

**Town of Broadway, North Carolina**

Financial Statements

For the Fiscal Year Ended June 30, 2022

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

Barbara Cox, Finance Officer

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

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

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

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

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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, 2022. 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**

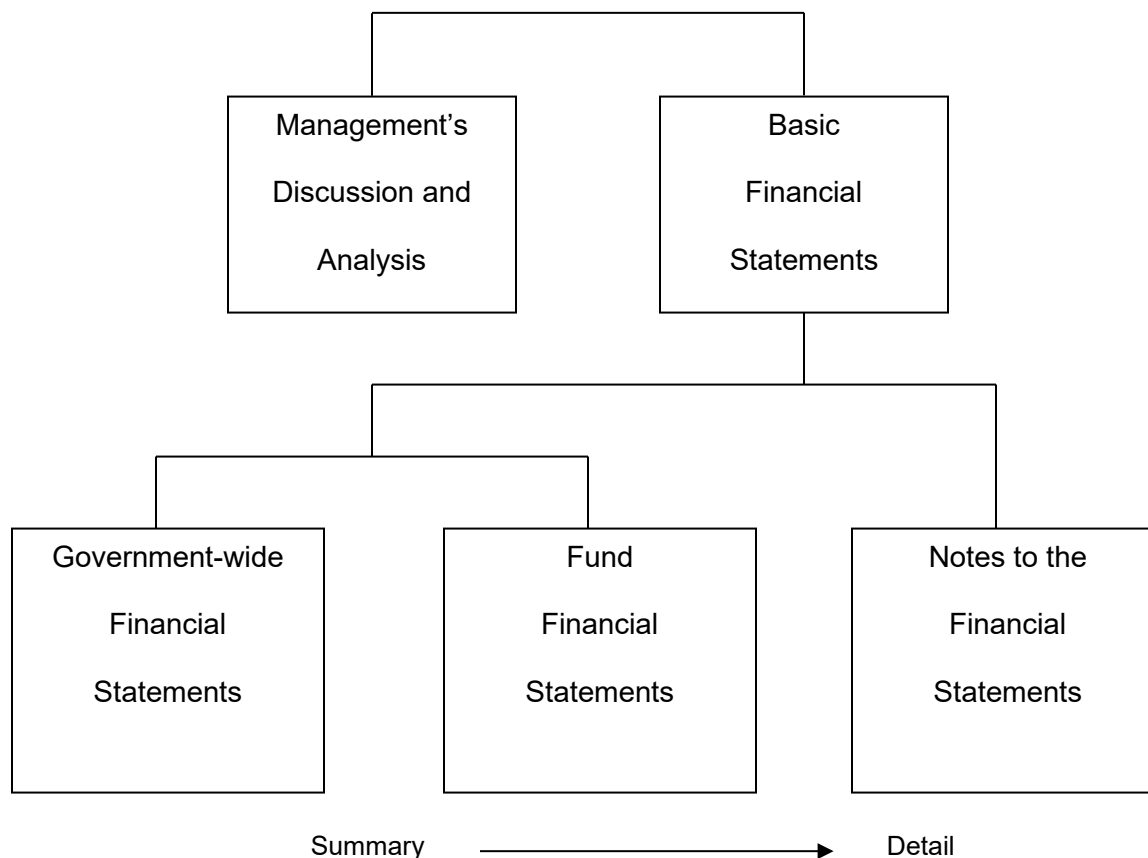
- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$3,497,406 (*net position*). The assets and deferred outflows of resources of the governmental activities exceeded liabilities and deferred inflows of resources by \$1,645,938 and the assets and deferred outflows of resources of the business-type activities exceeded liabilities and deferred inflows of resources by \$1,851,468.
- The government's total net position increased by \$76,106, primarily due to an increase property tax and sales tax revenues as well as a decrease in transportation expenses.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balance of \$1,280,976, an increase of \$76,017 in comparison with the prior year. Approximately 28.3 percent of this total amount, or \$362,733, is non-spendable or restricted.
- At the end of the current fiscal year unassigned fund balance for the general fund was \$850,109, or 78.6 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 combined ending net position of \$1,851,468, an increase of \$2,997.

**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)**

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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 15 and 16 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 25 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 47 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	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 1,598,324	\$ 1,242,460	\$ 815,446	\$ 705,970	\$ 2,413,770	\$ 1,948,430
Capital assets	1,197,282	1,213,296	1,100,415	1,207,582	2,297,697	2,420,878
Deferred outflows of resources	179,992	177,285	18,398	17,950	198,390	195,235
Total assets and deferred outflows of resources	<u>2,975,598</u>	<u>2,633,041</u>	<u>1,934,259</u>	<u>1,931,502</u>	<u>4,909,857</u>	<u>4,564,543</u>
Long-term liabilities	900,912	966,665	1,602	25,636	902,514	992,301
Other liabilities	360,325	88,157	62,466	57,423	422,791	145,580
Deferred inflows of resources	68,423	5,390	18,723	(28)	87,146	5,362
Total liabilities and deferred inflows of resources	<u>1,329,660</u>	<u>1,060,212</u>	<u>82,791</u>	<u>83,031</u>	<u>1,412,451</u>	<u>1,143,243</u>
Net position:						
Net investment in capital assets	552,245	572,228	1,100,415	1,207,582	1,652,660	1,779,810
Restricted	314,908	270,616	-	-	314,908	270,616
Unrestricted	778,785	729,985	751,053	640,889	1,529,838	1,370,874
Total net position	<u>\$ 1,645,938</u>	<u>\$ 1,572,829</u>	<u>\$ 1,851,468</u>	<u>\$ 1,848,471</u>	<u>\$ 3,497,406</u>	<u>\$ 3,421,300</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 \$3,497,406 as of June 30, 2022. The Town's net position increased by \$76,106 for the fiscal year ended June 30, 2022. However, the largest portion of net position (47.26%) 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, \$314,908 (9.0%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,529,838 (43.74%) 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	
	2022	2021	2022	2021	2022	2021
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 138,085	\$ 142,392	\$ 483,235	\$ 445,894	\$ 621,320	\$ 588,286
Operating grants and contributions	139,855	116,117	-	-	139,855	116,117
Capital grants and contributions	70,291	43,432	100,000	-	170,291	43,432
<b>General revenues:</b>						
Property taxes	499,094	481,761	-	-	499,094	481,761
Other taxes	220,290	193,847	-	-	220,290	193,847
Other	72,478	72,227	279	708	72,757	72,935
<b>Total revenues</b>	<b>1,140,093</b>	<b>1,049,776</b>	<b>583,514</b>	<b>446,602</b>	<b>1,723,607</b>	<b>1,496,378</b>
<b>Expenses:</b>						
General government	458,944	469,725	-	-	458,944	469,725
Public safety	313,832	344,898	-	-	313,832	344,898
Transportation	38,217	205,571	-	-	38,217	205,571
Environmental protection	116,001	112,864	-	-	116,001	112,864
Cultural and recreational	126,259	16,935	-	-	126,259	16,935
Interest on long-term debt	15,290	15,738	-	-	15,290	15,738
Water and sewer	-	-	580,517	430,040	580,517	430,040
<b>Total expenses</b>	<b>1,068,543</b>	<b>1,165,731</b>	<b>580,517</b>	<b>430,040</b>	<b>1,649,060</b>	<b>1,595,771</b>
Increase (decrease) in net position before disposals	71,550	(115,955)	2,997	16,562	74,547	(99,393)
Gain (loss) on disposal	1,559	1,410	-	-	1,559	1,410
Increase (decrease) in net position	73,109	(114,545)	2,997	16,562	76,106	(97,983)
Net position, beginning, previously reported	1,572,829	1,687,374	1,848,471	1,831,909	3,421,300	3,519,283
Net position, ending	\$ 1,645,938	\$ 1,572,829	\$ 1,851,468	\$ 1,848,471	\$ 3,497,406	\$ 3,421,300

**Governmental activities** – Governmental activities increased the Town's net position by \$73,109.

- Increase in grant monies received for capital and non-capital projects.
- Decrease in transportation expenses due to last year's spending on road paving.

**Business-type activities:** Business-type activities increased the Town's net position by \$2,997. Key factors to this change in net position are as follows:

- Increase in operating expense of 12.3% excluding non-capital project

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

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- Increase in overall revenue of 30.7%

**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 \$850,109, while total fund balance reached \$1,280,594. 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 78.60 percent of total General Fund expenditures, while total fund balance represents 118.41 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:

- \$20,000 increase to appropriate fund balance and increase the parks and recreation department budget for grant research for the Watson Lake Dam project.
- \$120,000 increase to appropriate fund balance and increase the parks and recreation department budget for an emergency action plan for the Watson Lake Dam project.
- \$50,000 grant project amendment for the federal pass-through grant for the Veteran's memorial project.
- \$18,000 increase to appropriate maintenance payroll expense and election expense funds to increase Code enforcement for anticipated contract costs.

**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 \$751,053. The total increase in net position was \$2,997. 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, 2022, totals \$2,295,245 (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 brush grapple, police car and lawn mower.

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

- There were no major capital asset purchases in the proprietary fund in this fiscal year.

**Town of Broadway  
Capital Assets  
Figure 4**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 256,754	\$ 256,754	\$ 85,934	\$ 85,934	\$ 342,688	\$ 342,688
Construction in progress	35,974	13,086	156,477	156,477	192,451	169,563
Total non-depreciable assets	292,728	269,840	242,411	242,411	535,139	512,251
Buildings and improvements	1,489,632	1,489,632	4,060,501	4,060,501	5,550,133	5,550,133
Furniture and equipment	90,686	81,436	-	-	90,686	81,436
Vehicles	192,473	186,033	42,148	42,148	234,621	228,181
Total depreciable assets	1,772,791	1,757,101	4,102,649	4,102,649	5,875,440	5,859,750
Accumulated depreciation	870,689	813,645	3,244,645	3,137,478	4,115,334	3,951,123
Depreciable assets, net	902,102	943,456	858,004	965,171	1,760,106	1,908,627
Total	\$ 1,194,830	\$ 1,213,296	\$ 1,100,415	\$ 1,207,582	\$ 2,295,245	\$ 2,420,878

Additional information on the Town's capital assets can be found in Note II of the basic financial statements beginning on page 34 of this report.

**Long-term Debt.** As of June 30, 2022, the Town's debt represents a building loan of \$622,057, installment purchases and lease agreements.

**Town of Broadway  
Outstanding Debt  
Figure 5**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Installment purchase	\$ 20,528	\$ 8,102	\$ -	\$ -	\$ 20,528	\$ 8,102
Leases	2,495	-	-	-	2,495	-
USDA loan	622,057	632,966	-	-	622,057	632,966
Total	\$ 645,080	\$ 641,068	\$ -	\$ -	\$ 645,080	\$ 641,068

The Town's total debt was decreased by \$4,012 during the past fiscal year. This represents a net increase of \$12,426 in installment purchases, a net decrease of \$10,909 in the USDA loan and an increase in leases of \$2,495.



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

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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 \$7,501,535.

Additional information regarding the Town's long-term debt can be found in Note III beginning on page 44 of this report.

**Economic Factors**

The following is the key economic indicator for the Town.

- The county unemployment rate decreased .5% from prior year to 4.6%.

**Budget Highlights for the Fiscal Year Ending June 30, 2023**

**Governmental Activities:** The governmental fund's primary revenue resources are property taxes and intergovernmental revenues. Town will be raising the property tax rate 4 cents to 53 cents per \$100 value. This will help cover the increase in health insurance and fuel prices. This will also provide for potential increase in law enforcement salaries in effort to remain competitive. 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:** Spending in the proprietary fund is reduced by 7% and water and sewer rates will increase by 7% 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, 2022**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 964,794	\$ 773,593	\$ 1,738,387
Taxes receivable, net	3,897	-	3,897
Accounts receivable, net	11,990	52,125	64,115
Due from other governmental agencies	99,162	-	99,162
Internal balances	60,000	(60,000)	-
Prepaid items	47,825	13,999	61,824
Restricted cash	410,656	35,729	446,385
Total current assets	<u>1,598,324</u>	<u>815,446</u>	<u>2,413,770</u>
Non-current assets:			
Capital assets:			
Land and construction in progress	292,728	242,411	535,139
Other capital assets, net of accumulated depreciation	902,102	858,004	1,760,106
Total capital assets	<u>1,194,830</u>	<u>1,100,415</u>	<u>2,295,245</u>
Right to use leased asset, net of amortization	2,452	-	2,452
Total assets	<u>2,795,606</u>	<u>1,915,861</u>	<u>4,711,467</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	179,992	18,398	198,390
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	59,062	11,606	70,668
Accrued interest payable	14,292	-	14,292
Accrued liabilities	1,777	548	2,325
Compensated absences	24,347	14,583	38,930
Current portion of long-term debt	21,825	-	21,825
Liabilities payable from restricted assets:			
Deferred revenue	239,022	-	239,022
Customer deposits	-	35,729	35,729
Total current liabilities	<u>360,325</u>	<u>62,466</u>	<u>422,791</u>
Non-current liabilities:			
Net pension liability LGERS	54,374	1,602	55,976
Long-term debt	623,255	-	623,255
Total pension liability LEO	223,283	-	223,283
Total non-current liabilities	<u>900,912</u>	<u>1,602</u>	<u>902,514</u>
Total liabilities	<u>1,261,237</u>	<u>64,068</u>	<u>1,325,305</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Drug forfeiture revenues	1,612	-	1,612
Pension deferrals	66,811	18,723	85,534
Total deferred inflows of resources	<u>68,423</u>	<u>18,723</u>	<u>87,146</u>
<b>NET POSITION</b>			
Net investment in capital assets	552,245	1,100,415	1,652,660
Restricted for:			
Stabilization by State Statute	159,174	-	159,174
Streets	142,134	-	142,134
USDA Reserve	10,387	-	10,387
Cultural and Recreational	1,601	-	1,601
Public safety	1,612	-	1,612
Unrestricted	778,785	751,053	1,529,838
Total net position	<u>\$ 1,645,938</u>	<u>\$ 1,851,468</u>	<u>\$ 3,497,406</u>

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

**TOWN OF BROADWAY, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2022**

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 458,944	\$ 16,075	\$ -	\$ 28,779	\$ (414,090)	\$ -	\$ (414,090)
Public safety	313,832	223	90,000	-	(223,609)	-	(223,609)
Transportation	38,217	-	-	41,512	3,295	-	3,295
Environmental protection	116,001	121,787	960	-	6,746	-	6,746
Cultural and recreational	126,259	-	48,895	-	(77,364)	-	(77,364)
Interest on long-term debt	15,290	-	-	-	(15,290)	-	(15,290)
Total governmental activities	<u>1,068,543</u>	<u>138,085</u>	<u>139,855</u>	<u>70,291</u>	<u>(720,312)</u>	<u>-</u>	<u>(720,312)</u>
Business-type activities:							
Water and sewer	<u>580,517</u>	<u>483,235</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>2,718</u>	<u>2,718</u>
Total primary government	<u>\$ 1,649,060</u>	<u>\$ 621,320</u>	<u>\$ 139,855</u>	<u>\$ 170,291</u>	<u>(720,312)</u>	<u>2,718</u>	<u>(717,594)</u>
General revenues:							
Ad valorem taxes					499,094	-	499,094
Other taxes and licenses					220,290	-	220,290
Unrestricted intergovernmental revenues					69,576	-	69,576
Investment earnings					2,002	279	2,281
Gain or (loss) on disposal of capital assets					1,559	-	1,559
Miscellaneous					900	-	900
Total general revenues					<u>793,421</u>	<u>279</u>	<u>793,700</u>
Change in net position					73,109	2,997	76,106
Net position, beginning, previously reported					<u>1,572,829</u>	<u>1,848,471</u>	<u>3,421,300</u>
Net position, end of year					<u>\$ 1,645,938</u>	<u>\$ 1,851,468</u>	<u>\$ 3,497,406</u>

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

**TOWN OF BROADWAY, NORTH CAROLINA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2022**

	Major Funds			Total Governmental Funds
	General Fund	ARP - CSLFRF Fund	Veteran's Memorial Fund	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 964,421	\$ 373	\$ -	\$ 964,794
Restricted cash	155,725	204,922	50,009	410,656
Taxes receivable, net of allowance of \$ 6,436	3,897	-	-	3,897
Accounts receivable, net	11,990	-	-	11,990
Due from other governmental agencies	99,162	-	-	99,162
Due from water and sewer fund	60,000	-	-	60,000
Prepaid items	47,825	-	-	47,825
<b>Total assets</b>	<b><u>1,343,020</u></b>	<b><u>205,295</u></b>	<b><u>50,009</u></b>	<b><u>1,598,324</u></b>
<b>LIABILITIES</b>				
Accounts payable	43,162	-	15,900	59,062
Accrued liabilities	1,777	-	-	1,777
Unearned revenues	-	204,922	34,100	239,022
<b>Total liabilities</b>	<b><u>44,939</u></b>	<b><u>204,922</u></b>	<b><u>50,000</u></b>	<b><u>299,861</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes receivable	3,897	-	-	3,897
Sanitation receivable, net	11,978	-	-	11,978
Drug forfeiture revenues	1,612	-	-	1,612
<b>Total deferred inflows of resources</b>	<b><u>17,487</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>17,487</u></b>
<b>FUND BALANCES</b>				
Non-spendable				
Prepaid items	47,825	-	-	47,825
Restricted				
Stabilization by State Statute	159,174	-	-	159,174
Streets	142,134	-	-	142,134
USDA Reserve	10,387	-	-	10,387
Cultural and Recreational	1,592	-	9	1,601
Public safety	1,612	-	-	1,612
Committed				
Cemetery funds	31,024	-	-	31,024
Assigned				
Cultural and Recreational	36,737	-	-	36,737
Unassigned	850,109	373	-	850,482
<b>Total fund balances</b>	<b><u>1,280,594</u></b>	<b><u>373</u></b>	<b><u>9</u></b>	<b><u>1,280,976</u></b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b><u>\$ 1,343,020</u></b>	<b><u>\$ 205,295</u></b>	<b><u>\$ 50,009</u></b>	<b><u>\$ 1,598,324</u></b>

*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, 2022**

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

Total Fund Balance, Governmental Funds	\$ 1,280,976
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,194,830
Right to use leased assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,452
Deferred outflows of resources related to pensions are not reported in the funds	179,992
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	15,875
Long-term liabilities used in governmental activities are not financial uses and, therefore, are not reported in the funds	
Long-term debt	(642,585)
Compensated absences	(24,347)
Net pension liability	(54,374)
Total pension liability	(223,283)
Lease liability	(2,495)
Other short-term liabilities (accrued interest) are not due and payable in current period and therefore are not reported in the funds	(14,292)
Deferred inflows of resources related to pensions are not reported in the funds	<u>(66,811)</u>
 Net position of governmental activities	 <u>\$ 1,645,938</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, 2022**

	Major Funds			Total Governmental Funds
	General Fund	ARP - CSLFRF Fund	Veteran's Memorial Fund	
<b>REVENUES</b>				
Ad valorem taxes	\$ 500,530	\$ -	\$ -	\$ 500,530
Other taxes and licenses	220,290	-	-	220,290
Unrestricted intergovernmental	69,576	-	-	69,576
Restricted intergovernmental	161,251	-	15,900	177,151
Contributions & donations	32,995	-	-	32,995
Sales and services	136,980	-	-	136,980
Investment earnings	1,620	373	9	2,002
Miscellaneous	900	-	-	900
Total revenues	<u>1,124,142</u>	<u>373</u>	<u>15,909</u>	<u>1,140,424</u>
<b>EXPENDITURES</b>				
Current operating				
General government	406,259	-	-	406,259
Public safety	305,850	-	-	305,850
Transportation	35,420	-	-	35,420
Environmental protection	116,001	-	-	116,001
Cultural and recreational	108,078	-	15,900	123,978
Capital outlay	63,605	-	-	63,605
Debt service				
Principal	30,547	-	-	30,547
Interest	15,773	-	-	15,773
Total expenditures	<u>1,081,533</u>	<u>-</u>	<u>15,900</u>	<u>1,097,433</u>
Excess of revenues over expenditures	<u>42,609</u>	<u>373</u>	<u>9</u>	<u>42,991</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Installment purchase obligations issued	31,467	-	-	31,467
Sale of capital assets	1,000	-	-	1,000
Insurance recovery	559	-	-	559
Total other financing sources	<u>33,026</u>	<u>-</u>	<u>-</u>	<u>33,026</u>
Net change in fund balance	75,635	373	9	76,017
Fund balances, beginning of year	<u>1,204,959</u>	<u>-</u>	<u>-</u>	<u>1,204,959</u>
Fund balances, end of year	<u>\$ 1,280,594</u>	<u>\$ 373</u>	<u>\$ 9</u>	<u>\$ 1,280,976</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, 2022**

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

Net changes in fund balances - total governmental funds	\$ 76,017
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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	63,605
Depreciation expense for governmental assets	(82,071)
Amortization expense for intangible assets	(640)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	38,288
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Revenues in the statement of activities that do not provide current financial resources are not available as revenues in the funds.

Change in unavailable revenue for tax revenues	(1,436)
Change in unavailable revenue for sanitation revenues	1,105

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 issued	(31,467)
Long-term debt retired	29,950
Lease liability retired	597
Increase in accrued interest payable	483

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	10,340
Pension expense LGERS	(19,701)
Pension expense LEOSA	(11,961)

Total changes in net position of governmental activities	<u>\$ 73,109</u>
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*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, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 486,375	\$ 486,375	\$ 500,530	\$ 14,155
Other taxes and licenses	180,000	180,000	220,290	40,290
Unrestricted intergovernmental	60,463	60,463	69,576	9,113
Restricted intergovernmental	125,937	125,937	161,251	35,314
Contributions & donations	-	21,500	32,995	11,495
Sales and services	147,950	147,950	136,980	(10,970)
Investment earnings	2,500	2,500	1,620	(880)
Miscellaneous	1,250	1,250	900	(350)
<b>Total revenues</b>	<b>1,004,475</b>	<b>1,025,975</b>	<b>1,124,142</b>	<b>98,167</b>
Expenditures:				
Current operating:				
General government	459,305	462,305	415,509	46,796
Public safety	336,920	330,420	337,317	(6,897)
Transportation	59,500	62,000	58,308	3,692
Environmental protection	122,000	122,000	116,001	5,999
Cultural and recreational	66,305	119,805	108,078	11,727
Debt Service:				
Principal retirement	25,945	26,945	30,547	(3,602)
Interest and other charges	-	-	15,773	(15,773)
<b>Total expenditures</b>	<b>1,069,975</b>	<b>1,123,475</b>	<b>1,081,533</b>	<b>41,942</b>
<b>Revenues over (under) expenditures</b>	<b>(65,500)</b>	<b>(97,500)</b>	<b>42,609</b>	<b>140,109</b>
Other financing sources (uses):				
Installment purchase obligations issued	-	-	31,467	31,467
Sale of capital assets	500	500	1,000	500
Loan repayment from water/sewer fund	10,000	10,000	-	(10,000)
Insurance recovery	-	-	559	559
<b>Total other financing sources</b>	<b>10,500</b>	<b>10,500</b>	<b>33,026</b>	<b>22,526</b>
Fund balance appropriated	55,000	87,000	-	(87,000)
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>75,635</b>	<b>\$ 75,635</b>
Fund balances, beginning of year			1,204,959	
Fund balances, end of year			<b>\$ 1,280,594</b>	

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



**TOWN OF BROADWAY, NORTH CAROLINA**  
**SCHEDULE OF NET POSITION - PROPRIETARY FUND**  
**June 30, 2022**

	Business-type Activities - Enterprise
	Major Fund - Water and Sewer Fund
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 773,593
Accounts receivable, net of allowance of \$33,868	52,125
Prepaid items	13,999
Restricted cash	<u>35,729</u>
Total current assets	<u>875,446</u>
Non-current assets:	
Capital assets:	
Land, improvements and construction in progress	242,411
Other capital assets, net of accumulated depreciation	<u>858,004</u>
Total non-current assets	<u>1,100,415</u>
Total assets	<u>1,975,861</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension deferrals	<u>18,398</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	11,606
Accrued liabilities	548
Due to general fund	60,000
Compensated absences	14,583
Liabilities payable from restricted assets:	
Customer deposits	<u>35,729</u>
Total current liabilities	<u>122,466</u>
Non-current liabilities:	
Net Pension Liability	<u>1,602</u>
Total non-current liabilities	<u>1,602</u>
Total liabilities	<u>124,068</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension deferrals	<u>18,723</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,100,415
Unrestricted	<u>751,053</u>
Total net position	<u>\$ 1,851,468</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, 2022**

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	Business-type Activities - Enterprise
	<u>Major Fund - Water and Sewer Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 434,772
Connection and tap fees	47,782
Other operating revenues	<u>681</u>
Total operating revenues	<u>483,235</u>
<b>OPERATING EXPENSES</b>	
Water and sewer operations	473,350
Depreciation	<u>107,167</u>
Total operating expenses	<u>580,517</u>
Operating income	<u>(97,282)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment earnings	<u>279</u>
Total nonoperating revenue (expenses)	<u>279</u>
Loss before contributions	(97,003)
Capital contributions	<u>100,000</u>
Change in net position	2,997
Total net position, beginning, previously reported	<u>1,848,471</u>
Total net position, ending	<u>\$ 1,851,468</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, 2022**

	Business-type Activities - <u>Enterprise</u> Major Fund - Water and Sewer <u>Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 472,597
Cash paid for goods and services	(371,773)
Cash paid to employees for services	(111,354)
Customer deposits received, net	<u>460</u>
Net cash provided (used) by operating activities	<u>(10,070)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
General Fund loan payment	<u>(10,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Contributions from other agencies	<u>100,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	<u>279</u>
Net increase in cash and cash equivalents	80,209
Balances, beginning	<u>729,113</u>
Balances, ending	<u>\$ 809,322</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating income	\$ (97,282)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	107,167
Bad debt expense	2,824
Changes in assets and liabilities:	
Decrease in accounts receivable	(10,638)
Increase in prepaid items	(11,453)
Increase in deferred outflows of resources for pensions	(448)
Increase in accounts payable and accrued liabilities	1,226
Increase in compensated absences	3,357
Increase in customer deposits	460
Decrease in net pension liability	(24,034)
Increase in deferred inflows of resources for pensions	<u>18,751</u>
Net cash provided by operating activities	<u>\$ (10,070)</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, 2022**

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**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 which 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.

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 funds:

*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.

*ARP CSLFRF Fund* – This fund is a Special Revenue Fund used to account for Coronavirus State and Local Fiscal Recovery funds (ARPA Funds) received by the Town and transfers made to other funds for eligible expenditures.

*Veteran’s Memorial Fund* – This fund is a Special Revenue Fund used to account for grant money received from the NC Office of State Budget and Management to erect a memorial that once complete, will become property of the North Carolina Veterans Memorial, Inc.

**TOWN OF BROADWAY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

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.

**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 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 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.

**TOWN OF BROADWAY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

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, 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, ARP CLSFRF Fund and Veteran's Memorial 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).

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 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

**TOWN OF BROADWAY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

funds that are restricted for public safety expenditures and eligible ARP CSLRF are 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	\$	142,134
	ARP CSLRF Fund		204,922
	Cultural and Recreational		51,601
	Public Safety		1,612
	USDA Reserve		<u>10,387</u>
Total governmental activities		\$	<u>410,656</u>
Business-type Activities			
Water and Sewer Fund			
	Customer deposits		<u>35,729</u>
Total Business-type activities		\$	<u>35,729</u>
Total Restricted Cash		\$	<u><u>446,385</u></u>

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, 2021. 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 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

**TOWN OF BROADWAY, NORTH CAROLINA**  
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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

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.

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. Right to use assets**

The Town has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

**9. 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 2022 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, sanitation receivable, unearned drug forfeiture revenues and pension deferrals.

**10. 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.



**TOWN OF BROADWAY, NORTH CAROLINA**  
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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

11. 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.

12. Reimbursements for Pandemic-related Expenditures

In Fiscal year 2020-21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial and tribal governments. The Town was allocated \$409,845 of fiscal recovery funds to be paid in two equal installments. The first installment of \$204,922 was received in July 2021. The second installment will be received July 2022. The Town plans on using the funds for revenue replacement in fiscal year 2023.

13. 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.

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.

**TOWN OF BROADWAY, NORTH CAROLINA**  
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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

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.

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.

**14. 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’

**TOWN OF BROADWAY, NORTH CAROLINA**  
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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

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 ended June 30, 2022, the public safety expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board for public safety by \$17,836. The Town did not properly budget for the capital outlay purchase of a new vehicle that was financed through other financing source. Management and the Board will more closely review the budget reports to ensure compliance in future years.

**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.

At June 30, 2022, the Town's deposits had a carrying amount of \$1,697,534 and a bank balance of \$1,712,161. 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, 2022, the Town had invested \$487,188 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.

**TOWN OF BROADWAY, NORTH CAROLINA**  
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**For the Fiscal Year Ended June 30, 2022**

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**III. DETAIL NOTES ON ALL FUNDS (Continued):**

3. Receivables – Allowance for Doubtful Accounts

The amount of property taxes receivable as of June 30, 2022 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	\$ 10,333
Less allowance for collectibles	<u>6,436</u>
Net property taxes receivable	<u>\$ 3,897</u>

Accounts receivables as of June 30, 2022, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Enterprise Fund</u>
Waste management fees	\$ 17,841	\$ -
Utility user charges	-	75,037
Other	<u>12</u>	<u>10,956</u>
Total receivables	17,853	85,993
Less allowance for collectibles	<u>5,863</u>	<u>33,868</u>
Net total receivables	<u>\$ 11,990</u>	<u>\$ 52,125</u>

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

	<u>General Fund</u>
Local option sales tax	\$ 60,607
Property tax	16,566
Sales and use tax	6,824
NCDOT grant receivable	816
Solid waste disposal tax	222
Utility sales tax	<u>14,127</u>
Total	<u>\$ 99,162</u>

4. Interfund Balances

At June 30, 2022, \$60,000 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**  
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**III. DETAIL NOTES ON ALL FUNDS (Continued):**

5. Capital Assets

Capital assets at June 30, 2022, are summarized below:

Governmental Activities by type:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2022</u>
Non-depreciable assets:				
Land	\$ 256,754	\$ -	\$ -	\$ 256,754
Construction in progress	13,086	22,888	-	35,974
	<u>269,840</u>	<u>22,888</u>	<u>-</u>	<u>292,728</u>
Depreciable assets:				
Buildings & infrastructure	1,489,632	-	-	1,489,632
Furniture & equipment	81,436	9,250	-	90,686
Vehicles	186,033	31,467	25,027	192,473
	<u>1,757,101</u>	<u>40,717</u>	<u>25,027</u>	<u>1,772,791</u>
Less accumulated depreciation for:				
Buildings & infrastructure	603,801	59,570	-	663,371
Furniture & equipment	51,834	7,369	-	59,203
Vehicles	158,010	15,132	25,027	148,115
Total accumulated depreciation	<u>813,645</u>	<u>82,071</u>	<u>25,027</u>	<u>870,689</u>
Depreciable assets, net	<u>943,456</u>			<u>902,102</u>
Governmental activities capital assets, net	<u>\$ 1,213,296</u>			<u>\$ 1,194,830</u>

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

General government	\$ 62,522
Public safety	14,471
Transportation	2,797
Cultural and recreational	<u>2,281</u>
Total depreciation expense	<u>\$ 82,071</u>

**TOWN OF BROADWAY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

**III. DETAIL NOTES ON ALL FUNDS (Continued):**

Business-type activities by type:

	July 1, 2021	Additions	Deletions	June 30, 2022
Non-depreciable assets:				
Land	\$ 85,934	\$ -	\$ -	\$ 85,934
Construction in progress	156,477	-	-	156,477
Total non-depreciable assets	<u>242,411</u>	<u>-</u>	<u>-</u>	<u>242,411</u>
Depreciable assets:				
Water tank	127,269	-	-	127,269
Water system	734,376	-	-	734,376
Vehicles	42,148	-	-	42,148
Sewer system	1,973,817	-	-	1,973,817
Sewer pumps	383,185	-	-	383,185
Waste water treatment	841,854	-	-	841,854
	<u>4,102,649</u>	<u>-</u>	<u>-</u>	<u>4,102,649</u>
Less accumulated:				
Water tank	71,919	3,181	-	75,100
Water system	473,914	12,683	-	486,597
Vehicles	34,424	4,215	-	38,639
Sewer system	1,658,318	48,537	-	1,706,855
Sewer pumps	205,836	12,914	-	218,750
Waste water treatment	693,067	25,637	-	718,704
Total accumulated depreciation	<u>3,137,478</u>	<u>107,167</u>	<u>-</u>	<u>3,244,645</u>
Depreciable assets, net	<u>965,171</u>			<u>858,004</u>
Business-type activities capital assets, net	<u>\$ 1,207,582</u>			<u>\$ 1,100,415</u>

**Construction commitments**

The Town has an active construction project as of June 30, 2022. At year-end, the Town's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Broadway Water Main Relocation	156,477	11,800

**6. Right to Use Leased Assets**

The Town has recorded a right to use leased asset. The asset is a right to use asset for leased equipment. The related lease is discussed in the Leases subsection of the Liabilities section of this note. The right to use lease asset is amortized on a straight-line basis over the terms of the related lease.

**TOWN OF BROADWAY, NORTH CAROLINA**  
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**For the Fiscal Year Ended June 30, 2022**

**III. DETAIL NOTES ON ALL FUNDS (Continued):**

Right to use asset activity for the Primary Government for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Right to use assets				
Leased equipment	\$ -	\$ 3,092	\$ -	\$ 3,092
Total right to use assets	-	3,092	-	3,092
Less accumulated amortization:				
Leased equipment	-	640	-	640
Total accumulated amortization	-	640	-	640
Right to use assets, net	\$ -	\$ 2,452	\$ -	\$ 2,452

**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](http://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

**TOWN OF BROADWAY, NORTH CAROLINA**  
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**For the Fiscal Year Ended June 30, 2022**

**III. DETAIL NOTES ON ALL FUNDS (Continued):**

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, 2022, was 12.04% of compensation for law enforcement officers and 11.48% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Broadway were \$50,096 for the year ended June 30, 2022.

*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, 2022, the Town reported a liability of \$55,976 for its proportionate share of the net pension liability. The net pension liability was measured as of June, 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2021 (measurement date), the Town's proportion was 0.00365% which was a decrease of 0.00077% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of \$25,778. At June 30, 2022 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	\$ 17,808	\$ -
Changes of assumptions	35,167	-
Net difference between projected and actual earnings on pension plan investments	-	79,973
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,900	118
Town contributions subsequent to the measurement date	50,096	-
Total	<u>\$ 104,971</u>	<u>\$ 80,091</u>

\$50,096 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



**TOWN OF BROADWAY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**III. DETAIL NOTES ON ALL FUNDS (Continued):**

year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2023	\$	5,362
2024		(6,106)
2025		(24,472)

*Actuarial Assumptions.* The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through 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	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
	<u>100%</u>	

**TOWN OF BROADWAY, NORTH CAROLINA**  
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**III. DETAIL NOTES ON ALL FUNDS (Continued):**

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 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 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)	\$ 217,295	\$ 55,976	\$ (76,780)

*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.

**TOWN OF BROADWAY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

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**III. DETAIL NOTES ON ALL FUNDS (Continued):**

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2020, the Separation Allowance's membership consisted of:

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

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, 2020 valuation. The total pension liability in the December 31, 2020 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	2.25 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 \$19,828 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, 2022, the Town reported a total pension liability of \$223,283. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year end June 30, 2022, the Town recognized pension expense of \$31,789.

**TOWN OF BROADWAY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

**III. DETAIL NOTES ON ALL FUNDS (Continued):**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 38,455	\$ 536
Changes of assumptions	40,906	4,907
Town benefit payments and plan administrative expense made subsequent to the measurement date	14,058	-
Total	<u>\$ 93,419</u>	<u>\$ 5,443</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:

**Year ended June 30:**

2023	\$ 18,933
2024	18,821
2025	18,646
2026	16,939
2027	579
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 2.25 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 (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	<u>1% Decrease (1.25%)</u>	<u>Discount Rate (2.25%)</u>	<u>1% Increase (3.25%)</u>
Total Pension Liability	\$ 237,520	\$ 223,283	\$ 209,976

**Law Enforcement Officers' Special Separation Allowance**

	<u>2022</u>
Beginning Balance	\$ 212,299
Service Cost	8,990
Interest on the total pension liability	4,023
Differences between expected and actual experience in the measurement of the total pension liability	10,117
Changes of assumptions or other inputs	(4,453)
Benefit payments	(7,693)
Ending balance of the total pension liability	<u>223,283</u>

**TOWN OF BROADWAY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

**III. DETAIL NOTES ON ALL FUNDS (Continued):**

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, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

***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:

	<b>LGERS</b>	<b>LEOSSA</b>	<b>Total</b>
Pension Expense	\$ 25,778	\$ 31,789	\$ 57,567
Pension Liability	55,976	223,283	279,259
Proportionate share of the net pension liability	0.00365%	n/a	
 Deferred of Outflows of Resources			
Differences between expected and actual experience	17,808	38,455	56,263
Changes of assumptions	35,167	40,906	76,073
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,900	-	1,900
Benefit payments and administrative costs paid subsequent to the measurement date	50,096	14,058	64,154
 Deferred of Inflows of Resources			
Differences between expected and actual experience	-	536	536
Changes of assumptions	-	4,907	4,907
Net difference between projected and actual earnings on plan investments	79,973	-	79,973
Changes in proportion and differences between contributions and proportionate share of contributions	118	-	118

**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.

**TOWN OF BROADWAY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

**III. DETAIL NOTES ON ALL FUNDS (Continued):**

*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, 2022 were \$8,255, which consisted of \$8,255 from the Town and \$0 from the law enforcement officers.

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:

<u>Source</u>	<u>Amount</u>
Contributions to pension plan in the current fiscal year (LGERS)	\$ 50,096
Differences between expected and actual experience (LGERS)	17,808
Changes of assumptions (LGERS)	35,167
Changes in proportion and differences between employer contributions and proportionate share of contributions (LGERS)	1,900
Differences between expected and actual experience (LEO)	38,455
Changes of assumptions (LEO)	40,906
Benefit payments and administration expenses subsequent to the measurement date (LEO)	14,058
Total	<u>\$ 198,390</u>

**TOWN OF BROADWAY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

**III. DETAIL NOTES ON ALL FUNDS (Continued):**

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Property taxes receivable, net (General Fund)	\$ -	\$ 3,897
Sanitation fees receivable, net (General Fund)	-	11,978
Drug forfeiture revenues (General Fund)	1,612	1,612
Differences between expected and actual experience (LGERS)	79,973	-
Changes in proportion and difference between employer contributions and proportionate share of contributions (LGERS)	118	-
Differences between expected and actual experience (LEO)	536	-
Changes of assumption (LEO)	4,907	-
	<u>\$ 87,146</u>	<u>\$ 17,487</u>

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. The Town manager, 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.

5. Commitments

The Town has a five year contract expiring June 30, 2023 with an annual budgeted expenditure of \$85,000 for the collection and disposal of garbage.

6. 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 the prior fiscal year, 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. As a result of the lease, the Town has recorded a right to use asset with a new book value of \$2,452 at June 30, 2022. The right to use asset is discussed in more detail in the right to use asset section of this note.

**TOWN OF BROADWAY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

**III. DETAIL NOTES ON ALL FUNDS (Continued):**

The future minimum lease obligations and the new present value of these minimum lease payments as of June 30, 2022, were as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2023	\$ 611	\$ 97	\$ 708
2024	639	69	708
2025	667	41	708
2026	578	12	590
	<u>\$ 2,495</u>	<u>\$ 219</u>	<u>\$ 2,714</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 \$308,897 on the loan are as follows:

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2023	11,168	14,774
2024	11,433	14,509
2025	11,705	14,237
2026	11,983	13,959
2027	12,267	13,675
Thereafter	563,501	237,743
	<u>\$ 622,057</u>	<u>\$ 308,897</u>

c. Installment Purchase

In February 2022, the Town of Broadway entered into an agreement for financing the acquisition of a new police car for the amount of \$31,467. The financing contract required a down payment of \$10,939 with 2 annual payments remaining and an interest rate of 4.35%.

Annual debt service payments of the installment purchase as of June 30, 2022, including \$1,350 of interest, are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2023	\$ 10,045	\$ 894
2024	10,483	456
	<u>\$ 20,528</u>	<u>\$ 1,350</u>



**TOWN OF BROADWAY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

**III. DETAIL NOTES ON ALL FUNDS (Continued):**

d. 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, 2022.

	July 1, 2021	Additions	Retirements	June 30, 2022	Due Within One Year
<b>Governmental activities:</b>					
Installment purchase	\$ 8,102	\$ 31,467	\$ 19,041	\$ 20,528	\$ 10,045
Leases	-	3,092	597	2,495	612
USDA Loan	632,966	-	10,909	622,057	11,168
Net pension liability (LGRS)	132,309	-	77,935	54,374	-
Compensated absences	34,687	28,770	39,110	24,347	24,347
Net pension obligation (LEO)	212,299	10,984	-	223,283	-
Total	<u>\$ 1,020,363</u>	<u>\$ 74,313</u>	<u>\$ 147,592</u>	<u>\$ 947,084</u>	<u>\$ 46,172</u>
<b>Business-type activities:</b>					
Net pension liability (LGRS)	\$ 25,636	\$ -	\$ 24,034	\$ 1,602	\$ -
Compensated absences	11,226	12,435	9,078	14,583	14,583
Total	<u>\$ 36,862</u>	<u>\$ 12,435</u>	<u>\$ 33,112</u>	<u>\$ 16,185</u>	<u>\$ 14,583</u>

At June 30, 2022, the Town had no bond authorized but unissued and legal debt margin of approximately \$7,501,535

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:

<i>Total fund balance-General Fund</i>	\$ 1,280,594
Less:	
Prepaid expenses	47,825
Stabilization by State Statute	159,174
Streets-Powell Bill	142,134
USDA Reserve	10,387
Cultural & recreational-Facade	1,592
Cultural & recreational-Festival	36,737
Public Safety-Controlled substance tax	1,612
Cemetery funds	31,024
Remaining Fund Balance	<u>850,109</u>

**D. Related Party Transactions**

The Mayor of the Town is partial owner of Lee Moore Insurance, the insurance agency responsible for insuring the Town's property liability. During fiscal year ended June 30, 2022, the Town paid \$54,718 to this insurance agency.

Required  
Supplementary Financial Data

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

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- \* 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 Nine Fiscal Years \***

**Local Government Employees' Retirement System**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Broadway's proportion of the net pension liability (asset) (%)	0.00365%	0.00442%	0.00485%	0.00520%	0.00471%	0.00570%	0.00565%	0.00519%	0.00540%
Broadway's proportion of the net pension liability (asset) (\$)	\$ 55,976	\$ 157,945	\$ 132,450	\$ 123,362	\$ 71,956	\$ 120,973	\$ 25,357	\$ (30,608)	\$ 65,901
Broadway's covered-employee payroll	\$ 433,479	\$ 383,516	\$ 378,704	\$ 367,593	\$ 361,554	\$ 356,179	\$ 345,153	\$ 332,110	\$ 363,121
Broadway's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	12.91%	41.18%	34.97%	33.56%	19.90%	33.96%	7.35%	( 9.22%)	18.15%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.47%	94.35%

\* 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 Nine Fiscal Years**

**Local Government Employees' Retirement System**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 50,096	\$ 45,651	\$ 35,920	\$ 30,898	\$ 29,052	\$ 27,727	\$ 24,878	\$ 24,944	\$ 23,802
Contributions in relation to the contractually required contribution	50,096	45,651	35,920	30,898	29,052	27,727	24,878	24,944	23,802
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Broadway's covered payroll	\$ 428,121	\$ 433,479	\$ 383,516	\$ 378,704	\$ 367,593	\$ 361,554	\$ 356,179	\$ 345,153	\$ 332,110
Contributions as a percentage of covered payroll	11.70%	10.53%	9.37%	8.16%	7.90%	7.67%	6.98%	7.23%	7.17%

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

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Beginning Balance	\$ 212,299	\$ 103,182	\$ 90,351	\$ 83,941	\$ 75,690
Service Cost	8,990	5,151	4,069	4,373	3,622
Interest on total pension liability	4,023	3,364	3,289	2,653	2,922
Differences between expected and actual experience in the measurement of total pension liability	10,117	42,203	2,645	2,818	(3,176)
Changes of assumptions or other inputs	(4,453)	58,399	2,828	(3,434)	4,883
Benefit payments	(7,693)	-	-	-	-
Ending balance of the total pension liability	<u>\$ 223,283</u>	<u>\$ 212,299</u>	<u>\$ 103,182</u>	<u>\$ 90,351</u>	<u>\$ 83,941</u>

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 Five Fiscal Years**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Total pension liability	\$ 223,283	\$ 212,299	\$ 103,182	\$ 90,351	\$ 83,941
Covered payroll	196,390	187,383	182,469	177,596	169,133
Total pension liability as a percentage of covered-employee payroll	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, 2022**  
**With Comparative Totals at June 30, 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and investments	\$ 964,421	\$ 949,107
Restricted cash	155,725	114,646
Taxes receivable, net	3,897	5,333
Accounts receivable, net	11,990	10,908
Due from other governmental agencies	99,162	85,934
Due from water and sewer fund	60,000	70,000
Prepaid items	<u>47,825</u>	<u>6,532</u>
Total assets	<u>1,343,020</u>	<u>1,242,460</u>
<b>LIABILITIES</b>		
Accounts payable	43,162	19,684
Accrued liabilities	<u>1,777</u>	<u>-</u>
Total liabilities	<u>44,939</u>	<u>19,684</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property taxes receivable	3,897	5,333
Sanitation receivable, net	11,978	10,873
Drug forfeiture revenues	<u>1,612</u>	<u>1,611</u>
Total deferred inflows of resources	<u>17,487</u>	<u>17,817</u>
<b>FUND BALANCES</b>		
Non-spendable		
Prepaid expenses	47,825	6,532
Restricted		
Stabilization by State Statute	159,174	155,970
Streets	142,134	103,654
USDA Reserve	10,387	7,789
Cultural and Recreational	1,592	1,592
Public safety	1,612	1,611
Committed		
Cemetery funds	31,024	31,001
Assigned		
Cultural and Recreational	36,737	23,946
Unassigned	<u>850,109</u>	<u>872,864</u>
Total fund balances	<u>1,280,594</u>	<u>1,204,959</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,343,020</u>	<u>\$ 1,242,460</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, 2022**  
**With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2021**

	2022		Variance with Final Budget	2021
	Final Budget	Actual		Actual
Revenues:				
Ad valorem taxes:				
Taxes	\$ 486,375	\$ 498,852	\$ 12,477	\$ 482,997
Interest	-	1,678	1,678	1,831
Total	<u>486,375</u>	<u>500,530</u>	<u>14,155</u>	<u>484,828</u>
Other taxes and licenses:				
Local option sales tax	<u>180,000</u>	<u>220,290</u>	<u>40,290</u>	<u>193,847</u>
Unrestricted intergovernmental:				
Utilities sales tax	55,000	64,524		64,747
Beer and wine tax	5,463	5,052		5,571
Total	<u>60,463</u>	<u>69,576</u>	<u>9,113</u>	<u>70,318</u>
Restricted intergovernmental:				
Powell Bill allocation	34,937	41,512		36,432
Other local government	90,000	90,000		90,000
Solid waste disposal tax	1,000	960		999
Federal grant	-	28,779		25,118
Total	<u>125,937</u>	<u>161,251</u>	<u>35,314</u>	<u>152,549</u>
Contributions & Donations	<u>21,500</u>	<u>32,995</u>	<u>11,495</u>	<u>7,000</u>
Sales and services:				
Cemetery	15,800	14,450		29,250
Community building rent	14,500	1,625		1,300
Sanitation fees	117,450	120,682		110,919
Police fee	200	223		115
Total	<u>147,950</u>	<u>136,980</u>	<u>(10,970)</u>	<u>141,584</u>
Investment earnings	<u>2,500</u>	<u>1,620</u>	<u>(880)</u>	<u>1,408</u>
Miscellaneous:				
Other	<u>1,250</u>	<u>900</u>		<u>501</u>
Total	<u>1,250</u>	<u>900</u>	<u>(350)</u>	<u>501</u>
Total revenues	<u>1,025,975</u>	<u>1,124,142</u>	<u>98,167</u>	<u>1,052,035</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, 2022**  
**With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2021**

	2022		Variance with Final Budget	2021
	Final Budget	Actual		Actual
Expenditures:				
General government:				
Governing body:				
Salaries and benefits		\$ 9,567		\$ 12,143
Operating expenditures		7,205		410
	<u>16,990</u>	<u>16,772</u>	<u>218</u>	<u>12,553</u>
Administration:				
Salaries and benefits		83,842		75,533
Operating expenditures		60,670		48,185
	<u>152,265</u>	<u>144,512</u>	<u>7,753</u>	<u>123,718</u>
Finance:				
Salaries and benefits		67,720		73,661
Operating expenditures		42,055		41,203
	<u>114,760</u>	<u>109,775</u>	<u>4,985</u>	<u>114,864</u>
Public buildings:				
Salaries and benefits		83,745		114,252
Operating expenditures		51,026		35,229
Capital outlay		9,250		-
	<u>177,290</u>	<u>144,021</u>	<u>33,269</u>	<u>149,481</u>
Cemetery:				
Operating expenditures		429		585
	<u>1,000</u>	<u>429</u>	<u>571</u>	<u>585</u>
Total general government	<u>462,305</u>	<u>415,509</u>	<u>46,796</u>	<u>401,201</u>
Public safety:				
Police:				
Salaries and benefits		267,357		271,010
Operating expenditures		38,493		37,550
Capital outlay		31,467		-
Total public safety	<u>330,420</u>	<u>337,317</u>	<u>(6,897)</u>	<u>308,560</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, 2022**  
**With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2021**

	2022		Variance with Final Budget	2021
	Final Budget	Actual		Actual
Expenditures (Continued):				
Transportation:				
Streets:				
Operating expenditures		\$ 35,420		\$ 200,775
Capital outlay		22,888		-
Total transportation	62,000	58,308	3,692	200,775
Environmental protection:				
Operating expenditures	122,000	116,001	5,999	112,864
Cultural and recreational:				
Operating expenditures		108,078		14,654
Capital outlay		-		15,000
	119,805	108,078	11,727	29,654
Debt Service				
Principal retirement		30,547		26,674
Interest and other charges		15,773		16,963
	26,945	46,320	(19,375)	43,637
Total expenditures	1,123,475	1,081,533	41,942	1,096,691
Revenues over (under) expenditures	(97,500)	42,609	140,109	(44,656)
Other financing sources:				
Installment purchase obligations issued	-	31,467		-
Sale of capital assets	500	1,000		-
Insurance recovery	-	559		1,410
Loan repayment from water/sewer fund	10,000	-		-
Total other financing sources	10,500	33,026	22,526	1,410
Fund balance appropriated	87,000	-	(87,000)	-
Net change in fund balance	\$ -	75,635	\$ 75,635	\$ (43,246)
Fund balances, beginning of year		1,204,959		
Fund balances, end of year		\$ 1,280,594		

**TOWN OF BROADWAY, NORTH CAROLINA**  
**MAJOR GOVERNMENTAL FUND - ARP CSLFRF FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**From Inception and for the year ended June 30, 2022**

	<u>Project Budget</u>	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to June 30, 2022</u>
Nonoperating revenues:				
ARP - CSLFRF Funds	\$ 409,845	\$ -	\$ -	\$ -
Interest on investments	-	373		373
	<u>409,845</u>	<u>373</u>	<u>-</u>	<u>373</u>
Total revenues				
Expenditures:				
Unassigned ARP - CSLFRF Expenditures	409,845	-	-	-
Total expenditures	<u>409,845</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	373	<u>\$ -</u>	373
Fund balance, beginning of year		<u>-</u>		<u>-</u>
Fund balance, end of year		<u>\$ 373</u>		<u>\$ 373</u>

**TOWN OF BROADWAY, NORTH CAROLINA**  
**MAJOR GOVERNMENTAL FUND - VETERAN'S MEMORIAL SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**From Inception and for the year ended June 30, 2022**

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	<u>Project Budget</u>	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to June 30, 2022</u>
Nonoperating revenues:				
Grant Fund	\$ 50,000	\$ 15,900	\$ -	\$ 15,900
Interest on investments	<u>-</u>	<u>9</u>	<u>-</u>	<u>9</u>
Total revenues	<u>50,000</u>	<u>15,909</u>	<u>-</u>	<u>15,909</u>
Expenditures:				
Transfer to NC Veteran's Memorial, Inc.	50,000	15,900	-	15,900
Total expenditures	<u>50,000</u>	<u>15,900</u>	<u>-</u>	<u>15,900</u>
Net change in fund balance	<u>\$ -</u>	9	<u>\$ -</u>	9
Fund balance, beginning of year		<u>-</u>		<u>-</u>
Fund balance, end of year		<u>\$ 9</u>		<u>\$ 9</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, 2022**  
**With Comparative Amounts for the Fiscal Year Ended June 30, 2021**

	2022		Variance with Final Budget	2021
	Final Budget	Actual		Actual
Revenues:				
Operating revenues:				
User charges water and sewer	\$ 409,000	\$ 434,772	\$ 25,772	\$ 386,878
Connection and tap fees	24,000	47,782	23,782	58,397
Other	150	681	531	619
	<u>433,150</u>	<u>483,235</u>	<u>50,085</u>	<u>445,894</u>
Nonoperating revenues:				
Interest on investments	-	279	279	708
Total revenues	<u>433,150</u>	<u>483,514</u>	<u>50,364</u>	<u>446,602</u>
Expenditures:				
Water and sewer department:				
Salaries and benefits	152,820	149,428	3,392	100,765
Operating expenditures	163,380	124,418	38,962	119,213
Repairs and maintenance	19,000	16,328	2,672	13,729
Water purchased	<u>85,000</u>	<u>82,726</u>	<u>2,274</u>	<u>85,752</u>
Total water and sewer department	<u>420,200</u>	<u>372,900</u>	<u>47,300</u>	<u>319,459</u>
Debt service:				
Debt principal	-	-	-	66,000
Interest	-	-	-	2,303
Total debt service	-	-	-	<u>68,303</u>
Capital outlay:	<u>12,950</u>	-	<u>12,950</u>	-
Total expenditures	<u>433,150</u>	<u>372,900</u>	<u>60,250</u>	<u>387,762</u>
Revenues over expenditures	-	110,614	110,614	58,840
Other financing sources (uses):				
Fund balance appropriated	680	-	(680)	-
Transfer to capital project fund	<u>(680)</u>	<u>(680)</u>	-	-
Total other financing sources (uses)	-	<u>(680)</u>	<u>(680)</u>	-
Revenues over (under) expenditures	<u>\$ -</u>	109,934	<u>\$ 109,934</u>	<u>\$ 58,840</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, 2022**  
**With Comparative Amounts for the Fiscal Year Ended June 30, 2021**

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Revenues and other sources over expenditures and other uses	109,934
Reconciliation of modified accrual basis to full accrual basis:	
Depreciation	(107,167)
Decrease in bad debt allowance	(2,824)
Increase in deferred outflows of resources - pensions	448
Decrease in net pension liability	24,034
Increase in deferred inflows of resources - pensions	(18,751)
Increase in compensated absences	(3,357)
Water and Sewer Capital Projects Fund	
Grant Funds	100,000
Non-capitalized expenditures	<u>(100,000)</u>
Change in net position	<u>\$ 2,317</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, 2022***

	Project Budget	Current Year	Prior Years	Total to June 30, 2022
Revenues:				
Grants	\$ 267,500	\$ 100,000	\$ 156,477	\$ 256,477
Expenditures:				
Water line project - capital outlay	168,180	-	156,477	156,477
Water study regionalization project - non-capital	50,000	50,000	-	50,000
Sewer study regionalization project - non-capital	50,000	50,000	-	50,000
	268,180	100,000	156,477	256,477
Other financing sources (uses):				
Transfers in - Water/Sewer	680	680	-	680
Total other financing sources (uses)	680	680	-	680
Revenues over expenditures	\$ -	\$ 680	\$ -	\$ 680

**TOWN OF BROADWAY, NORTH CAROLINA**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**June 30, 2022**

<u>Fiscal year</u>	<u>Uncollected balance June 30, 2021</u>	<u>Additions</u>	<u>Collections and credits</u>	<u>Uncollected balance June 30, 2022</u>
2021-2022	\$ -	\$ 499,093	\$ (495,622)	\$ 3,471
2020-2021	3,897	-	(2,548)	1,349
2019-2020	2,400	-	(865)	1,535
2018-2019	1,374	-	(196)	1,178
2017-2018	407	-	(11)	396
2016-2017	876	-	(6)	870
2015-2016	759	-	-	759
2014-2015	256	-	-	256
2013-2014	71	-	-	71
2012-2013	448	-	-	448
2011-2012	<u>413</u>	<u>-</u>	<u>(413)</u>	<u>-</u>
Net taxes receivable	<u>\$ 10,901</u>	<u>\$ 499,093</u>	<u>\$ (499,661)</u>	10,333
Less: allowance for uncollectable accounts				<u>6,436</u>
Ad valorem taxes receivable - net				<u>\$ 3,897</u>
Reconcilement with revenues:				
Ad valorem taxes - General Fund				\$ 498,852
Reconciling items:				
Taxes released and written off				<u>809</u>
Subtotal				<u>809</u>
Total collections and credits				<u>\$ 499,661</u>



**TOWN OF BROADWAY, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY**  
**For the Fiscal Year Ended June 30, 2022**

	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	\$ 85,210,204	\$ 0.49	\$ 417,530	\$ 417,530	\$ -
Corporate utility	1,167,755	0.49	5,722	5,722	-
Motor vehicles tag and tax levy	15,025,510	0.49	73,625	-	73,625
Penalties	-		207	207	-
	<u>101,403,469</u>		<u>497,084</u>	<u>423,459</u>	<u>73,625</u>
Discoveries:					
Current year taxes	195,813	0.49	960	960	-
Gap bills	202,722	0.49	993	993	-
Penalties	-	0.49	59	59	-
	<u>101,802,004</u>		<u>499,096</u>	<u>425,471</u>	<u>73,625</u>
Abatements	<u>(500)</u>		<u>(3)</u>	<u>(3)</u>	<u>-</u>
Total property valuation	<u>\$ 101,801,504</u>				
Net levy			499,093	425,468	73,625
Uncollected taxes at June 30, 2022			<u>3,471</u>	<u>3,309</u>	<u>162</u>
Current year's taxes collected			<u>\$ 495,622</u>	<u>\$ 422,159</u>	<u>\$ 73,463</u>
Current levy collection percentage			<u>99.30%</u>	<u>99.22%</u>	<u>99.78%</u>