

Town of Broadway, North Carolina

Financial Statements

For the Fiscal Year Ended June 30, 2023

Town Board Members

Donald F. Andrews, Mayor

Thomas H. Beal, Mayor Pro Tem

Teresa Dew Kelly

Lynne West Green

James W. Paschal

April S. Collins

Administrative and Financial Staff

John Godfrey Town Manager

Gail Brown, Finance Officer

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Independent Auditor's Report

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

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Broadway, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Broadway as of June 30, 2023, and the respective changes in financial position, and cash flows where applicable thereof and the respective budgetary comparison for the General Fund and major, annually budgeted special revenue funds, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Audit of the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Broadway's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Broadway's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Broadway's basic financial statements. The combining and individual fund statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, the combining and individual fund financial statements,

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 22, 2023 on our consideration of the Town of Broadway's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Broadway's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Broadway's internal control over financial reporting and compliance.


JOYCE AND COMPANY, CPA
Cary, North Carolina

November 22, 2023

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Broadway, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprises the Town of Broadway's basic financial statements, and have issued our report thereon dated November 22, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency. (Item 1).

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Broadway's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an

objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Broadway's Response to Findings

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

Purpose of this Report

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


JOYCE AND COMPANY, CPA
Cary, North Carolina

November 22, 2023

Town of Broadway, North Carolina
Schedule of Findings and Responses

For the year ended June 30, 2023

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- | | | |
|--|--------------|---------------------|
| • Material weakness(es) identified? | _____ yes | <u>X</u> no |
| • Significant deficiency (s) identified that are not considered to be material weaknesses? | <u>X</u> yes | _____ none reported |

Noncompliance material to financial statement noted	_____ yes	<u>X</u> no
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Federal Awards

The Town of Broadway has no major federal programs.

State Awards

The Town of Broadway has no major state programs.

Section II. Financial Statement Findings

Item 1 Segregation of Duties

Significant Deficiency

<u>Criteria</u>	Duties should be segregated to provide reasonable assurance that transactions are handled appropriately, especially during periods when one employee is absent.
<u>Condition</u>	There is a lack of proper segregation of duties involving custody of assets, authorization or approval of related transactions affecting those assets, recording or reporting of related transactions, and execution of the transaction or transaction activity.
<u>Effect</u>	Transactions could be mishandled.
<u>Cause</u>	The Town lacks adequate staff to properly segregate duties noted above.
<u>Recommendation</u>	The duties should be separated as much as possible, and alternative controls should be used to compensate for lack of segregation. The governing board should provide some of these controls since they are generally very familiar with operations and likely to spot unfamiliar vendors and transactions. Also, due to knowledge of the unit and community, they will be able to determine if explanations for unusual transactions are valid.

Views of responsible officials and planned corrective actions

The Town agrees with this finding. At this time, the governing board reviews monthly bank account reconciliations to compensate for lack of segregation of duties. Management will not make changes such as hiring additional staff as the costs to implement such changes outweigh the assurances that would be provided. Management will continue to evaluate alternative procedures and controls regarding this condition.

Section III. Federal Award Findings and Questioned Costs

None reported

Section IV. State Award Findings and Questioned Costs

None reported

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS:

Finding 2022 - 1

Lack of segregation of duties

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

Finding 2021 - 1

Lack of segregation of duties

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

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

As management of the Town of Broadway, we offer readers of the Town of Broadway's financial statements this narrative overview and analysis of the financial activities of the Town of Broadway (the "Town") for the fiscal year ended June 30, 2023. 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

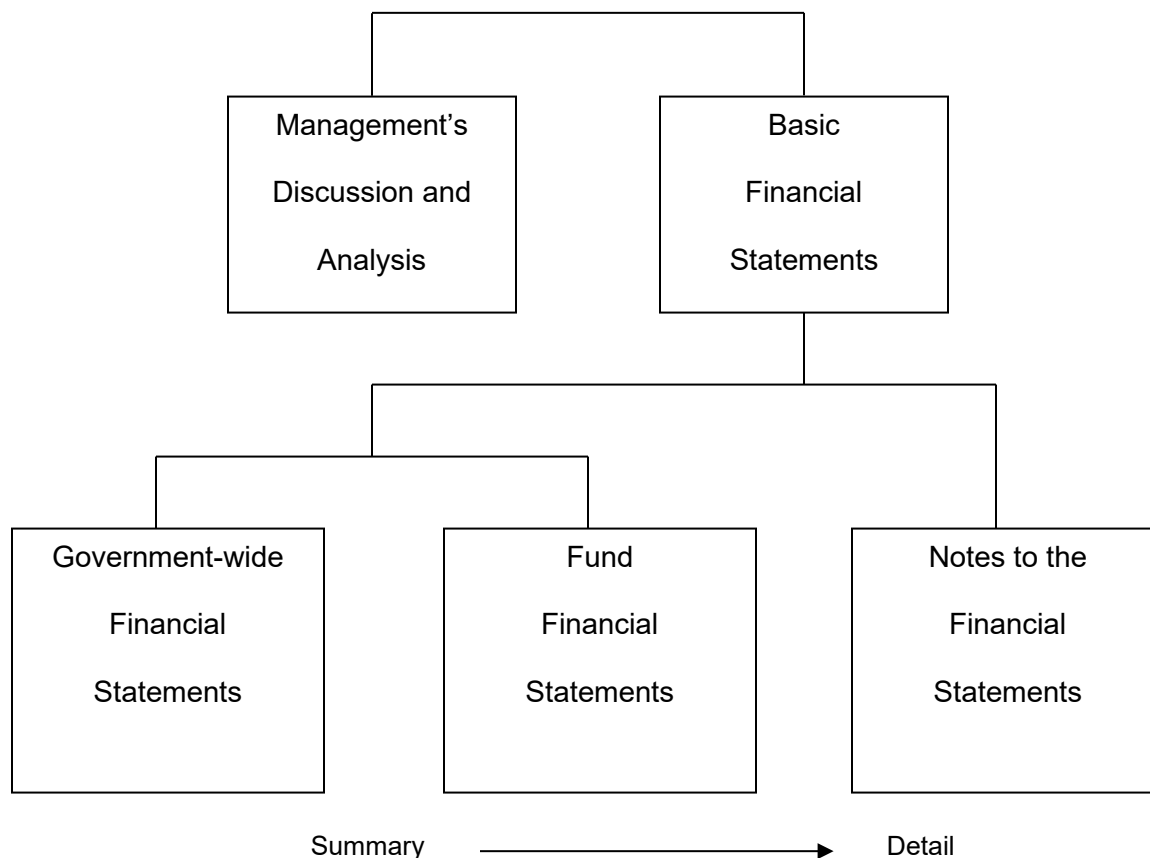
- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$3,993,094 (*net position*). The assets and deferred outflows of resources of the governmental activities exceeded liabilities and deferred inflows of resources by \$2,139,242 and the assets and deferred outflows of resources of the business-type activities exceeded liabilities and deferred inflows of resources by \$1,853,852.
- The government's total net position increased by \$495,688, primarily due to an increase property tax and receipt of the ARP CSLFRF funds.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balance of \$1,805,462, an increase of \$524,486 in comparison with the prior year. Approximately 18.2 percent of this total amount, or \$359,940, is non-spendable or restricted.
- At the end of the current fiscal year unassigned fund balance for the general fund was \$1,397,407, or 121.1 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 \$1,853,852, an increase of \$2,384.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

Government-wide Financial Statements

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

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

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

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, transportation, environmental protection, cultural and recreational, and general administration. Property taxes and intergovernmental revenues finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer services offered by the Town.

The government-wide financial statements are on pages 16 and 17 of this report.

Fund Financial Statements

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

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

The Town adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Town Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Council; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – The Town has one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its water and sewer activity. This fund is the same as the function shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 26 of this report.

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

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

Interdependence with Other Entities – The Town depends on financial resources flowing from, or associated with the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to State laws and State appropriations.

Government-Wide Financial Analysis

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

Town of Broadway
Statement of Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 1,842,736	\$ 1,598,324	\$ 937,297	\$ 815,446	\$ 2,780,033	\$ 2,413,770
Capital assets	1,231,604	1,197,282	993,026	1,100,415	2,224,630	2,297,697
Deferred outflows of resources	273,172	179,992	41,927	18,398	315,099	198,390
Total assets and deferred outflows of resources	3,347,512	2,975,598	1,972,250	1,934,259	5,319,762	4,909,857
Long-term liabilities	1,073,369	900,912	52,822	1,602	1,126,191	902,514
Other liabilities	106,382	360,325	65,759	62,466	172,141	422,791
Deferred inflows of resources	28,519	68,423	(183)	18,723	28,336	87,146
Total liabilities and deferred inflows of resources	1,208,270	1,329,660	118,398	82,791	1,326,668	1,412,451
Net position:						
Net investment in capital assets	555,760	552,245	993,026	1,100,415	1,548,786	1,652,660
Restricted	311,289	314,908	-	-	311,289	314,908
Unrestricted	1,272,193	778,785	860,826	751,053	2,133,019	1,529,838
Total net position	\$ 2,139,242	\$ 1,645,938	\$ 1,853,852	\$ 1,851,468	\$ 3,993,094	\$ 3,497,406

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 \$3,993,094 as of June 30, 2023. The Town's net position increased by \$495,688 for the fiscal year ended June 30, 2023. However, a large portion of net position (38.79%) 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, \$311,289 (7.80%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,133,019 (53.42%) 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	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 173,684	\$ 138,085	\$ 461,791	\$ 483,235	\$ 635,475	\$ 621,320
Operating grants and contributions	493,147	139,855	-	-	493,147	139,855
Capital grants and contributions	42,918	70,291	3,540	100,000	46,458	170,291
General revenues:						
Property taxes	574,255	499,094	-	-	574,255	499,094
Other taxes	243,316	220,290	-	-	243,316	220,290
Other	193,494	72,478	503	279	193,997	72,757
Total revenues	<u>1,720,814</u>	<u>1,140,093</u>	<u>465,834</u>	<u>583,514</u>	<u>2,186,648</u>	<u>1,723,607</u>
Expenses:						
General government	495,292	458,944	-	-	495,292	458,944
Public safety	386,466	313,832	-	-	386,466	313,832
Transportation	60,043	38,217	-	-	60,043	38,217
Environmental protection	124,598	116,001	-	-	124,598	116,001
Cultural and recreational	67,598	126,259	-	-	67,598	126,259
Interest on long-term debt	16,934	15,290	-	-	16,934	15,290
Water and sewer	-	-	538,833	580,517	538,833	580,517
Total expenses	<u>1,150,931</u>	<u>1,068,543</u>	<u>538,833</u>	<u>580,517</u>	<u>1,689,764</u>	<u>1,649,060</u>
Increase (decrease) in net position before transfers and disposals	569,883	71,550	(72,999)	2,997	496,884	74,547
Transfers	(82,079)	-	82,079	-	-	-
Gain (loss) on disposal	5,500	1,559	(6,696)	-	(1,196)	1,559
Total transfers and disposals	<u>(76,579)</u>	<u>1,559</u>	<u>75,383</u>	<u>-</u>	<u>(1,196)</u>	<u>1,559</u>
Increase (decrease) in net position	493,304	73,109	2,384	2,997	495,688	76,106
Net position, beginning, previously reported	<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>
Net position, ending	<u>\$ 2,139,242</u>	<u>\$ 1,645,938</u>	<u>\$ 1,853,852</u>	<u>\$ 1,851,468</u>	<u>\$ 3,993,094</u>	<u>\$ 3,497,406</u>

Governmental activities – Governmental activities increased the Town's net position by \$493,304.

- Increase in property tax revenue compared to prior year.
- Capital grants and contributions were received primarily from the American Rescue Plan (ARP).

Business-type activities: Business-type activities increased the Town's net position by \$2,384. Key factors to this change in net position are as follows:

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

- Decrease in operating expense of 8.2% excluding non-capital project
- Decrease in overall revenue of 4.4% however, received capital grant from the American Rescue Plan.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, fund balance available in the General Fund was \$1,397,407, while total fund balance reached \$1,805,462. 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 121.1 percent of total General Fund expenditures, while total fund balance represents 156.51 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:

- \$25,000 increase to appropriate fund balance for the annual Broadway Our Way festival.
- \$30,000 increase to appropriate fund balance for accounting and attorney fees as well as building and maintenance repairs.
- \$50,000 increase to appropriate fund balance to capital outlay for the purchase of a police car.
- \$34,026 increase to appropriate fund balance and lease financing proceeds for the public safety body camera device management software and copier lease.
- \$409,845 grant project ordinance due to the American Rescue Plan funding received.

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 \$860,826. The total increase in net position was \$2,384. 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, 2023, totals \$2,224,630, (net of accumulated depreciation and amortization). These assets include buildings, streets, storm drainage, sidewalks, land, machinery and equipment, vehicles and intangible assets.

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

- Major capital asset purchases in the governmental fund included a police car, a maintenance truck, and a security system.
- 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	
	2023	2022	2023	2022	2023	2022
Land	\$ 256,754	\$ 256,754	\$ 85,934	\$ 85,934	\$ 342,688	\$ 342,688
Construction in progress	46,297	35,974	160,017	156,477	206,314	192,451
Total non-depreciable assets	303,051	292,728	245,951	242,411	549,002	535,139
Buildings and improvements	1,489,632	1,489,632	4,041,838	4,060,501	5,531,470	5,550,133
Furniture and equipment	90,995	90,686	-	-	90,995	90,686
Vehicles	243,907	192,473	42,148	42,148	286,055	234,621
Intangible assets	48,895	-	-	-	48,895	-
Total depreciable assets	1,873,429	1,772,791	4,083,986	4,102,649	5,957,415	5,875,440
Accumulated depreciation and amortization	944,876	870,689	3,336,911	3,244,645	4,281,787	4,115,334
Depreciable assets, net	928,553	902,102	747,075	858,004	1,675,628	1,760,106
Total	\$ 1,231,604	\$ 1,194,830	\$ 993,026	\$ 1,100,415	\$ 2,224,630	\$ 2,295,245

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

Long-term Debt. As of June 30, 2023, the Town's debt represents a building loan of \$610,889, installment purchases, lease agreements and IT subscriptions.

Town of Broadway
Outstanding Debt
Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Installment purchase	\$ 26,796	\$ 20,528	\$ -	\$ -	\$ 26,796	\$ 20,528
Lease liabilities	23,726	2,495	-	-	23,726	2,495
IT subscription liabilities	14,433	-	-	-	-	-
USDA loan	610,889	622,057	-	-	610,889	622,057
Total	\$ 675,844	\$ 645,080	\$ -	\$ -	\$ 661,411	\$ 645,080

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

The Town's total debt was increased by \$30,764 during the past fiscal year. This represents a net increase of \$6,268 in installment purchases, a net decrease of \$11,168 in the USDA loan, a net increase in leases of \$21,231 and an increase in IT subscriptions of \$14,433.

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 \$7,982,006.

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

Economic Factors

The following is the key economic indicator for the Town.

- The county unemployment rate decreased .4% from prior year to 4.1%.

Budget Highlights for the Fiscal Year Ending June 30, 2024

Governmental Activities: The governmental fund's primary revenue resources are property taxes and intergovernmental revenues. The property tax rate was approved 44 cents per \$100 value after the property revaluation completed in 2023. This will help cover the 5 percent cost of living increase in salaries, employee benefits and contracted professional services. This will also provide a \$3,000 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: 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, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,496,344	\$ 893,731	\$ 2,390,075
Taxes receivable, net	5,663	-	5,663
Accounts receivable, net	11,938	51,173	63,111
Due from other governmental agencies	107,305	-	107,305
Internal balances	50,000	(50,000)	-
Prepaid items	17,550	5,807	23,357
Restricted cash	153,936	36,586	190,522
Total current assets	<u>1,842,736</u>	<u>937,297</u>	<u>2,780,033</u>
Non-current assets:			
Capital assets:			
Land and construction in progress	301,411	245,951	547,362
Other capital assets, net of accumulated depreciation	888,949	747,075	1,636,024
Right to use intangible assets, net of amortization	39,604	-	39,604
Total capital assets	<u>1,229,964</u>	<u>993,026</u>	<u>2,222,990</u>
Total assets	<u>3,072,700</u>	<u>1,930,323</u>	<u>5,003,023</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	<u>265,706</u>	<u>41,927</u>	<u>307,633</u>
LIABILITIES			
Current liabilities:			
Accounts payable	14,384	11,091	25,475
Accrued interest payable	15,462	-	15,462
Accrued liabilities	3,725	1,181	4,906
Compensated absences	33,603	16,901	50,504
Current portion of long-term debt	39,208	-	39,208
Liabilities payable from restricted assets:			
Customer deposits	-	36,586	36,586
Total current liabilities	<u>106,382</u>	<u>65,759</u>	<u>172,141</u>
Non-current liabilities:			
Net pension liability LGERS	216,838	52,822	269,660
Long-term debt	636,636	-	636,636
Total pension liability LEO	<u>219,895</u>	<u>-</u>	<u>219,895</u>
Total non-current liabilities	<u>1,073,369</u>	<u>52,822</u>	<u>1,126,191</u>
Total liabilities	<u>1,179,751</u>	<u>118,581</u>	<u>1,298,332</u>
DEFERRED INFLOWS OF RESOURCES			
Drug forfeiture revenues	1,612	-	1,612
Pension deferrals	26,907	(183)	26,724
Total deferred inflows of resources	<u>28,519</u>	<u>(183)</u>	<u>28,336</u>
NET POSITION			
Net investment in capital assets	554,120	993,026	1,547,146
Restricted for:			
Stabilization by State Statute	157,353	-	157,353
Streets	140,340	-	140,340
USDA Reserve	10,392	-	10,392
Cultural and Recreational	1,592	-	1,592
Public safety	1,612	-	1,612
Unrestricted	<u>1,264,727</u>	<u>860,826</u>	<u>2,125,553</u>
Total net position	<u>\$ 2,130,136</u>	<u>\$ 1,853,852</u>	<u>\$ 3,983,988</u>

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

TOWN OF BROADWAY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

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		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 499,008	\$ 49,605	\$ 157,561		\$ (291,842)	\$ -	\$ (291,842)
Public safety	390,216	329	264,002	-	(125,885)	-	(125,885)
Transportation	60,043	-	-	41,278	(18,765)	-	(18,765)
Environmental protection	124,598	123,750	1,034	-	186	-	186
Cultural and recreational	67,598	-	70,550	-	2,952	-	2,952
Interest on long-term debt	16,934	-	-	-	(16,934)	-	(16,934)
Total governmental activities	1,158,397	173,684	493,147	41,278	(450,288)	-	(450,288)
Business-type activities:							
Water and sewer	538,833	461,791	-	3,540	-	(73,502)	(73,502)
Total primary government	<u>\$ 1,697,230</u>	<u>\$ 635,475</u>	<u>\$ 493,147</u>	<u>\$ 44,818</u>	<u>(450,288)</u>	<u>(73,502)</u>	<u>(523,790)</u>
General revenues:							
Ad valorem taxes					574,255	-	574,255
Other taxes and licenses					243,316	-	243,316
Unrestricted intergovernmental revenues					154,591	-	154,591
Investment earnings					35,233	503	35,736
Gain or (loss) on disposal of capital assets					8,531	(6,696)	1,835
Transfers					(82,079)	82,079	-
Miscellaneous					639	-	639
Total general revenues					<u>934,486</u>	<u>75,886</u>	<u>1,010,372</u>
Change in net position					484,198	2,384	486,582
Net position, beginning, previously reported					1,645,938	1,851,468	3,497,406
Net position, end of year					<u>\$ 2,130,136</u>	<u>\$ 1,853,852</u>	<u>\$ 3,983,988</u>

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

TOWN OF BROADWAY, NORTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2023

	<u>Major Funds</u> <u>General</u> <u>Fund</u>
ASSETS	
Cash and cash equivalents	\$ 1,496,344
Restricted cash	153,936
Taxes receivable, net of allowance of \$ 7,820	5,663
Accounts receivable, net	11,938
Due from other governmental agencies	107,305
Due from water and sewer fund	50,000
Prepaid items	<u>17,550</u>
Total assets	<u>1,842,736</u>
LIABILITIES	
Accounts payable	14,384
Accrued liabilities	<u>3,725</u>
Total liabilities	<u>18,109</u>
DEFERRED INFLOWS OF RESOURCES	
Property taxes receivable	5,663
Sanitation receivable, net	11,890
Drug forfeiture revenues	<u>1,612</u>
Total deferred inflows of resources	<u>19,165</u>
FUND BALANCES	
Non-spendable	
Prepaid items	17,550
Restricted	
Stabilization by State Statute	157,353
Streets	140,340
USDA Reserve	10,392
Cultural and Recreational	1,592
Public safety	1,612
Committed	
Cemetery funds	31,101
Assigned	
Cultural and Recreational	48,115
Unassigned	<u>1,397,407</u>
Total fund balances	<u>1,805,462</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,842,736</u>

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

TOWN OF BROADWAY, NORTH CAROLINA
RECONCILIATION of the BALANCE SHEET - GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
June 30, 2023

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

Total Fund Balance, Governmental Funds	\$ 1,805,462
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,190,360
Right to use intangible assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	39,604
Deferred outflows of resources related to pensions are not reported in the funds	265,706
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	17,553
Long-term liabilities used in governmental activities are not financial uses and, therefore, are not reported in the funds	
Long-term debt	(637,684)
Compensated absences	(33,603)
Net pension liability	(216,838)
Total pension liability	(219,895)
Lease liability	(23,727)
IT Subscription liability	(14,433)
Other short-term liabilities (accrued interest) are not due and payable in current period and therefore are not reported in the funds	(15,462)
Deferred inflows of resources related to pensions are not reported in the funds	<u>(26,907)</u>
Net position of governmental activities	<u>\$ 2,130,136</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, 2023

	Major Funds		Non-Major	Total
	General	ARP - CSLFRF	Veteran's	Governmental
	Fund	Fund	Memorial Fund	Funds
REVENUES				
Ad valorem taxes	\$ 572,489	\$ -	\$ -	\$ 572,489
Other taxes and licenses	243,316	-	-	243,316
Unrestricted intergovernmental	72,512	-	-	72,512
Restricted intergovernmental	136,109	409,845	34,100	580,054
Contributions & donations	36,450	-	-	36,450
Sales and services	173,772	-	-	173,772
Investment earnings	28,044	7,176	13	35,233
Miscellaneous	639	-	-	639
Total revenues	1,263,331	417,021	34,113	1,714,465
EXPENDITURES				
Current operating				
General government	419,734	-	-	419,734
Public safety	336,333	-	-	336,333
Transportation	60,043	-	-	60,043
Environmental protection	124,598	-	-	124,598
Cultural and recreational	31,195	-	34,122	65,317
Capital outlay	125,406	-	-	125,406
Debt service				-
Principal	40,467	-	-	40,467
Interest	15,764	-	-	15,764
Total expenditures	1,153,540	-	34,122	1,187,662
Excess of revenues over expenditures	109,791	417,021	(9)	526,803
OTHER FINANCING SOURCES (USES)				
Installment purchase obligations issued	25,428	-	-	25,428
Sale of capital assets	5,500	-	-	5,500
Insurance recovery	3,031	-	-	3,031
Lease liabilities issued	27,580			
IT Subscription liabilities issued	18,223			
Transfer from ARP	335,315			
Transfer to other fund	-	(417,394)	-	(417,394)
Total other financing sources	415,077	(417,394)	-	(383,435)
Net change in fund balance	524,868	(373)	(9)	524,486
Fund balances, beginning of year	1,280,594	373	9	1,280,976
Fund balances, end of year	\$ 1,805,462	\$ -	\$ -	\$ 1,805,462

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, 2023

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

Net changes in fund balances - total governmental funds	\$ 524,486
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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	79,603
Depreciation expense for governmental assets	(84,073)
Asset disposal loss	-
Right to use intangible assets capital outlay expenditures which were capitalized	45,803
Amortization expense for intangible assets	(8,651)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	38,168
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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	1,766
Change in unavailable revenue for sanitation revenues	(88)

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	(25,428)
Long-term debt retired	30,329
Lease and subscription liabilities issued	(45,803)
Lease and subscription liabilities retired	10,138
Increase in accrued interest payable	(1,170)

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	(9,256)
Pension expense LGERS	(66,031)
Pension expense LEOSA	(5,595)

Total changes in net position of governmental activities	<u>\$ 484,198</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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Ad valorem taxes	\$ 545,125	\$ 545,125	\$ 572,489	\$ 27,364
Other taxes and licenses	201,000	201,000	243,316	42,316
Unrestricted intergovernmental	65,560	65,560	72,512	6,952
Restricted intergovernmental	132,465	132,465	136,109	3,644
Contributions & donations	-	32,000	36,450	4,450
Sales and services	149,600	149,600	173,772	24,172
Investment earnings	500	500	28,044	27,544
Miscellaneous	<u>500</u>	<u>500</u>	<u>639</u>	<u>139</u>
Total revenues	<u>1,094,750</u>	<u>1,126,750</u>	<u>1,263,331</u>	<u>136,581</u>
Expenditures:				
Current operating:				
General government	498,925	544,609	448,146	96,463
Public safety	376,480	451,344	424,644	26,700
Transportation	71,500	79,500	68,726	10,774
Environmental protection	121,900	121,900	124,598	(2,698)
Cultural and recreational	15,000	47,000	31,195	15,805
Debt Service:				
Principal retirement	25,945	66,322	40,467	25,855
Interest and other charges	<u>-</u>	<u>-</u>	<u>15,764</u>	<u>(15,764)</u>
Total expenditures	<u>1,109,750</u>	<u>1,310,675</u>	<u>1,153,540</u>	<u>157,135</u>
Revenues over (under) expenditures	<u>(15,000)</u>	<u>(183,925)</u>	<u>109,791</u>	<u>293,716</u>
Other financing sources (uses):				
Installment purchase obligations issued	-	24,884	25,428	544
Sale of capital assets	-	-	5,500	5,500
Loan repayment from water/sewer fund	10,000	10,000	-	(10,000)
Insurance recovery	-	-	3,031	3,031
Lease liabilities issued	-	27,580	27,580	-
IT Subscription liabilities issued	-	18,224	18,223	(1)
Transfer from ARP	<u>-</u>	<u>-</u>	<u>335,315</u>	<u>335,315</u>
Total other financing sources	<u>10,000</u>	<u>80,688</u>	<u>415,077</u>	<u>334,389</u>
Fund balance appropriated	5,000	103,237	-	(103,237)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	524,868	<u>\$ 524,868</u>
Fund balances, beginning of year			<u>1,280,594</u>	
Fund balances, end of year			<u>\$ 1,805,462</u>	

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

TOWN OF BROADWAY, NORTH CAROLINA
SCHEDULE OF NET POSITION - PROPRIETARY FUND
June 30, 2023

	Business-type Activities - Enterprise Major Fund - Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 893,731
Accounts receivable, net of allowance of \$32,438	51,173
Prepaid items	5,807
Restricted cash	<u>36,586</u>
Total current assets	<u>987,297</u>
Non-current assets:	
Capital assets:	
Land, improvements and construction in progress	245,951
Other capital assets, net of accumulated depreciation	<u>747,075</u>
Total non-current assets	<u>993,026</u>
Total assets	<u>1,980,323</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	<u>41,927</u>
LIABILITIES	
Current liabilities:	
Accounts payable	11,091
Accrued liabilities	1,181
Due to general fund	50,000
Compensated absences	16,901
Liabilities payable from restricted assets:	
Customer deposits	<u>36,586</u>
Total current liabilities	<u>115,759</u>
Non-current liabilities:	
Net Pension Liability	<u>52,822</u>
Total non-current liabilities	<u>52,822</u>
Total liabilities	<u>168,581</u>
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	<u>(183)</u>
NET POSITION	
Net investment in capital assets	993,026
Unrestricted	<u>860,826</u>
Total net position	<u>\$ 1,853,852</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, 2023

	Business-type Activities - Enterprise
	Major Fund - Water and Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 445,963
Connection and tap fees	15,239
Other operating revenues	<u>589</u>
Total operating revenues	<u>461,791</u>
OPERATING EXPENSES	
Water and sewer operations	434,600
Depreciation	<u>104,233</u>
Total operating expenses	<u>538,833</u>
Operating income	<u>(77,042)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	503
Loss on disposal of capital asset	<u>(6,696)</u>
Total nonoperating revenue (expenses)	<u>(6,193)</u>
Loss before contributions and transfers	(83,235)
Transfers from other funds	82,079
Capital contributions	<u>3,540</u>
Change in net position	2,384
Total net position, beginning, previously reported	<u>1,851,468</u>
Total net position, ending	<u>\$ 1,853,852</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, 2023

	Business-type Activities - Enterprise Major Fund - Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 464,173
Cash paid for goods and services	(296,666)
Cash paid to employees for services	(119,951)
Customer deposits received, net	<u>857</u>
Net cash provided (used) by operating activities	<u>48,413</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
General Fund loan payment	(10,000)
Transfers from other funds	<u>82,079</u>
Net cash provided by noncapital financing activities	<u>72,079</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Contributions from other agencies	3,540
Acquisition and construction of capital assets	<u>(3,540)</u>
Net cash used in capital and related financing activities	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>503</u>
Net increase in cash and cash equivalents	120,995
Balances, beginning	<u>809,322</u>
Balances, ending	<u><u>\$ 930,317</u></u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating income	\$ (77,042)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	104,233
Bad debt expense	(1,430)
Changes in assets and liabilities:	
Decrease in accounts receivable	2,382
Decrease in prepaid items	8,192
Increase in deferred outflows of resources for pensions	(23,529)
Increase in accounts payable and accrued liabilities	118
Increase in compensated absences	2,318
Increase in customer deposits	857
Increase in net pension liability	51,220
Decrease in deferred inflows of resources for pensions	<u>(18,906)</u>
Net cash provided by operating activities	<u><u>\$ 48,413</u></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, 2023

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, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

The Town reports the following major governmental 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.

The Town reports the following non-major governmental fund:

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, 2023

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/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements - Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are generally recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases and IT subscriptions are reported as other financing sources.

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

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

funds that are restricted for public safety expenditures is also classified as restricted cash. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Money that has been set aside in reserve for future debt service payments are restricted.

Town of Broadway Restricted Cash

Governmental Activities
General Fund

Streets	\$ 140,340
Public Safety	1,612
Cultural and recreational	1,592
USDA Reserve	<u>10,392</u>

Total governmental activities	<u>\$ 153,936</u>
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Business-type Activities
Water and Sewer Fund

Customer deposits	<u>36,586</u>
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Total Business-type activities	<u>\$ 36,586</u>
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Total Restricted Cash	<u><u>\$ 190,522</u></u>
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4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes levied are based on the assessed values as of January 1, 2022. 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
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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.

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

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

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

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

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

8. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, pension deferrals in the 2023 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category - property taxes receivable and sanitation receivable, unavailable revenue (reported only on the Balance Sheet of Governmental Funds), unearned drug forfeiture revenues and pension deferrals.

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

9. Long-Term Obligations

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

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

10. Compensated Absences

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

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

11. 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 was received in July 2022. The Town used the funds for revenue replacement in fiscal year 2023.

12. 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;

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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. 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.

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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.

13. Pensions

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2023, environmental protection expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board by \$2,698. 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.

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

III. DETAIL NOTES ON ALL FUNDS (Continued):

At June 30, 2023, the Town's deposits had a carrying amount of \$1,604,347 and a bank balance of \$1,627,991. 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, 2023, the Town had invested \$976,200 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's. The Town has no policy regarding credit risk.

3. Receivables – Allowance for Doubtful Accounts

The amount of property taxes receivable as of June 30, 2023 reflect the uncollected portion of property tax levies reduced for a portion not expected to be collected and are summarized below:

	<u>General Fund</u>
Property taxes receivable	\$ 13,483
Less allowance for collectibles	<u>7,820</u>
Net property taxes receivable	<u><u>\$ 5,663</u></u>

Accounts receivables as of June 30, 2023, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Enterprise Fund</u>
Waste management fees	\$ 17,875	\$ -
Utility user charges	-	72,705
Other	<u>48</u>	<u>10,906</u>
Total receivables	17,923	83,611
Less allowance for collectibles	<u>5,985</u>	<u>32,438</u>
Net total receivables	<u><u>\$ 11,938</u></u>	<u><u>\$ 51,173</u></u>

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

	<u>General Fund</u>
Local option sales tax	\$ 66,730
Property tax	20,354
Sales and use tax	5,444
NCDOT grant receivable	213
Solid waste disposal tax	257
Utility sales tax	<u>14,307</u>
Total	<u><u>\$ 107,305</u></u>

4. Interfund Balances

At June 30, 2023, \$50,000 was due to the general fund from the proprietary fund for the purchase of a sewer lift station and a parcel of land containing 1.17 acres.

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

III. DETAIL NOTES ON ALL FUNDS (Continued):

5. Capital Assets

Capital assets at June 30, 2023, are summarized below:

Governmental Activities by type:

	July 1, 2022	Additions	Deletions	June 30, 2023
Non-depreciable assets:				
Land	\$ 256,754	\$ -	\$ -	\$ 256,754
Construction in progress	35,974	10,323	-	46,297
	<u>292,728</u>	<u>10,323</u>	<u>-</u>	<u>303,051</u>
Depreciable assets:				
Buildings & infrastructure	1,489,632	-	-	1,489,632
Furniture & equipment	90,686	2,984	2,675	90,995
Vehicles	192,473	67,936	16,502	243,907
	<u>1,772,791</u>	<u>70,920</u>	<u>19,177</u>	<u>1,824,534</u>
Less accumulated depreciation for:				
Buildings & infrastructure	663,371	54,806	-	718,177
Furniture & equipment	59,203	8,053	2,675	64,581
Vehicles	148,115	21,214	16,502	152,827
Total accumulated depreciation	<u>870,689</u>	<u>84,073</u>	<u>19,177</u>	<u>935,585</u>
Depreciable assets, net	<u>902,102</u>	<u>(13,153)</u>	<u>-</u>	<u>888,949</u>
Governmental activities capital assets, net	<u>1,194,830</u>	<u>(2,830)</u>	<u>-</u>	<u>1,192,000</u>
Capital Assets being Amortized:				
Leased Equipment	3,092	27,580	-	30,672
IT Subscriptions	-	18,223	-	18,223
	<u>3,092</u>	<u>45,803</u>	<u>-</u>	<u>48,895</u>
Less accumulated amortization for:				
Leased Equipment	640	5,007	-	5,647
IT Subscriptions	-	3,644	-	3,644
	<u>640</u>	<u>8,651</u>	<u>-</u>	<u>9,291</u>
Governmental activities intangible assets, net	<u>2,452</u>	<u>37,152</u>	<u>-</u>	<u>39,604</u>
Governmental activities capital assets, net	<u>\$ 1,197,282</u>			<u>\$ 1,231,604</u>

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

III. DETAIL NOTES ON ALL FUNDS (Continued):

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

General government	\$	63,319
Public safety		27,124
Cultural and recreational		<u>2,281</u>
Total depreciation expense	\$	<u>92,724</u>

Business-type activities by type:

	July 1, 2022	Additions	Deletions	June 30, 2023
Non-depreciable assets:				
Land	\$ 85,934	\$ -	\$ -	\$ 85,934
Construction in progress	<u>156,477</u>	<u>3,540</u>	<u>-</u>	<u>160,017</u>
Total non-depreciable assets	<u>242,411</u>	<u>3,540</u>	<u>-</u>	<u>245,951</u>
Depreciable assets:				
Water tank	127,269	-	15,756	111,513
Water system	734,376	-	2,907	731,469
Vehicles	42,148	-	-	42,148
Sewer system	1,973,817	-	-	1,973,817
Sewer pumps	383,185	-	-	383,185
Waste water treatment	<u>841,854</u>	<u>-</u>	<u>-</u>	<u>841,854</u>
	<u>4,102,649</u>	<u>-</u>	<u>18,663</u>	<u>4,083,986</u>
Less accumulated:				
Water tank	75,100	2,787	9,060	68,827
Water system	486,597	12,024	2,907	495,714
Vehicles	38,639	3,512	-	42,151
Sewer system	1,706,855	48,537	-	1,755,392
Sewer pumps	218,750	11,736	-	230,486
Waste water treatment	<u>718,704</u>	<u>25,637</u>	<u>-</u>	<u>744,341</u>
Total accumulated depreciation	<u>3,244,645</u>	<u>104,233</u>	<u>11,967</u>	<u>3,336,911</u>
Depreciable assets, net	<u>858,004</u>			<u>747,075</u>
Business-type activities capital assets, net	<u>\$ 1,100,415</u>			<u>\$ 993,026</u>

Construction commitments

The Town has an active construction project as of June 30, 2023. At year-end, the Town's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Broadway Water Main Relocation	\$ 160,017	\$ 8,260
Broadway Main Street Sidewalk	44,657	95,933

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

III. DETAIL NOTES ON ALL FUNDS (Continued):

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Broadway employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by LGERS Board of Trustees. The Town of Broadway's contractually required contribution rate for the year ended June 30, 2023, was 13.04% of compensation for law enforcement officers and 12.21% 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 \$57,666 for the year ended June 30, 2023.

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

III. DETAIL NOTES ON ALL FUNDS (Continued):

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

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

At June 30, 2023, the Town reported a liability of \$269,660 for its proportionate share of the net pension liability. The net pension liability was measured as of June, 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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, 2022 (measurement date), the Town's proportion was 0.00478% which was an increase of 0.00113% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized pension expense of \$86,847. At June 30, 2023 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,619	\$ 1,139
Changes of assumptions	26,906	-
Net difference between projected and actual earnings on pension plan investments	89,126	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	25,284	80
Town contributions subsequent to the measurement date	57,666	-
Total	<u>\$ 210,601</u>	<u>\$ 1,219</u>

\$57,666 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	\$ 48,475
2025	42,422
2026	18,357
2027	42,462
Total	<u>\$ 151,716</u>

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

III. DETAIL NOTES ON ALL FUNDS (Continued):

Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 8.25 percent including inflation and productivity factor
Investment rate of return	6.5 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2011 through December 31, 2015.

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

The projected long-term investment returns and inflation assumptions are developed through a review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2021 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 2.50%. 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

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

III. DETAIL NOTES ON ALL FUNDS (Continued):

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

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	\$ 486,702	\$ 269,660	\$ 90,805

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

b. Law Enforcement Officers Special Separation Allowance

1. *Plan Description:*

The Town of Broadway administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2021, the Separation Allowance's membership consisted of:

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

2. *Summary of Significant Accounting Policies:*

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

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

III. DETAIL NOTES ON ALL FUNDS (Continued):

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

3. *Actuarial Assumptions*

The entry age actuarial cost method was used in the December 31, 2021 valuation. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount	4.31 percent

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

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

4. *Contributions:*

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through the investment earnings. The Town paid \$28,115 as benefits came due for the reporting period.

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

At June 30, 2023, the Town reported a total pension liability of \$219,895. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year end June 30, 2023, the Town recognized pension expense of \$33,710.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 60,671	\$ 8
Changes of assumptions	29,769	25,497
Town benefit payments and plan administrative expense made subsequent to the measurement date	14,058	-
Total	<u>\$ 104,498</u>	<u>\$ 25,505</u>

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

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

III. DETAIL NOTES ON ALL FUNDS (Continued):

Year ended June 30:

2024	\$	21,272
2025		21,097
2026		19,390
2027		3,030
2028		146
Thereafter		-

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 4.31 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.31 percent) or 1-percentage-point higher (5.31 percent) than the current rate:

	1% Decrease (3.31%)	Discount Rate (4.31%)	1% Increase (5.31%)
Total Pension Liability	\$ 232,744	\$ 219,895	\$ 207,999

Law Enforcement Officers' Special Separation Allowance

	2023
Beginning Balance	\$ 223,283
Service Cost	7,618
Interest on the total pension liability	4,708
Differences between expected and actual experience in the measurement of the total pension liability	39,979
Changes of assumptions or other inputs	(27,578)
Benefit payments	(28,115)
Ending balance of the total pension liability	<u>219,895</u>

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

The actuarial assumptions used in December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

III. DETAIL NOTES ON ALL FUNDS (Continued):

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 86,847	\$ 33,710	\$ 120,557
Pension Liability	269,660	219,895	489,555
Proportionate share of the net pension liability	0.00478%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	11,619	60,671	72,290
Changes of assumptions	26,906	29,769	56,675
Net difference between projected and actual earnings on plan investments	89,126	-	89,126
Changes in proportion and differences between contributions and proportionate share of contributions	25,284	-	25,284
Benefit payments and administrative costs paid subsequent to the measurement date	57,666	14,058	71,724
Deferred of Inflows of Resources			
Differences between expected and actual experience	1,139	8	1,147
Changes of assumptions	-	25,497	25,497
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	80	-	80

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy - Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2023 were \$8,728, which consisted of \$8,728 from the Town and \$0 from the law enforcement officers.

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

III. DETAIL NOTES ON ALL FUNDS (Continued):

2. Other Employment Benefits

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

3. Deferred Outflows and Inflows of Resources

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

Source	Amount
Contributions to pension plan in the current fiscal year (LGERS)	\$ 57,666
Differences between expected and actual experience (LGERS)	11,619
Changes of assumptions (LGERS)	26,906
Net difference between projected and actual (LGERS)	89,126
Changes in proportion and differences between employer contributions and proportionate share of contributions (LGERS)	25,284
Differences between expected and actual experience (LEO)	60,671
Changes of assumptions (LEO)	29,769
Benefit payments and administration expenses subsequent to the measurement date (LEO)	14,058
Total	<u>\$ 315,099</u>

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

	Statement of Net Position	General Fund Balance Sheet
Property taxes receivable, net (General Fund)	\$ -	\$ 5,663
Sanitation fees receivable, net (General Fund)	-	11,890
Drug forfeiture revenues (General Fund)	1,612	1,612
Differences between expected and actual experience (LGERS)	1,139	-
Changes in proportion and difference between employer contributions and proportionate share of contributions (LGERS)	80	-
Differences between expected and actual experience (LEO)	8	-
Changes of assumption (LEO)	25,497	-
	<u>\$ 28,336</u>	<u>\$ 19,165</u>

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

III. DETAIL NOTES ON ALL FUNDS (Continued):

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance in the amount of \$1,000,000 for these types of losses under a policy with a major national insurer. 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. Long-Term Obligations

a. Leases

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

The first agreement was executed in fiscal year 2021-2022, to lease equipment and at July 1, 2021 requires 57 monthly payments of \$59. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 4.35%, which is the incremental borrowing rate. The liability balance as of June 30, 2023 is \$1,884.

The second agreement was executed on September 16, 2022 to lease public safety body cameras and requires 5 annual payments of \$5,736.50. There are no variable components of the lease. The lease liability is measured at a discount rate of 2%, which is the incremental borrowing rate. The liability balance as of June 30, 2023 is \$21,843.

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

Year Ending June 30	Principal Payments	Interest Payments	Total
2024	\$ 5,939	\$ 506	\$ 6,445
2025	6,072	372	6,444
2026	6,092	235	6,327
2027	5,623	112	5,735
	<u>\$ 23,726</u>	<u>\$ 1,225</u>	<u>\$ 24,951</u>

b. USDA Loan

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

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

III. DETAIL NOTES ON ALL FUNDS (Continued):

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2024	11,433	14,509
2025	11,705	14,237
2026	11,983	13,959
2027	12,267	13,675
2028	12,559	13,383
Thereafter	550,942	224,360
	<u>\$ 610,889</u>	<u>\$ 294,123</u>

c. Installment Purchase

	Governmental Activities
Installment purchase with Santander Bank; issued February 2022, in the amount of \$31,467; annual payments of \$10,939 that includes interest at 4.35% for two years, secured by vehicle.	\$ 10,482
Installment purchase with Ford Motor Credit Company; issued September 2022, in the amount of \$25,428; annual payments of \$9,115 that includes interest at 7.74% for two years, secured by vehicle.	<u>16,313</u>
Total installment purchase contracts	<u>\$ 26,795</u>

Annual debt service payments of the installment purchase as of June 30, 2023, including \$2,374 of interest, are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2024	\$ 18,335	\$ 1,719
2025	8,460	655
	<u>\$ 26,795</u>	<u>\$ 2,374</u>

d. Subscriptions

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

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

III. DETAIL NOTES ON ALL FUNDS (Continued):

The Town entered into an agreement in September 2022 for public safety body camera device management software with an initial term of 5 years. The Subscription does not have a stated interest rate, therefore, the Town's incremental borrowing rate of 2% was used to discount the subscription payments. As a result, the amount of \$18,223 was added as a right-to-use subscription asset. The liability balance remaining at June 30, 2023 is \$14,433.

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

Year Ending June 30	Principal Payments	Interest Payments	Total
2024	\$ 3,502	\$ 288	\$ 3,790
2025	3,572	218	3,790
2026	3,643	147	3,790
2027	3,716	74	3,790
	<u>\$ 14,433</u>	<u>\$ 727</u>	<u>\$ 15,160</u>

e. Changes in Long-Term Liabilities

The following is a summary of changes in the Town's long-term debt for the year ended June 30, 2023.

	July 1, <u>2022</u>	<u>Additions</u>	<u>Retirements</u>	June 30, <u>2023</u>	Due Within <u>One Year</u>
Governmental Activities:					
Installment Purchase	20,528	25,428	19,160	26,796	18,335
Leases	2,495	27,580	6,349	23,726	5,939
Subscriptions	-	18,223	3,790	14,433	3,502
USDA loan	622,057	-	11,168	610,889	11,433
Compensated absences	24,347	29,603	20,347	33,603	33,603
Net pension obligation (LGERS)	54,374	162,464	-	216,838	-
Total pension obligation (LEO)	223,283	-	3,388	219,895	-
Total:	<u>947,084</u>	<u>263,298</u>	<u>64,202</u>	<u>1,146,180</u>	<u>72,812</u>
Business Type Activities:					
Compensated absences	14,583	13,480	11,162	16,901	16,901
Net pension obligation (LGERS)	1,602	51,220	-	52,822	-
Total:	<u>16,185</u>	<u>64,700</u>	<u>11,162</u>	<u>69,723</u>	<u>16,901</u>

At June 30, 2023, the Town had no bond authorized but unissued and legal debt margin of approximately \$7,982,006.

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

TOWN OF BROADWAY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

III. DETAIL NOTES ON ALL FUNDS (Continued):

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>	\$ 1,805,462
Less:	
Prepaid expenses	17,550
Stabilization by State Statute	157,353
Streets-Powell Bill	140,340
USDA Reserve	10,392
Cultural & recreational-Facade	1,592
Cultural & recreational-Festival	48,115
Public Safety-Controlled substance tax	1,612
Cemetery funds	31,101
Remaining Fund Balance	1,397,407

Required
Supplementary Financial Data

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

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

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

Local Government Employees' Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Broadway's proportion of the net pension liability (asset) (%)	0.00478%	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) (\$)	\$ 269,660	\$ 55,976	\$ 157,945	\$ 132,450	\$ 123,362	\$ 71,956	\$ 120,973	\$ 25,357	\$ (30,608)	\$ 65,901
Broadway's covered-employee payroll	\$ 460,293	\$ 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	58.58%	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**	84.14%	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 Ten Fiscal Years**

Local Government Employees' Retirement System

	<u>2023</u>	<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	\$ 57,666	\$ 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	57,666	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>	<u>\$ -</u>
Broadway's covered payroll	\$ 460,293	\$ 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	12.53%	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 Six Fiscal Years

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

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

Notes to the schedules:

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

TOWN OF BROADWAY, NORTH CAROLINA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2023
With Comparative Totals at June 30, 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and investments	\$ 1,496,344	\$ 964,421
Restricted cash	153,936	155,725
Taxes receivable, net	5,663	3,897
Accounts receivable, net	11,938	11,990
Due from other governmental agencies	107,305	99,162
Due from water and sewer fund	50,000	60,000
Prepaid items	<u>17,550</u>	<u>47,825</u>
Total assets	<u>1,842,736</u>	<u>1,343,020</u>
LIABILITIES		
Accounts payable	14,384	43,162
Accrued liabilities	<u>3,725</u>	<u>1,777</u>
Total liabilities	<u>18,109</u>	<u>44,939</u>
DEFERRED INFLOWS OF RESOURCES		
Property taxes receivable	5,663	3,897
Sanitation receivable, net	11,890	11,978
Drug forfeiture revenues	<u>1,612</u>	<u>1,612</u>
Total deferred inflows of resources	<u>19,165</u>	<u>17,487</u>
FUND BALANCES		
Non-spendable		
Prepaid expenses	17,550	47,825
Restricted		
Stabilization by State Statute	157,353	159,174
Streets	140,340	142,134
USDA Reserve	10,392	10,387
Cultural and Recreational	1,592	1,592
Public safety	1,612	1,612
Committed		
Cemetery funds	31,101	31,024
Assigned		
Cultural and Recreational	48,115	36,737
Unassigned	<u>1,397,407</u>	<u>850,109</u>
Total fund balances	<u>1,805,462</u>	<u>1,280,594</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 1,842,736</u></u>	<u><u>\$ 1,343,020</u></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, 2023
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2022

	2023			2022
	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Ad valorem taxes:				
Taxes	\$ 545,125	\$ 570,083	\$ 24,958	\$ 498,852
Interest	-	2,406	2,406	1,678
Total	545,125	572,489	27,364	500,530
Other taxes and licenses:				
Local option sales tax	201,000	243,316	42,316	220,290
Unrestricted intergovernmental:				
Utilities sales tax	60,000	66,697		64,524
Beer and wine tax	5,560	5,815		5,052
Total	65,560	72,512	6,952	69,576
Restricted intergovernmental:				
Powell Bill allocation	41,265	41,278		41,512
Other local government	90,000	94,400		90,000
Solid waste disposal tax	1,200	1,034		960
Federal grant	-	(603)		28,779
Total	132,465	136,109	3,644	161,251
Contributions & Donations	32,000	36,450	4,450	32,995
Sales and services:				
Cemetery	12,500	32,500		14,450
Community building rent	15,000	17,105		1,625
Sanitation fees	121,900	123,838		120,682
Police fee	200	329		223
Total	149,600	173,772	24,172	136,980
Investment earnings	500	28,044	27,544	1,620
Miscellaneous:				
Other	500	639		900
Total	500	639	139	900
Total revenues	1,126,750	1,263,331	136,581	1,124,142

(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, 2023****With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2022**

	2023			2022
	Final Budget	Actual	Variance with Final Budget	Actual
Expenditures:				
General government:				
Governing body:				
Salaries and benefits		\$ 9,301		\$ 9,567
Operating expenditures		575		7,205
	<u>10,060</u>	<u>9,876</u>	<u>184</u>	<u>16,772</u>
Administration:				
Salaries and benefits		75,065		83,842
Operating expenditures		65,960		60,670
	<u>157,155</u>	<u>141,025</u>	<u>16,130</u>	<u>144,512</u>
Finance:				
Salaries and benefits		82,966		67,720
Operating expenditures		51,182		42,055
	<u>193,375</u>	<u>134,148</u>	<u>59,227</u>	<u>109,775</u>
Public buildings:				
Salaries and benefits		87,197		83,745
Operating expenditures		47,093		51,026
Capital outlay		28,412		9,250
	<u>183,019</u>	<u>162,702</u>	<u>20,317</u>	<u>144,021</u>
Cemetery:				
Operating expenditures		395		429
	<u>1,000</u>	<u>395</u>	<u>605</u>	<u>429</u>
Total general government	<u>544,609</u>	<u>448,146</u>	<u>96,463</u>	<u>415,509</u>
Public safety:				
Police:				
Salaries and benefits		297,653		267,357
Operating expenditures		38,680		38,493
Capital outlay		88,311		31,467
Total public safety	<u>451,344</u>	<u>424,644</u>	<u>26,700</u>	<u>337,317</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, 2023
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2022

	2023		Variance	2022
	Final Budget	Actual	with Final Budget	Actual
Expenditures (Continued):				
Transportation:				
Streets:				
Operating expenditures		\$ 60,043		\$ 35,420
Capital outlay		8,683		22,888
Total transportation	79,500	68,726	10,774	58,308
Environmental protection:				
Operating expenditures	121,900	124,598	(2,698)	116,001
Cultural and recreational:				
Operating expenditures	47,000	31,195	15,805	108,078
Debt Service				
Principal retirement		40,467		30,547
Interest and other charges		15,764		15,773
	66,322	56,231	10,091	46,320
Total expenditures	1,310,675	1,153,540	157,135	1,081,533
Revenues over (under) expenditures	(183,925)	109,791	293,716	42,609
Other financing sources:				
Transfer from ARP CSLFRF fund	-	335,315		-
Installment purchase obligations issued	24,884	25,428		31,467
Sale of capital assets	-	5,500		1,000
Insurance recovery	-	3,031		559
Loan repayment from water/sewer fund	10,000	-		-
Lease liabilities issued	27,580	27,580		-
IT Subscription liabilities issued	18,224	18,223		-
Total other financing sources	80,688	415,077	334,389	33,026
Fund balance appropriated	103,237	-	(103,237)	-
Net change in fund balance	\$ -	524,868	\$ 524,868	\$ 75,635
Fund balances, beginning of year		1,280,594		
Fund balances, end of year		\$ 1,805,462		

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, 2023

	<u>Project Budget</u>	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to June 30, 2023</u>
Nonoperating revenues:				
ARP - CSLFRF Funds	\$ 409,845	\$ 409,845	\$ -	\$ 409,845
Interest on investments	<u>7,550</u>	<u>7,176</u>	<u>373</u>	<u>7,549</u>
Total revenues	<u>417,395</u>	<u>417,021</u>	<u>373</u>	<u>417,394</u>
Other financing uses:				
Transfers out - General Fund	<u>(417,395)</u>	<u>(417,394)</u>	<u>-</u>	<u>(417,394)</u>
Net change in fund balance	<u>\$ -</u>	(373)	<u>\$ 373</u>	-
Fund balance, beginning of year		<u>373</u>		<u>-</u>
Fund balance, end of year		<u>\$ -</u>		<u>\$ -</u>

TOWN OF BROADWAY, NORTH CAROLINA
NON-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, 2023

	<u>Project Budget</u>	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to June 30, 2023</u>
Nonoperating revenues:				
Grant Fund	\$ 50,000	\$ 34,100	\$ 15,900	\$ 50,000
Interest on investments	-	13	9	22
	<u>50,000</u>	<u>34,113</u>	<u>15,909</u>	<u>50,022</u>
Total revenues				
Expenditures:				
Transfer to NC Veteran's Memorial, Inc.	50,000	34,122	15,900	50,022
Total expenditures	<u>50,000</u>	<u>34,122</u>	<u>15,900</u>	<u>50,022</u>
Net change in fund balance	<u>\$ -</u>	(9)	<u>\$ 9</u>	-
Fund balance, beginning of year		<u>9</u>		<u>-</u>
Fund balance, end of year		<u>\$ -</u>		<u>\$ -</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, 2023
With Comparative Amounts for the Fiscal Year Ended June 30, 2022

	2023		2022	
	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Operating revenues:				
User charges water and sewer	\$ 429,000	\$ 445,963	\$ 16,963	\$ 434,772
Connection and tap fees	18,000	15,239	(2,761)	47,782
Other	150	589	439	681
	<u>447,150</u>	<u>461,791</u>	<u>14,641</u>	<u>483,235</u>
Nonoperating revenues:				
Interest on investments	-	503	503	279
Total revenues	<u>447,150</u>	<u>462,294</u>	<u>15,144</u>	<u>483,514</u>
Expenditures:				
Water and sewer department:				
Salaries and benefits	160,875	161,204	(329)	149,428
Operating expenditures	239,775	170,861	68,914	124,418
Repairs and maintenance	15,000	9,708	5,292	16,328
Water purchased	<u>85,000</u>	<u>83,154</u>	<u>1,846</u>	<u>82,726</u>
Total water and sewer department	<u>500,650</u>	<u>424,927</u>	<u>75,723</u>	<u>372,900</u>
Capital outlay:	<u>20,000</u>	-	<u>20,000</u>	-
Total expenditures	<u>520,650</u>	<u>424,927</u>	<u>95,723</u>	<u>372,900</u>
Revenues over (under) expenditures	(73,500)	37,367	110,867	110,614
Other financing sources (uses):				
Fund balance appropriated	73,500	-	(73,500)	-
Transfer from ARP CSLFRF fund		82,079	82,079	-
Transfer to capital project fund	-	-	-	(680)
Total other financing sources (uses)	<u>73,500</u>	<u>82,079</u>	<u>8,579</u>	<u>(680)</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>119,446</u>	<u>\$ 119,446</u>	<u>\$ 109,934</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, 2023
With Comparative Amounts for the Fiscal Year Ended June 30, 2022

Revenues and other sources over expenditures and other uses	119,446
Reconciliation of modified accrual basis to full accrual basis:	
Depreciation	(104,233)
Decrease in bad debt allowance	1,430
Increase in deferred outflows of resources - pensions	23,529
Increase in net pension liability	(51,220)
Decrease in deferred inflows of resources - pensions	18,906
Increase in compensated absences	(2,318)
Loss on disposal of capital asset	(6,696)
Water and Sewer Capital Projects Fund	
Grant Funds	3,540
Change in net position	<u>\$ 2,384</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, 2023

	<u>Project Budget</u>	<u>Current Year</u>	<u>Prior Years</u>	<u>Total to June 30, 2023</u>
Revenues:				
Grants	<u>\$ 167,500</u>	<u>\$ 3,540</u>	<u>\$ 156,477</u>	<u>\$ 160,017</u>
Expenditures:				
Water line project - capital outlay	<u>168,180</u>	<u>3,540</u>	<u>156,477</u>	<u>160,017</u>
Other financing sources:				
Transfers in - Water/Sewer	<u>680</u>	<u>-</u>	<u>680</u>	<u>680</u>
Total other financing sources	<u>680</u>	<u>-</u>	<u>680</u>	<u>680</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 680</u>	<u>\$ 680</u>

TOWN OF BROADWAY, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2023

<u>Fiscal year</u>	<u>Uncollected balance June 30, 2022</u>	<u>Additions</u>	<u>Collections and credits</u>	<u>Uncollected balance June 30, 2023</u>
2022-2023	\$ -	\$ 574,241	\$ (567,511)	\$ 6,730
2021-2022	3,471	-	(2,192)	1,279
2020-2021	1,349	-	(227)	1,122
2019-2020	1,535	-	(200)	1,335
2018-2019	1,178	-	(5)	1,173
2017-2018	396	-	(121)	275
2016-2017	870	-	(204)	666
2015-2016	759	-	(183)	576
2014-2015	256	-	-	256
2013-2014	71	-	-	71
2012-2013	<u>448</u>	<u>-</u>	<u>(448)</u>	<u>-</u>
Net taxes receivable	<u>\$ 10,333</u>	<u>\$ 574,241</u>	<u>\$ (571,091)</u>	13,483
Less: allowance for uncollectable accounts				<u>7,820</u>
Ad valorem taxes receivable - net				<u>\$ 5,663</u>
Reconcilement with revenues:				
Ad valorem taxes - General Fund				\$ 570,083
Reconciling items:				
Taxes released and written off				<u>1,008</u>
Subtotal				<u>1,008</u>
Total collections and credits				<u>\$ 571,091</u>

TOWN OF BROADWAY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
For the Fiscal Year Ended June 30, 2023

	Town-wide		Total levy	Total levy	
	Property valuation	Rate		Property excluding registered motor vehicles	Registered motor vehicles
Original levy:					
Property taxed at current year's rate	\$ 90,095,094	\$ 0.53	\$ 477,504	\$ 477,504	\$ -
Corporate utility	1,036,226	0.53	5,492	5,492	-
Motor vehicles tag and tax levy	16,693,774	0.53	88,477	-	88,477
Penalties	-		266	266	-
	<u>107,825,094</u>		<u>571,739</u>	<u>483,262</u>	<u>88,477</u>
Discoveries:					
Current year taxes	195,813	0.53	978	978	-
Gap bills	202,722	0.53	1,834	1,834	-
Penalties	-	0.53	17	17	-
	<u>108,223,629</u>		<u>574,568</u>	<u>486,091</u>	<u>88,477</u>
Abatements	<u>(500)</u>		<u>(327)</u>	<u>(327)</u>	<u>-</u>
Total property valuation	<u>\$ 108,223,129</u>				
Net levy			574,241	485,764	88,477
Uncollected taxes at June 30, 2023			<u>6,730</u>	<u>5,970</u>	<u>760</u>
Current year's taxes collected			<u>\$ 567,511</u>	<u>\$ 479,794</u>	<u>\$ 87,717</u>
Current levy collection percentage			<u>98.83%</u>	<u>98.77%</u>	<u>99.14%</u>