740,953
Taxes receivable, net of allowance of \$4,126	13,724
Other receivables	13,981
Due from other government	38,959
Due from water and sewer fund	<u>90,447</u>
 Total assets	 <u>\$ 898,064</u>
 LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable and accrued liabilities	\$ 20,377
Unavailable/unearned revenues	<u>19,711</u>
Total liabilities	<u>40,088</u>
Fund balance:	
Fund balances:	
Reserved by State statute	138,891
Reserved for streets - Powell Bill	302,279
Unreserved (available for appropriation):	
Undesignated	<u>416,806</u>
Total fund balance	<u>857,976</u>
 Total liabilities and fund balance	 <u>\$ 898,064</u>
 Reconciliation of fund balance in the balance sheet - governmental funds with net assets - governmental activities:	
Fund balance as reported in the balance sheet - governmental funds	\$ 857,976
 Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds	500,176
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	18,220
Some liabilities, including law enforcement officers' special separation allowance and compensated absences, are not due and payable in current period and therefore are not reported in the funds	<u>(115,496)</u>
 Net assets of governmental activities	 <u>\$ 1,260,876</u>

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

TOWN OF BROADWAY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	Major Fund - General
Revenues:	
Ad valorem taxes	\$ 359,022
Other taxes and licenses	196,316
Unrestricted intergovernmental revenues	60,469
Restricted intergovernmental revenues	43,413
Contributions & donations	17,641
Drug forfeiture revenues	1,798
Sales and services	12,177
Investment earnings	13,531
Miscellaneous	<u>83,760</u>
Total revenues	<u>788,127</u>
Expenditures:	
General government	382,175
Public safety	231,921
Transportation	25,970
Environmental protection	68,567
Cultural and recreational	<u>16,647</u>
Total expenditures	<u>725,280</u>
Revenues in excess of expenditures	62,847
Fund balance, beginning of year	<u>795,129</u>
Fund balance, end of year	<u>\$ 857,976</u>
Reconciliation of net change in fund balance in the statement of revenues, expenditures and changes in fund balance - governmental funds to change in net assets - governmental activities:	
Revenues in excess of expenditures	\$ 62,847
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. As a result, the gain/loss on disposal of those assets would also differ between the two statements in an amount equal to the basis of the asset reported on the date of disposal.	
Capital assets	65,187
Depreciation	(28,182)
Revenues in the statement of activities that do not provide current financial resources are not available as revenues in the funds.	(2,438)
Compensated absences and law enforcement officers' special separation allowance in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(30,987)</u>
Change in net assets of governmental activities	<u>\$ 66,427</u>

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

TOWN OF BROADWAY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
ANNUAL BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with final budget</u>
Revenues:				
Ad valorem taxes	\$ 355,000	\$ 355,000	\$ 359,022	\$ 4,022
Other taxes and licenses	215,745	215,745	196,316	(19,429)
Unrestricted intergovernmental revenues	59,279	59,279	60,469	1,190
Restricted intergovernmental revenues	40,539	49,482	43,413	(6,069)
Contributions & donations	-	15,000	17,641	2,641
Drug forfeiture revenues	-	2,981	1,798	(1,183)
Sales and services	11,000	11,000	12,177	1,177
Investment earnings	8,500	8,500	13,531	5,031
Miscellaneous	<u>86,991</u>	<u>86,991</u>	<u>83,760</u>	<u>(3,231)</u>
Total revenues	<u>777,054</u>	<u>803,978</u>	<u>788,127</u>	<u>(15,851)</u>
Expenditures:				
General government	443,118	443,118	382,175	60,943
Public safety	243,233	255,157	231,921	23,236
Transportation	11,400	61,400	25,970	35,430
Environmental protection	73,500	73,500	68,567	4,933
Cultural and recreational	<u>12,200</u>	<u>27,200</u>	<u>16,647</u>	<u>10,553</u>
Total expenditures	<u>783,451</u>	<u>860,375</u>	<u>725,280</u>	<u>135,095</u>
Revenues over (under) expenditures	<u>(6,397)</u>	<u>(56,397)</u>	<u>62,847</u>	<u>119,244</u>
Other financing sources				
Fund balance surplus	<u>6,397</u>	<u>56,397</u>	<u>-</u>	<u>(56,397)</u>
Revenues under expenditures and other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>62,847</u>	<u>\$ 62,847</u>
Fund balance, beginning of year			<u>795,129</u>	
Fund balance, end of year			<u>\$ 857,976</u>	

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

TOWN OF BROADWAY, NORTH CAROLINA
STATEMENT OF NET ASSETS - PROPRIETARY FUND
June 30, 2009

	Business-type Activities - Enterprise
	Major Fund - Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 236,941
Accounts receivable, net of allowance of \$13,931	45,334
Other receivables	29,992
Deferred bond issue costs, net	<u>4,829</u>
Total current assets	<u>317,096</u>
Capital assets:	
Land, improvements and construction in progress	60,934
Other capital assets, net of accumulated depreciation	<u>1,864,118</u>
Total capital assets	<u>1,925,052</u>
Total assets	<u>\$ 2,242,148</u>
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable and accrued liabilities	\$ 24,958
Current portion of general obligation bonds	33,000
Deposits	20,780
Grant payable	1,200
Due to general fund	<u>90,447</u>
Total current liabilities	170,385
General obligation bonds payable	<u>635,000</u>
Total liabilities	<u>805,385</u>
Net assets:	
Invested in capital assets, net of related debt	1,257,052
Unrestricted	<u>179,711</u>
Total net assets	<u>1,436,763</u>
Total liabilities and net assets	<u>\$ 2,242,148</u>

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

TOWN OF BROADWAY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - PROPRIETARY FUND
For the Year Ended June 30, 2009

	Business-type Activities - Enterprise <u>Major Fund - Water and Sewer Fund</u>
Operating revenues:	
Charges for services	\$ <u>358,986</u>
Operating expenses:	
Water and sewer operations	202,103
Depreciation and amortization	<u>93,322</u>
Total operating expenses	<u>295,425</u>
Operating income	<u>63,561</u>
Nonoperating revenues (expenses):	
Interest earned on investments	788
Interest expense	<u>(42,236)</u>
Nonoperating expenses - net	<u>(41,448)</u>
Income before capital contributions and transfers	22,113
Capital contributions	<u>49,921</u>
Change in net assets	72,034
Net assets, beginning of year	<u>1,364,729</u>
Net assets, end of year	<u>\$ 1,436,763</u>

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

TOWN OF BROADWAY, NORTH CAROLINA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Year Ended June 30, 2009

	Business-type Activities - <u>Enterprise</u> Major Fund - Water and Sewer <u>Fund</u>
Cash flows from (to) operating activities:	
Cash received from customers	\$ 358,269
Cash paid for goods and services	(156,244)
Cash paid to employees for services	(41,795)
Customer deposits received, net	<u>321</u>
Net cash provided by operating activities	<u>160,551</u>
Cash flows from (to) noncapital and related financing activities:	
General fund loan payment	(5,000)
Grant payable	<u>1,200</u>
Net cash used by noncapital and related financing activities	<u>(3,800)</u>
Cash flows from (to) capital and related financing activities:	
Principal paid on bonds	(32,000)
Interest paid on bonds	(44,861)
Acquisition and construction of capital assets	(78,919)
Grants	<u>40,000</u>
Net cash used in capital and related financing activities	<u>(115,780)</u>
Cash flows from investing activities:	
Interest on investments	<u>3,416</u>
Net increase in cash and cash equivalents	44,387
Cash and cash equivalents, beginning of year	<u>192,554</u>
Cash and cash equivalents, end of year	<u>\$ 236,941</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 63,561
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	93,322
Bad debt expense	2,625
Change in assets and liabilities:	
Decrease in accounts receivable	(3,342)
Increase in accounts payable	4,064
Increase in customer deposits	<u>321</u>
Net cash provided by operating activities	<u>\$ 160,551</u>

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

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 1 - 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 of Broadway is a municipal corporation which is governed by an elected mayor and a five-member council.

B. Basis of Presentation – Government-wide and Fund Financial Statements

Government-wide Statements - The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the Town. 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 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 including multipurpose grants that do not provide for specific identification of a program.

Fund Financial Statements - The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary*. The emphasis of fund financial statements is on major governmental and enterprise 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. Nonoperating 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. It 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 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.

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.

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. Property tax revenue 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 nonoperating 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 of Broadway are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements - Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are 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 capital leases are reported as other financing sources.

The Town recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized on the modified accrual basis of accounting when they are measurable and available. Non-exchange transactions occur when one government provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return.

Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers all general revenues available if they are collected within 60 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 are materially past due and are not considered to be an available resource to finance the operations of the current year.

The Town reports unavailable revenue on its balance sheet - governmental funds when potential revenue does not meet the "available" criteria for recognition in the current period. Unearned revenues are reported on both the Town's statement of net assets and its balance sheet - governmental funds when the Town receives resources before it has a legal claim to them. In addition, deferred revenues are reported on the Town's statement of net assets when receivables are collectible over an extended period of time and their collectability cannot be reasonably estimated or the Town anticipates forgiving the debt at some future date.

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

As of January 1, 1993, 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, Lee County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the Town of Broadway.

For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the Town's vehicle taxes for vehicles registered in Lee County from March 2008 through February 2009 apply to the fiscal year ended June 30, 2009. Uncollected taxes which were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

Sales taxes collected and held by the State at year-end on behalf of the Town are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. On behalf of payments made by the State to the Firemen's and Rescue Squad Worker's Pension Plan for volunteer firemen and rescue squad workers, as well as employees of the Town, are recognized as revenues and expenditures during the period in which the State makes the contributions to the plan.

As permitted by generally accepted accounting principles, the Town has elected to apply only applicable Financial Accounting Standards Board ("FASB") Statements and Interpretations issued on or before November 30, 1989 that do not contradict Governmental Accounting Standards Board ("GASB") pronouncements in its accounting and reporting practices for its proprietary operations.

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. 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. 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. During the year, several amendments to the original budget were necessary, the effects of which were not material.

A budget calendar is included in the North Carolina General Statutes which prescribes the last day on which certain steps of that budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

April 30 - Each department head will transmit to the budget officer the budget requests and the revenue estimates for their department for the budget year.

June 1 - The budget and the budget message shall be submitted to the governing board. The public hearing on the budget shall be scheduled at this time.

July 1 - The budget ordinance shall be adopted by the governing board.

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

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, 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 nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The Town's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost.

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. 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, 2008. 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.

4. 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.

5. Due to/from Other Funds

At June 30, 2009, the Water and Sewer Fund owed the General Fund \$90,447. The Water and Sewer Fund borrowed money from the General Fund to pay off water & sewer bonds.

6. 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 are recorded at their estimated fair value at the date of donation. 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

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Fund Equity (Continued)

when fixed 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 has elected not to capitalize those interest costs incurred during the construction period of capital assets used in governmental funds.

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

7. Long-term Debt

For governmental fund types, bond issuance costs are recognized during the current period. Bond proceeds are reported as other financing sources. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures.

In the governmental activities, business-type activities and proprietary fund statements long-term debt and other long-term obligations are reported as liabilities. Material bond issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Material issuance costs are reported as deferred charges.

The Town's long-term debt for water and sewer purposes is carried in the Water and Sewer Fund. The debt service requirements for the water and sewer debt are being met by water and sewer revenues, but the taxing power of the Town is pledged to make these payments if water and sewer revenues should ever be insufficient.

8. 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. Accumulated earned vacation at June 30, 2009 amounted to \$27,573, which relates to the governmental fund. The amount of accumulated vacation leave and the salary-related payments at year-end are not expected to be materially liquidated with expendable available financial resources and, as such, are reported as a noncurrent liability. The liability for accumulated vacation leave and the salary-related payments are reported in the Town's government wide and business-type activities financial statements as an expense and liability of those activities as the benefits accrue to employees.

The Town's sick leave policy provides for a forty-five (45) day 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.

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Fund Equity (Continued)

9. Net Assets/Fund Balance

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent 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.

In the fund financial statements, the Town's governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of equity represent tentative management plans that are subject to change.

State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance or fund equity for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved:

Reserved by State statute - portion of fund balance which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables which have not been offset by deferred revenues.

Reserved for streets - Powell Bill - portion of fund balance available for appropriation, but legally segregated for street construction and maintenance expenditures. It represents the balance of the total unexpended Powell Bill funds.

Undesignated - portion of total fund balance available for appropriation that is uncommitted at year-end.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Noncompliance with North Carolina General Statutes

Expenditures of on-behalf payments are not considered to be violations of State statute budget requirements.

NOTE 3 - CASH AND CASH EQUIVALENTS

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

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)

Deposits (Continued)

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

At June 30, 2009, the Town's deposits had a carrying amount of \$977,894 and a bank balance of \$979,864. Of the bank balance \$500,000 was covered by federal depository insurance and \$477,894 was covered by collateral held by authorized escrow agents in the name of the Town.

NOTE 4 – INTERFUND BALANCES

At June 30, 2009, \$90,447 was due to the general fund from the proprietary fund. The Town's bonded debt service was re-financed during fiscal year end 2001. At that time, the Town's general fund loaned the utility fund \$207,925 to be paid back over time.

NOTE 5 - CAPITAL ASSETS

Capital assets at June 30, 2009 are summarized below:

Governmental activities by function:

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2009</u>
General government	\$ 560,001	\$ 42,000	\$ -	\$ 602,001
Public safety	85,422	23,187	-	108,609
Transportation	14,400	-	-	14,400
Environmental protection	12,000	-	-	12,000
Cultural and recreational	65,400	-	-	65,400
	<u>\$ 737,223</u>	<u>\$ 65,187</u>	<u>\$ -</u>	<u>\$ 802,410</u>

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 5 - CAPITAL ASSETS (Continued)

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2009</u>
Less accumulated depreciation for:				
General government	\$ 195,168	\$ 18,593	\$ -	\$ 213,761
Public safety	52,484	9,589	-	62,073
Transportation	14,400	-	-	14,400
Environ. protection	12,000	-	-	12,000
	<u>274,052</u>	<u>28,182</u>	<u>-</u>	<u>302,234</u>
Governmental activities capital assets, net	<u>\$ 463,171</u>			<u>\$ 500,176</u>

Governmental activities by type:

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2009</u>
Non-depreciable assets:				
Land	\$ 256,754	\$ -	\$ -	\$ 256,754
Depreciable assets:				
Buildings	296,434	42,000	-	338,434
Furniture and equipment	36,651	2,435	-	39,086
Vehicles	147,384	20,752	-	168,136
Total depreciable assets	\$ 480,469	\$ 65,187	\$ -	\$ 545,656
Less accumulated depreciation for:				
Buildings	\$ 130,724	\$ 11,288	\$ -	\$ 142,012
Furniture and equipment	24,894	4,178	-	29,072
Vehicles	118,434	12,716	-	131,150
Total accumulated depreciation	<u>274,052</u>	<u>28,182</u>	<u>-</u>	<u>302,234</u>
Depreciable assets, net	<u>206,417</u>			<u>243,422</u>
Governmental activities capital assets, net	<u>\$ 463,171</u>			<u>\$ 500,176</u>

Business-type activities by type:

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2009</u>
Non-depreciable assets:				
Land	\$ 60,934	\$ -	\$ -	\$ 60,934
Construction in progress	20,000	-	20,000	-
Total non-depreciable assets	<u>\$ 80,934</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 60,934</u>

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 5 - CAPITAL ASSETS (Continued)

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2009</u>
Depreciable assets:				
Water tank	\$ 100,392	\$ -	\$ -	\$ 100,392
Water system	757,437	-	-	757,437
Vehicles	16,710	-	-	16,710
Sewer system	1,973,817	-	-	1,973,817
Sewer pumps	190,387	-	-	190,387
Waste water treatment	<u>690,195</u>	<u>98,919</u>	-	<u>789,114</u>
Total depreciable assets	<u>\$ 3,728,938</u>	<u>\$ 98,919</u>	<u>\$ -</u>	<u>\$ 3,827,857</u>
Less accumulated depreciation for:				
Water tank	\$ 44,316	\$ 1,039	\$ -	\$ 45,355
Water system	342,776	13,343	-	356,119
Equipment and vehicles	9,668	3,522	-	13,190
Sewer system	1,025,034	49,792	-	1,074,826
Sewer pumps	97,571	5,608	-	103,179
Waste water treatment	<u>351,337</u>	<u>19,733</u>	-	<u>371,070</u>
Total accumulated depreciation	<u>1,870,702</u>	<u>93,037</u>	<u>-</u>	<u>1,963,739</u>
Depreciable assets, net	<u>1,858,236</u>			<u>1,864,118</u>
Business-type activities capital assets, net	<u>\$ 1,939,170</u>			<u>\$ 1,925,052</u>

NOTE 6 - PENSION PLAN OBLIGATIONS

A. Local Governmental Employees' Retirement System

Plan Description - The Town of Broadway contributes to 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 provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy - Plan members are required to contribute six percent of their annual covered salary. The Town is required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 5.17% and 4.86%, respectively, of annual covered payroll. The contribution requirements of members and of the Town are established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for years ended June 30, 2009, 2008 and 2007 were \$16,258, \$15,482 and \$14,940, respectively. The contributions made by the Town equaled the required contributions for each year.

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 6 - PENSION PLAN OBLIGATIONS (Continued)

B. Law Enforcement Officers Special Separation Allowance

Plan Description - The Town of Broadway administers a public employee retirement system (the "Separation Allowance"), a single-employer retirement defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. 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. The Plan does not maintain separate financial statements since the Plan will be funded when expenditures become due.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2008, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>4</u>
Total	<u><u>5</u></u>

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.

Method Used to Value Investments - No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and administration costs on a pay-as-you-go basis through appropriations made in the General Fund operating budget. For the current year, the Town paid no benefits. There were no contributions made to the plan by employees. The Town's obligation to make these payments was established and may be amended by the North Carolina General Assembly.

The Town has chosen not to have an actuarial study performed because the liability is considered to be immaterial. However, the Town has estimated its funding liability as of June 30, 2009 to be \$87,923 and has included the amount in accrued expenses.

C. Supplemental Retirement Income Plan for Law Enforcement Officers

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

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 6 - PENSION PLAN OBLIGATIONS (Continued)

C. Supplemental Retirement Income Plan for Law Enforcement Officers (Continued)

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, 2009 were \$14,274, which consisted of \$6,388 from the Town and \$7,886 from the law enforcement officers.

NOTE 7 – OTHER EMPLOYMENT BENEFITS

At retirement, all employees have the option to purchase basic medical insurance at the Town's group rate. The entire cost of this insurance is borne by the employees.

The Town has also 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. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. 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. Because the benefit payments are made by the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. For the fiscal year ended June 30, 2009, the Town made contributions to the State for death benefits of \$890. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.37% and 0.14% of covered payroll, respectively. The contribution to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount.

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 8 - DEFERRED REVENUES

The balance in deferred revenues at year-end is composed of the following elements:

Fund financial statements:

	<u>General Fund</u>
Prepaid taxes not yet earned	\$ 1,491
Unspent grant funds	4,496
Taxes receivable, net	<u>13,724</u>
	<u>\$ 19,711</u>

There are unearned revenues in the amount of \$1,491 recorded in the government-wide financial statements.

NOTE 9 - 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. The finance officer and the town clerk are individually bonded for \$50,000 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.

NOTE 10 - LONG-TERM OBLIGATIONS

A. General Obligation Bonds

The general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

Bonds payable at June 30, 2009 are comprised of the following individual issues:

Series A Sanitary Sewer Bonds - issued June 16, 1986; 5.00%, due serially from 1988 to 2025	\$ 336,000
Series B Sanitary Sewer Bonds - issued June 16, 1986; 7.125%, due serially from 1988 to 2026	274,000
Series C Sanitary Sewer Bonds - issued June 16, 1986; 7.125%, due serially from 1988 to 2026	<u>58,000</u>
Total	668,000
Less amounts currently due	<u>33,000</u>
Long-term liabilities	<u>\$ 635,000</u>

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 10 - LONG-TERM OBLIGATIONS (Continued)

A. General Obligation Bonds (Continued)

At June 30, 2009, the Town of Broadway had no bonds authorized but unissued and a legal debt margin of approximately \$5.8 million.

Annual debt service requirements to maturity for general obligation bonds, including interest, of \$1,031,575 on the water and sewer bonds, are as follows:

Fiscal Year ending <u>June 30</u>	<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 33,000	\$ 40,256
2011	36,000	38,444
2012	37,000	36,240
2013	38,000	33,987
2014	39,000	31,683
2015-2019	213,000	121,679
2020-2024	221,000	56,625
2025-2026	<u>51,000</u>	<u>4,661</u>
Total	<u>\$ 668,000</u>	<u>\$ 363,575</u>

B. 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, 2009.

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2009</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	<u>\$ 29,388</u>	<u>\$ -</u>	<u>\$ 1,815</u>	<u>\$ 27,573</u>	<u>\$ 27,573</u>
Business activities:					
Compensated absences	5,849	1,010	-	6,859	6,859
Bonded debt	<u>700,000</u>	<u>-</u>	<u>32,000</u>	<u>668,000</u>	<u>33,000</u>
Total	<u>\$ 705,849</u>	<u>\$ 1,010</u>	<u>\$ 32,000</u>	<u>\$ 674,859</u>	<u>\$ 39,859</u>

NOTE 11 - REVENUE, EXPENDITURES AND EXPENSES

A. Developer Contract

The Town entered into a contract with a private land developer during the year ended June 30, 1997. Significant provisions of the contract are that the land developer will construct the water and sewer facilities within the proposed development. Upon completion, the developer conveyed the water and sewer facilities to the Town. The Town will charge a usage fee in addition to the regular tap-on fee to property owners within the sub-division, with the usage fee to be calculated based on per front footage of the lot. The Town will collect the usage fee and remit the fee to the developer at least quarterly during the development period.

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 12 – ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

Statement No. 45 - *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*. GASB 45 improves the relevance and usefulness of financial reporting by: (a) requiring systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and (b) providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. GASB 45 is effective for the Town beginning with its fiscal year ended June 30, 2010. The Town has not yet determined the effect the implementation of GASB 45 will have on its financial statements.

Statement No. 51 - *Accounting and Financial Reporting for Intangible Assets*. GASB 51 requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. Additionally, GASB 51 establishes a specified-conditions approach to recognizing intangible assets that are internally generated and establishes criteria for when such expenditures should be capitalized. GASB 51 is effective for periods beginning after June 15, 2009 (the Town's fiscal year ended June 30, 2010) and generally requires its provision to be applied retroactively. The Town has not yet determined the effect the implementation of GASB 51 will have on its financial statements.

Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes a fund balance classification hierarchy based on constraints imposed upon the use of resources reported in the governmental funds. GASB 54 is effective for periods beginning after June 15, 2010 (the Town's fiscal year ended June 30, 2011). The Town has not yet determined the effect the implementation of GASB 54 will have on its financial statements.

TOWN OF BROADWAY, NORTH CAROLINA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2009
With Comparative Totals at June 30, 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and investments	\$ 740,953	\$ 669,163
Taxes receivable, net	13,724	15,618
Other receivables	13,981	11,566
Due from other governmental agencies	38,959	44,513
Due from water and sewer fund	<u>90,447</u>	<u>95,447</u>
 Total assets	 <u>\$ 898,064</u>	 <u>\$ 836,307</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	\$ 20,377	\$ 18,770
Unavailable/unearned revenues	<u>19,711</u>	<u>22,408</u>
 Total liabilities	 <u>40,088</u>	 <u>41,178</u>
Fund balance:		
Reserved by State statute	138,891	146,486
Reserved for streets - Powell Bill	302,279	284,026
Unreserved (available for appropriation):		
Undesignated	<u>416,806</u>	<u>364,617</u>
 Total fund balance	 <u>857,976</u>	 <u>795,129</u>
 Total liabilities and fund balance	 <u>\$ 898,064</u>	 <u>\$ 836,307</u>

**TOWN OF BROADWAY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2009
With Comparative Actual Amounts for the Year Ended June 30, 2008**

	2009		Variance with Final Budget	2008
	Final Budget	Actual		Actual
Revenues:				
Ad valorem taxes:				
Taxes	\$ 355,000	\$ 359,022	\$ 4,022	\$ 361,495
Other taxes and licenses:				
Local option sales tax	215,000	196,316		220,777
Cablevision franchise tax	745	-		14,529
	<u>215,745</u>	<u>196,316</u>	<u>(19,429)</u>	<u>235,306</u>
Unrestricted intergovernmental revenues:				
Utility franchise tax	53,000	55,348		56,573
State sales tax	1,000	253		-
Beer and wine tax	5,279	4,868		4,951
	<u>59,279</u>	<u>60,469</u>	<u>1,190</u>	<u>61,524</u>
Restricted intergovernmental revenues:				
"State Grant" proceeds	8,943	5,395		-
"State Street-Aid" allocation	40,539	38,018		42,385
	<u>49,482</u>	<u>43,413</u>	<u>(6,069)</u>	<u>42,385</u>
Contributions & Donations	<u>15,000</u>	<u>17,641</u>	<u>2,641</u>	<u>6,397</u>
Drug Forfeiture revenues	<u>2,981</u>	<u>1,798</u>	<u>(1,183)</u>	<u>2,275</u>
Sales and services:				
Cemetery	5,000	5,625		5,625
Community building rent	5,500	6,445		5,500
Police fee	500	107		213
	<u>11,000</u>	<u>12,177</u>	<u>1,177</u>	<u>11,338</u>
Investment earnings	<u>8,500</u>	<u>13,531</u>	<u>5,031</u>	<u>19,692</u>
Miscellaneous:				
Sanitation fees	71,000	66,653		66,665
Cell tower rent	13,991	13,992		13,453
Other	2,000	3,115		1,299
	<u>86,991</u>	<u>83,760</u>	<u>(3,231)</u>	<u>81,417</u>
Total revenues	<u>803,978</u>	<u>788,127</u>	<u>(15,851)</u>	<u>821,829</u>

(Continued)

TOWN OF BROADWAY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
For the Year Ended June 30, 2009
With Comparative Actual Amounts for the Year Ended June 30, 2008

	2009		Variance	2008
	Final Budget	Actual	with Final Budget	Actual
Expenditures:				
General government:				
Governing body:				
Salaries and benefits		\$ 9,301		\$ 9,301
Operating expenditures		105		5,823
	<u>10,540</u>	<u>9,406</u>	<u>1,134</u>	<u>15,124</u>
Administration:				
Salaries and benefits		65,483		62,071
Operating expenditures		40,635		44,291
Capital outlay		42,000		51,149
	<u>174,272</u>	<u>148,118</u>	<u>26,154</u>	<u>157,511</u>
Finance:				
Salaries and benefits		73,916		70,181
Operating expenditures		26,179		30,394
	<u>112,278</u>	<u>100,095</u>	<u>12,183</u>	<u>100,575</u>
Public buildings:				
Salaries and benefits		85,258		79,999
Operating expenditures		38,960		33,119
Capital outlay		-		3,913
	<u>145,128</u>	<u>124,218</u>	<u>20,910</u>	<u>117,031</u>
Cemetery:				
Operating expenditures	900	338	562	336
Total general government	<u>443,118</u>	<u>382,175</u>	<u>60,943</u>	<u>390,577</u>
Public safety:				
Police:				
Salaries and benefits		181,964		177,993
Operating expenditures		26,770		23,382
Capital outlay		23,187		2,530
Total public safety	<u>255,157</u>	<u>231,921</u>	<u>23,236</u>	<u>203,905</u>

(Continued)

TOWN OF BROADWAY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
For the Year Ended June 30, 2009
With Comparative Actual Amounts for the Year Ended June 30, 2008

	2009		Variance with Final Budget	2008
	Final Budget	Actual		Actual
Expenditures (Continued):				
Transportation:				
Streets:				
Operating expenditures	<u>\$ 61,400</u>	<u>\$ 25,970</u>	<u>\$ 35,430</u>	<u>\$ 46,263</u>
Environmental protection:				
Operating expenditures	<u>73,500</u>	<u>68,567</u>	<u>4,933</u>	<u>69,422</u>
Cultural and recreational:				
Operating expenditures	<u>27,200</u>	<u>16,647</u>	<u>10,553</u>	<u>5,687</u>
Total expenditures	<u>860,375</u>	<u>725,280</u>	<u>135,095</u>	<u>715,854</u>
Revenues in excess of (less than) expenditures	<u>(56,397)</u>	<u>62,847</u>	<u>119,244</u>	<u>105,975</u>
Other financing sources:				
Fund balance surplus	<u>56,397</u>	<u>-</u>	<u>(56,397)</u>	<u>-</u>
Total other financing sources (uses)	<u>56,397</u>	<u>-</u>	<u>(56,397)</u>	<u>-</u>
Revenues and other financing sources in excess of expenditures	<u>\$ -</u>	<u>62,847</u>	<u>\$ 62,847</u>	<u>\$ 105,975</u>
Fund balance, beginning of year		<u>795,129</u>		
Fund balance, end of year		<u>\$ 857,976</u>		

TOWN OF BROADWAY, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2009
With Comparative Amounts for the Year Ended June 30, 2008

	2009		Variance with Final Budget	2008	
	Final Budget	Actual		Actual	Actual
Revenues:					
Operating revenues:					
Charges for services	\$ 334,700	\$ 361,611	\$ 26,911	\$ 351,976	
Nonoperating revenues:					
Interest on investments	1,000	788	(212)	3,709	
Total revenues	<u>335,700</u>	<u>362,399</u>	<u>26,699</u>	<u>355,685</u>	
Expenditures:					
Water and sewer department:					
Salaries and benefits	53,475	53,438	37	51,162	
Operating expenditures	80,805	69,129	11,676	59,090	
Water purchased	<u>87,000</u>	<u>79,536</u>	<u>7,464</u>	<u>83,892</u>	
Total water and sewer department	<u>221,280</u>	<u>202,103</u>	<u>19,177</u>	<u>194,144</u>	
Debt service:					
Debt principal	32,000	32,000	-	31,000	
Interest	42,420	42,236	184	44,149	
Capital outlay	<u>10,079</u>	<u>-</u>	<u>10,079</u>	<u>40,750</u>	
Total debt service	<u>84,499</u>	<u>74,236</u>	<u>10,263</u>	<u>115,899</u>	
Total expenditures	<u>305,779</u>	<u>276,339</u>	<u>29,440</u>	<u>310,043</u>	
Revenues in excess of expenditures	29,921	86,060	56,139	45,642	
Other financing uses:					
Transfer to capital projects	<u>(29,921)</u>	<u>(29,921)</u>	<u>-</u>	<u>-</u>	
Revenues and other financing uses in excess of expenditures	<u>\$ -</u>	<u>\$ 56,139</u>	<u>\$ 56,139</u>	<u>\$ 45,642</u>	
Reconciliation of modified accrual basis to full accrual basis:					
Revenues in excess of expenditures		\$ 56,139			
Transfer to capital projects		29,921			
Depreciation and amortization		(93,322)			
Bad debt allowance		(2,625)			
Payment of debt principal		32,000			
Contributed capital		<u>49,921</u>			
Increase in Net Assets		<u>\$ 72,034</u>			

TOWN OF BROADWAY, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
For the Year Ended June 30, 2009

<u>Fiscal year</u>	Uncollected balance June 30, 2008	<u>Additions</u>	<u>Collections and credits</u>	Uncollected balance June 30, 2009
2008-2009	\$ -	\$ 356,098	\$ (347,986)	\$ 8,112
2007-2008	9,561	-	(7,807)	1,754
2006-2007	2,941	-	(1,143)	1,798
2005-2006	1,636	-	(226)	1,410
2004-2005	1,308	-	(136)	1,172
2003-2004	925	-	(330)	595
2002-2003	931	-	-	931
2001-2002	1,145	-	(12)	1,133
2000-2001	556	-	(21)	535
1999-2000	410	-	-	410
1998-1999	<u>330</u>	<u>-</u>	<u>(330)</u>	<u>-</u>
Net taxes receivable	<u>\$ 19,743</u>	<u>\$ 356,098</u>	<u>\$ (357,991)</u>	17,850
Less: allowance for uncollectable accounts				<u>4,126</u>
Ad valorum taxes receivable - net				<u>\$ 13,724</u>
Reconcilement with revenues:				
Taxes - ad valorem - General Fund				\$ 359,022
Reconciling items:				
Taxes written off				(196)
Other				<u>(835)</u>
Total collections and credits				<u>\$ 357,991</u>

TOWN OF BROADWAY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
For the Year Ended June 30, 2009

	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	\$ 74,852,887	\$ 0.44	\$ 329,352	\$ 304,142	\$ 25,210
Corporate utility	2,745,929	0.44	12,082	12,082	-
Motor vehicles at prior year's rate	3,410,637	0.44	15,007	-	15,007
Penalties	-		186	186	-
	<u>81,009,453</u>		<u>356,627</u>	<u>316,410</u>	<u>40,217</u>
Discoveries:					
Current year taxes	76,873	0.44	355	355	-
Penalties	-		37	37	-
	<u>81,086,326</u>		<u>357,019</u>	<u>316,802</u>	<u>40,217</u>
Abatements	<u>(208,099)</u>		<u>(921)</u>	<u>(36)</u>	<u>(885)</u>
Total property valuation	<u>\$ 80,878,227</u>				
Net levy			356,098	316,766	39,332
Uncollected taxes at June 30, 2009			<u>8,112</u>	<u>3,967</u>	<u>4,145</u>
Current year's taxes collected			<u>\$ 347,986</u>	<u>\$ 312,799</u>	<u>\$ 35,187</u>
Current levy collection percentage			<u>97.72%</u>	<u>98.75%</u>	<u>89.46%</u>