TOWN OF BROADWAY, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2024

TOWN OF BROADWAY, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2024

TOWN OF BROADWAY, VIRGINIA
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

TABLE OF CONTENTS (CONTINUED)

INDEPENDENT AUDITORS' REPORT

THE HONORABLE MEMBERS
OF THE TOWN COUNCIL
TOWN OF BROADWAY, VIRGINIA

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Broadway, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Broadway, Virginia, as of and for the year ended June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Town of Broadway, Virginia, 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 raise substantial doubt about the Town of Broadway, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns* will always detect a material misstatement when it exists. The risk of not detecting a 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 generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

- Exercise professional judgment and maintain 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 Town of Broadway, Virginia'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Broadway, Virginia'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 budgetary comparison information and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by the missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Broadway, Virginia's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2026, on our consideration of Town of Broadway, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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, Virginia'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, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
May 1, 2026

FINANCIAL STATEMENTS

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2024

		Primary Government		Component Unit
	Governmental Activities	Business-type Activities	Total	Industrial Development Authority
ASSETS				
Cash and cash equivalents	$ 336,479	$ 682,094	$ 1,018,573	$ 86,658
Investments	46,330	118,338	164,668	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	378,161	-	378,161	-
Accounts receivable	178,455	275,429	453,884	-
Notes receivable	-	12,539	12,539	-
Leases receivable	-	559,860	559,860	-
Interest receivable	-	1,866	1,866	-
Due from other governmental units	4,892	-	4,892	-
Inventories	6,534	50,740	57,274	-
Internal balances	36,775	(36,775)	-	-
Restricted:				
Cash and cash equivalents	-	39,186	39,186	-
Capital assets, net of accumulated depreciation:				
Land	903,191	143,397	1,046,588	-
Buildings and improvements	876,340	-	876,340	-
Park and improvements	2,784,202	-	2,784,202	-
Machinery and equipment	303,976	823,492	1,127,468	-
Infrastructure	2,256,494	-	2,256,494	-
Utility plant in service	-	29,189,732	29,189,732	-
Construction in progress	106,519	-	106,519	-
Lease assets	-	113,318	113,318	-
Total assets	$ 8,218,348	$ 31,973,216	$ 40,191,564	$ 86,658
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	$ -	$ 1,059,394	$ 1,059,394	$ -
Pension related items	278,215	279,680	557,895	-
OPEB related items	11,541	11,951	23,492	-
Total deferred outflows of resources	$ 289,756	$ 1,351,025	$ 1,640,781	$ -
LIABILITIES				
Accounts payable	$ 266,171	$ 80,253	$ 346,424	$ -
Accrued liabilities	63,895	54,414	118,309	-
Connection fees payable	-	10,920	10,920	-
Customers' deposits	-	39,186	39,186	-
Accrued interest payable	-	122,268	122,268	-
Unearned revenue	-	8,169	8,169	-
Long-term liabilities:				
Due within one year	41,221	865,516	906,737	-
Due in more than one year	515,173	18,099,284	18,614,457	-
Total liabilities	$ 886,460	$ 19,280,010	$ 20,166,470	$ -
DEFERRED INFLOWS OF RESOURCES				
Lease related	$ -	$ 516,262	$ 516,262	$ -
Deferred revenue - property taxes	360,377	-	360,377	-
Pension related items	37,223	55,365	92,588	-
OPEB related items	4,763	5,039	9,802	-
Total deferred inflows of resources	$ 402,363	$ 576,666	$ 979,029	$ -
NET POSITION				
Net investment in capital assets	$ 7,127,618	$ 12,812,117	$ 19,939,735	$ -
Unrestricted (deficit)	91,663	655,448	747,111	86,658
Total net position	$ 7,219,281	$ 13,467,565	$ 20,686,846	$ 86,658

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

Town of Broadway, Virginia

Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	$ 965,798	$ 32,162	$ -	$ -
Public safety	1,019,037	10,428	175,251	-
Public works	1,005,752	276,313	629,989	-
Parks, recreation, and cultural	391,919	97,380	4,500	-
Community development	27,655	-	-	-
Interest on long-term debt	3,975	-	-	-
Total governmental activities	$ 3,414,136	$ 416,283	$ 809,740	$ -
Business-type activities:				
Water	$ 1,043,755	$ 671,905	$ -	$ 175,500
Sewer	3,961,137	4,195,820	-	174,800
RBEG	296	-	-	-
Total business-type activities	$ 5,005,188	$ 4,867,725	$ -	$ 350,300
Total primary government	$ 8,419,324	$ 5,284,008	$ 809,740	$ 350,300
COMPONENT UNIT:				
Industrial Development Authority	$ 48	$ -	$ -	$ -

General revenues:
General property taxes
Other local taxes:
Local sales and use tax
Consumers' utility tax
Business licenses tax
Restaurant food tax
Cigarette Tax
Transient Occupancy tax
Bank stock tax
Other local taxes
Unrestricted revenues from use of money
Miscellaneous
Grants and contributions not restricted to specific programs
Transfers
Total general revenues and transfers
Change in net position
Net position - beginning
Net position - ending

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position			Component Unit
Primary Government			
Governmental Activities	Business-type Activities	Total	Industrial Development Authority
$ (933,636)	$ -	$ (933,636)	$ -
(833,358)	-	(833,358)	-
(99,450)	-	(99,450)	-
(290,039)	-	(290,039)	-
(27,655)	-	(27,655)	-
(3,975)	-	(3,975)	-
$ (2,188,113)	$ -	$ (2,188,113)	$ -
$ -	$ (196,350)	$ (196,350)	$ -
-	409,483	409,483	-
-	(296)	(296)	-
$ -	$ 212,837	$ 212,837	$ -
$ (2,188,113)	$ 212,837	$ (1,975,276)	$ -
$ -	$ -	$ -	$ (48)
$ 531,972	$ -	$ 531,972	$ -
367,323	-	367,323	-
84,634	-	84,634	-
105,163	-	105,163	-
328,497	-	328,497	-
69,005	-	69,005	-
27,336	-	27,336	-
110,037	-	110,037	-
5,869	-	5,869	-
3,960	40,835	44,795	-
196,698	15,998	212,696	-
67,952	-	67,952	-
246,153	(246,153)	-	-
$ 2,144,599	$ (189,320)	$ 1,955,279	$ -
$ (43,514)	$ 23,517	$ (19,997)	$ (48)
7,262,795	13,444,048	20,706,843	86,706
$ 7,219,281	$ 13,467,565	$ 20,686,846	$ 86,658

FUND FINANCIAL STATEMENTS

Balance Sheet
Governmental Funds
June 30, 2024

		General Fund
ASSETS		
Cash and cash equivalents	$	336,479
Investments		46,330
Receivables (net of allowance for uncollectibles):		
Taxes receivable		378,161
Accounts receivable		178,455
Due from other funds		36,775
Due from other governmental units		4,892
Inventories		6,534
Total assets	$	987,626
LIABILITIES		
Accounts payable	$	266,171
Accrued liabilities		63,895
Total liabilities	$	330,066
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	$	374,508
Total deferred inflows of resources	$	374,508
FUND BALANCES		
Nonspendable:		
Inventory	$	6,534
Unassigned		276,518
Total fund balance	$	283,052
Total liabilities, deferred inflows of resources, and fund balance	$	987,626

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

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2024

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds			$	283,052
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				
Land	$	903,191		
Buildings and improvements		876,340		
Park and improvements		2,784,202		
Machinery and equipment		303,976		
Infrastructure		2,256,494		
Construction in progress		106,519		
				7,230,722
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.				
Unavailable revenue - property taxes	$	14,131		
				14,131
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds				
Pension related items	$	278,215		
OPEB related items		11,541		
				289,756
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				
General obligation bonds	$	(103,104)		
Compensated absences		(63,669)		
Net pension liability		(355,641)		
Net OPEB liability		(33,980)		
				(556,394)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.				
Pension related items	$	(37,223)		
OPEB related items		(4,763)		
				(41,986)
Net position of governmental activities			$	7,219,281

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2024

		General Fund
REVENUES		
General property taxes	$	535,208
Other local taxes		1,097,864
Permits, privilege fees, and regulatory licenses		19,662
Fines and forfeitures		10,428
Revenue from the use of money and property		16,460
Charges for services		373,693
Miscellaneous		196,698
Intergovernmental:		
Commonwealth		796,823
Federal		80,869
Total revenues	$	3,127,705
EXPENDITURES		
Current:		
General government administration	$	935,230
Public safety		1,054,762
Public works		867,755
Parks, recreation, and cultural		442,917
Community development		27,655
Debt service:		
Principal retirement		24,426
Interest and other fiscal charges		3,975
Total expenditures	$	3,356,720
Excess (deficiency) of revenues over (under) expenditures	$	(229,015)
OTHER FINANCING SOURCES (USES)		
Transfers in	$	312,937
Transfers out		(66,784)
Total other financing sources (uses)	$	246,153
Net change in fund balances	$	17,138
Fund balance-beginning		265,914
Fund balance-ending	$	283,052

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

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2024

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

Net change in fund balances - total governmental funds		$ 17,138
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded the capital outlays in the current period.		
Capital outlays	$ 335,560	
Depreciation expense	(410,697)	
		(75,137)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	$ (3,236)	
		(3,236)
The issuance of long-term debt (e.g. bonds, leases) 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, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal repayments	$ 24,426	
		24,426
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.		
Change in compensated absences	$ 2,775	
Pension expense	(12,194)	
OPEB expense	2,714	
		(6,705)
Change in net position of governmental activities		$ (43,514)

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

Statement of Net Position
Proprietary Funds
June 30, 2024

	Enterprise Funds			
	Water	**Sewer**	**RBEG**	**Total**
ASSETS				
Current assets:				
Cash and cash equivalents	$ 40,246	$ 572,936	$ 68,912	$ 682,094
Investments	-	118,338	-	118,338
Accounts receivable	104,384	171,045	-	275,429
Notes receivable-current portion	-	-	12,539	12,539
Inventories	46,475	4,265	-	50,740
Interest receivable	1,866	-	-	1,866
Leases receivable-current portion	27,288	-	-	27,288
Total current assets	$ 220,259	$ 866,584	$ 81,451	$ 1,168,294
Noncurrent assets:				
Restricted cash and cash equivalents	$ 39,186	$ -	$ -	$ 39,186
Leases receivable-net of current portion	532,572	-	-	532,572
Capital assets:				
Land	63,841	79,556	-	143,397
Construction in progress	-	-	-	-
Utility plant in service	11,033,472	28,394,317	-	39,427,789
Equipment	377,213	1,906,546	-	2,283,759
Leased land	117,696	-	-	117,696
Accumulated depreciation/amortization	(3,166,764)	(8,535,938)	-	(11,702,702)
Net capital assets	$ 8,425,458	$ 21,844,481	$ -	$ 30,269,939
Total noncurrent assets	$ 8,997,216	$ 21,844,481	$ -	$ 30,841,697
Total assets	$ 9,217,475	$ 22,711,065	$ 81,451	$ 32,009,991
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	$ -	$ 1,059,394	$ -	$ 1,059,394
Pension related items	50,193	229,487	-	279,680
OPEB related items	2,260	9,691	-	11,951
Total deferred outflows of resources	$ 52,453	$ 1,298,572	$ -	$ 1,351,025
LIABILITIES				
Current liabilities:				
Accounts payable	$ 60,330	$ 19,923	$ -	$ 80,253
Accrued liabilities	8,555	45,859	-	54,414
Customers' deposits	39,186	-	-	39,186
Connection fees payable	5,400	5,520	-	10,920
Accrued interest payable	45,736	76,532	-	122,268
Due to other funds	36,775	-	-	36,775
Unearned revenue	8,169	-	-	8,169
Compensated absences-current portion	4,076	9,996	-	14,072
Bonds payable-current portion	143,544	707,669	-	851,213
Lease liability-current portion	231	-	-	231
Total current liabilities	$ 352,002	$ 865,499	$ -	$ 1,217,501
Noncurrent liabilities:				
Bonds payable-net of current portion	$ 4,816,150	$ 12,732,797	$ -	$ 17,548,947
Lease liability-net of current portion	116,825	-	-	116,825
Compensated absences-net of current portion	12,226	29,989	-	42,215
Net OPEB liability	7,045	28,895	-	35,940
Net pension liability	62,995	292,362	-	355,357
Total noncurrent liabilities	$ 5,015,241	$ 13,084,043	$ -	$ 18,099,284
Total liabilities	$ 5,367,243	$ 13,949,542	$ -	$ 19,316,785
DEFERRED INFLOWS OF RESOURCES				
Lease related	$ 516,262	$ -	$ -	$ 516,262
Pension related items	22,269	33,096	-	55,365
OPEB related items	988	4,051	-	5,039
Total deferred inflows of resources	$ 539,519	$ 37,147	$ -	$ 576,666
NET POSITION				
Net investment in capital assets	$ 3,348,708	$ 9,463,409	$ -	$ 12,812,117
Unrestricted (deficit)	14,458	559,539	81,451	655,448
Total net position	$ 3,363,166	$ 10,022,948	$ 81,451	$ 13,467,565

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

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2024

	Enterprise Funds			
	Water	Sewer	RBEG	Total
OPERATING REVENUES				
Charges for services:				
Water revenues	$ 632,270	$ -	$ -	$ 632,270
Sewer revenues	-	446,869	-	446,869
Wastewater contracts	-	3,015,753	-	3,015,753
Sludge	-	733,198	-	733,198
Miscellaneous	15,998	-	-	15,998
Total operating revenues	$ 648,268	$ 4,195,820	$ -	$ 4,844,088
OPERATING EXPENSES				
Personnel services	$ 196,169	$ 804,008	$ -	$ 1,000,177
Fringe benefits	52,365	247,455	-	299,820
Payroll taxes	14,179	56,448	-	70,627
Chemicals	72,979	487,634	-	560,613
Supplies	2,685	2,504	-	5,189
Repairs and maintenance	224,333	176,275	-	400,608
Insurance	15,555	16,846	-	32,401
Utilities and fuel	67,033	667,575	-	734,608
Other	16,292	14,624	296	31,212
Water purchases (Co-op)	28,205	-	-	28,205
Lab testing	-	153,630	-	153,630
Sludge removal	-	297,932	-	297,932
Amortization land lease	1,459	-	-	1,459
Depreciation	214,727	686,536	-	901,263
Total operating expenses	$ 905,981	$ 3,611,467	$ 296	$ 4,517,744
Operating income (loss)	$ (257,713)	$ 584,353	$ (296)	$ 326,344
NONOPERATING REVENUES (EXPENSES)				
Lease revenue	$ 39,635	$ -	$ -	$ 39,635
Interest earnings	24,752	14,439	1,644	40,835
Interest expense	(137,774)	(349,670)	-	(487,444)
Total nonoperating revenues (expenses)	$ (73,387)	$ (335,231)	$ 1,644	$ (406,974)
Income (loss) before contributions	$ (331,100)	$ 249,122	$ 1,348	$ (80,630)
Capital contributions and construction grants	175,500	174,800	-	350,300
Transfers in	11,666	78,450	-	90,116
Transfers out	(24,551)	(311,718)	-	(336,269)
Change in net position	$ (168,485)	$ 190,654	$ 1,348	$ 23,517
Total net position - beginning	3,531,651	9,832,294	80,103	13,444,048
Total net position - ending	$ 3,363,166	$ 10,022,948	$ 81,451	$ 13,467,565

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

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2024

	Enterprise Funds			
	Water	Sewer	RBEG	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 637,197	$ 4,186,747	$ -	$ 4,823,944
Payments to suppliers	(369,902)	(1,822,344)	(296)	(2,192,542)
Payments to employees	(261,147)	(1,077,998)	-	(1,339,145)
Net cash provided by (used for) operating activities	$ 6,148	$ 1,286,405	$ (296)	$ 1,292,257
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal payments received on notes	$ -	$ -	$ 15,291	$ 15,291
Transfers	(12,885)	(233,268)	-	(246,153)
Net cash provided by (used for) noncapital financing activities	$ (12,885)	$ (233,268)	$ 15,291	$ (230,862)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital asset additions	$ (2,527)	$ (49,944)	$ -	$ (52,471)
Principal payments on bonds	(140,563)	(689,965)	-	(830,528)
Principal payments on lease	(222)	-	-	(222)
Capital contributions	175,500	174,800	-	350,300
Interest expense	(139,010)	(265,956)	-	(404,966)
Net cash provided by (used for) capital and related financing activities	$ (106,822)	$ (831,065)	$ -	$ (937,887)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received	$ 1,874	$ 14,439	$ 1,644	$ 17,957
Sale of investments	105,156	255,422	-	360,578
Interest income	22,966	-	-	22,966
Lease income	26,220	-	-	26,220
Net cash provided by (used for) investing activities	$ 156,216	$ 269,861	$ 1,644	$ 378,535
Net increase (decrease) in cash and cash equivalents	$ 42,657	$ 491,933	$ 16,639	$ 551,229
Cash and cash equivalents (including restricted)- beginning	36,775	81,003	52,273	170,051
Cash and cash equivalents (including restricted)- ending	$ 79,432	$ 572,936	$ 68,912	$ 721,280
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ (257,713)	$ 584,353	$ (296)	$ 326,344
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	$ 216,186	$ 686,536	$ -	$ 902,722
(Increase) decrease in accounts receivable	(3,800)	(9,073)	-	(12,873)
(Increase) decrease in inventories	5,950	-	-	5,950
(Increase) decrease in deferred outflows of resources-pension	1,368	(18,371)	-	(17,003)
(Increase) decrease in deferred outflows of resources-OPEB	(521)	(1,977)	-	(2,498)
Increase (decrease) in customer deposits	2,411	-	-	2,411
Increase (decrease) in accounts payable	51,230	(5,324)	-	45,906
Increase (decrease) in accrued liabilities	444	13,332	-	13,776
Increase (decrease) in unearned revenue	(9,682)	-	-	(9,682)
Increase (decrease) in net OPEB liabilities	1,128	1,171	-	2,299
Increase (decrease) in compensated absences	5,846	4,314	-	10,160
Increase (decrease) in net pension liability	6,811	61,906	-	68,717
Increase (decrease) in deferred inflows of resources-pension	(13,314)	(28,962)	-	(42,276)
Increase (decrease) in deferred inflows of resources-OPEB	(196)	(1,500)	-	(1,696)
Total adjustments	$ 263,861	$ 702,052	$ -	$ 965,913
Net cash provided by (used for) operating activities	$ 6,148	$ 1,286,405	$ (296)	$ 1,292,257

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Town of Broadway, Virginia (the Town) conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Financial reporting entity

The Town is a municipality governed by an elected mayor and six-member Council, who are elected at large for staggered four-year terms. The accompanying financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Town's operations. Thus, blended component units are appropriately presented as funds of the Town. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Town.

Blended component units – There were no blended component units for the Town for the year ended June 30, 2024.

Discretely presented component units – The Industrial Development Authority operates to promote economic development to businesses throughout the Town. The Town Council appoints the Board Members as well as provides significant funding to the Authority.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business–type activities*, which rely to a significant extent on fees and charges to external customers for support.

The Statement of Net Position is designed to display financial position of the primary government (governmental and business-type activities) and its discretely presented component units. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expenses – the cost of "using up" capital assets – in the Statement of Activities. The net position of a government will be broken down into three categories – 1) net investment in capital assets, 2) restricted; and 3) unrestricted.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are earned and they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Sales and utility taxes, which are collected by the state or utility and subsequently remitted to the Town, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the Town.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

The *general fund* is the Town's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

The government reports the following major proprietary funds:

The water and sewer funds account for the activities of the Town's water and sewer systems. These funds operate the wastewater treatment plants, sewage pumping stations and collection systems, the water treatment plant, and the water distribution system.

The RBEG fund accounts for the activities of administering the Town's Rural Business Enterprise Program.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's public utility fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes. Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the public utilities fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Cash and cash equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. All certificates of deposit are considered to be cash and cash equivalents.

2. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

3. Receivables and payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans). All other outstanding balances between funds are reported as "advances to/from other funds" (i.e., the noncurrent portion of inter-fund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

4. Property taxes

Property taxes are levied as of January 1 and attach as an enforceable lien on property as of January 1. All real and personal property is assessed by the County of Rockingham Commissioner of Revenue. General real property assessments occur every four years. The Town collects real and personal property taxes on an annual basis, due December 5. The Town bills and collects its own property taxes.

5. Allowance for uncollectible accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. No allowance was considered necessary at June 30, 2024.

6. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

7. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $2,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

As the Town constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Property, plant, and equipment and infrastructure of the Town are depreciated using the straight line method over the following estimated useful lives (or life of the associated contract for lease assets):

Assets	Years
Building and park improvements	20-50
Utility system	20-50
Infrastructure	20-40
Machinery and equipment	3-10

8. Compensated absences

It is the Town's policy to permit employees to accumulate earned but not used vacation and sick pay benefits. The Town pays a benefit for accumulated sick leave upon an employee's separation from service to the extent the employee meets certain criteria. Vacation and sick pay are accrued when incurred in the government-wide and proprietary fund financial statements. A liability is reported for compensated absences in governmental funds only to the extent that it is expected to be liquidated with expendable available financial resources as a result of employee resignations and retirements.

9. Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

10. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

In the 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 and premiums on 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.

11. Fund balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The Town's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- Nonspendable fund balance – amounts that are either not in spendable form (i.e., inventory and prepaid assets) or are legally or contractually required to be maintained intact (i.e., corpus of a permanent fund);
- Restricted fund balance – amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance – amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Town Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council adopts another ordinance to remove or revise the limitation;
- Assigned fund balance – amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

When fund balance resources are available for a specific purpose in more than one classification, it is the Town's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

11. Fund balance (continued)

The Town establishes (and modifies or rescinds) fund balance commitments by formal action of the Town Council; the formal action required to commit fund balance is by resolution, prior to the end of the fiscal year. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken to remove or revise the limitation. The Town Council may also assign fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

12. Net position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Town's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Town's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications - committed and then assigned fund balances before using unassigned fund balances.

13. Restricted Assets

Assets of the Town's water fund have been restricted for the payment of customer deposits in the amount of $39,186.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

14. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Town has multiple items that qualify for reporting in this category. One item is the deferred charge on refunding, the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other items are comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due December 5 attributable to the first half of 2024 and is deferred and recognized as an inflow of resources in the period that the amount becomes available. In addition, certain items related to pension, OPEB, and leases are reported as deferred inflows of resources. For more detailed information on this item, reference the related notes.

15. 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 Town's Retirement Plan and the additions to/deductions from the Town's Retirement Plan's fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

16. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS GLI OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI Plan and the additions to/deductions from the VRS OPEB Plan's fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

E. Leases

The Town leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee
The Town recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of $5,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Subsequently, the lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Lessor
The Town recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives). Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key Estimates and Judgments
Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

The Town monitors changes in circumstances that would require a remeasurement or modification of its leases. The Town will remeasure the lease asset and liability (lessee) or the lease receivable and deferred inflows of resources (lessor) if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary information

The following procedures are used by the Town in establishing the budgetary data reflected in the financial statements:

1. The Town Council's control is exercised through the budgeting process. The budget is developed for informative and fiscal planning purposes only and presents an itemized listing of contemplated expenditures and estimated revenues for the ensuing fiscal year. The Town Council approves the budget after a public hearing.

2. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the function level within an individual fund. The Treasurer, with the approval of the Town Manager and department head(s), is authorized to transfer budgeted amounts between departments within the same fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council.

3. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

4. Appropriations lapse on June 30, for all Town funds, unless they are carried forward by a resolution of Town Council.

B. Excess of expenditures over appropriations

For the year ended June 30, 2024, general government administration, public safety, public works, and community development expenditures exceeded appropriations in the amount of $72,559, $21,062, $53,418 and $6,655, respectively.

NOTE 3—INTERFUND TRANSFERS:

During the year, transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budget authorization. Interfund transfers during the year ended June 30, 2024, were as follows:

	Transfers In	Transfers Out
General Fund	$ 312,937	$ 66,784
Water Fund	11,666	24,551
Sewer Fund	78,450	311,718
Total	**$ 403,053**	**$ 403,053**

NOTE 4—FAIR VALUE MEASUREMENTS:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The Town maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date

- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices

- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

		Fair Value Measurements Using		
Investment type	6/30/24	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed Income Brokerage Negotiable CDs	$ 148,584	$ 148,584	$ -	$ -
Money Market Mutual Fund	16,084	16,084	-	-
Totals	$ 164,668	$ 164,668	$ -	$ -

NOTE 5—DEPOSITS AND INVESTMENTS:

Deposits:
Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments:
Statutes authorize the Town to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), Asian Development Bank, the African Development bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard & Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities:

The Town of Broadway, Virginia may invest any and all funds belonging to it or in its control in the following:

1. U.S. Treasury Bills, Notes, Bonds and other direct obligations of the United States Government.

2. Repurchase agreements executed through Federal Reserve Member Banks or Primary Dealers in U.S. Government securities, and collateralized by Treasury or Agency obligations the market value of which is at least 102% of the purchase price of the repo.

3. Obligations of the Commonwealth of Virginia and of its local governments and public bodies, provided such obligations have a debt rating of at least "AA" or equivalent by Moody's and/or Standard & Poor's.

4. Obligations of Agencies of the Federal Government including but not limited to the Federal Farm Credit Bank, Federal Home Loan Bank, Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation. 50%

5. U.S. dollar denominated corporate notes or bonds with a rating in the "AAA" or "AA" categories by Moody's and Standard & Poor's at time of purchase. 25%

6. Local Government Investment Pools (LGIP), either administered by the Commonwealth of Virginia or through joint powers statutes and other intergovernmental agreement legislation, including the Commonwealth of Virginia LGIP and the VACO/VML Virginia Investment Pool Trust Fund (VIP). Investments in this class may comprise up to 100% of the Town's portfolio.

7. U.S. dollar denominated Commercial Paper issued by an entity incorporated in the U.S. and rated by at least A-1 by Standard & Poor's Corp. and P-1 by Moody's Investors Service. Not more than 35% of the total funds available for investment may be invested in commercial paper, and not more than 5% in the obligations of any one issuer.

NOTE 5—DEPOSITS AND INVESTMENTS: (CONTINUED)

Credit Risk of Debt Securities (Continued)

8. Certificates of deposit or other deposits of national banks located within the Commonwealth and state-chartered banks under Commonwealth supervision provided such deposits are insured or collateralized as provided by the Virginia Security for Public Deposits Act.

Town's Rated Debt Investments' Values

Rated Debt Investments		Fair Quality Ratings
		AAAm
Local Government Investment Pool	$	20,503
Money Market Mutual Fund		16,084
Total	$	36,587

Interest Rate Risk

The Town invests funds in low-risk investments backed by U.S. government agencies.

Investment Maturities (in years)

Investment Type		Fair Value		Less Than 1 Year
Local Government Investment Pool	$	20,503	$	20,503
Fixed Income Brokerage Negotiable CDs		148,584		148,584
Total	$	169,087	$	169,087

External Investment Pool

The fair value of the positions in the external investment pool (Local Government Investment Pool) is the same as the value of the pool shares. As the LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. The LGIP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

NOTE 6—RECEIVABLES:

Receivables as of June 30, 2024 for the Town's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

		General Fund		Water Fund		Sewer Fund		Total
Receivables:								
Property taxes	$	378,161	$	-	$	-	$	378,161
Accounts		178,455		104,384		171,045		453,884
Gross receivables	**$**	**556,616**	**$**	**104,384**	**$**	**171,045**	**$**	**832,045**
Less: allowance for uncollectibles		-		-		-		-
Net receivables	**$**	**556,616**	**$**	**104,384**	**$**	**171,045**	**$**	**832,045**

NOTE 7—DEFERRED/UNAVAILABLE REVENUE PROPERTY TAXES:

Deferred and unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred and unavailable revenue in the government-wide and fund financial statements totaling $360,377 and $374,508 respectively is comprised of the following:

A. Unbilled Property Taxes – Property taxes for the first half of 2024 that had not been billed as of June 30, 2024 amounted to $359,852.

B. Unavailable Property Taxes – Uncollected tax billings not available for funding of current expenditures totaled $14,131 at June 30, 2024.

C. Prepaid Property Taxes – Property taxes due subsequent to June 30, 2024, but paid in advance by the taxpayers totaled $525 at June 30, 2024.

NOTE 8—CAPITAL ASSETS:

The following is a summary of the capital assets activity for the fiscal year ended June 30, 2024:

Governmental Activities:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets not being depreciated:				
Land	$ 903,191	$ -	$ -	$ 903,191
Construction in progress	106,519	220,202	(220,202)	106,519
Total capital assets not being depreciated	$ 1,009,710	$ 220,202	$ (220,202)	$ 1,009,710
Capital assets being depreciated:				
Buildings and improvements	$ 1,299,294	$ -	$ -	$ 1,299,294
Parks and improvements	3,707,465	220,202	-	3,927,667
Infrastructure	3,369,057	-	-	3,369,057
Machinery and equipment	1,028,856	115,358	-	1,144,214
Total depreciable capital assets	$ 9,404,672	$ 335,560	$ -	$ 9,740,232
Accumulated depreciation:				
Buildings and improvements	$ (363,837)	$ (59,117)	$ -	$ (422,954)
Parks and improvements	(974,261)	(169,204)	-	(1,143,465)
Infrastructure	(1,019,142)	(93,421)	-	(1,112,563)
Machinery and equipment	(751,283)	(88,955)	-	(840,238)
Total accumulated depreciation	$ (3,108,523)	$ (410,697)	$ -	$ (3,519,220)
Total depreciable capital assets, net	$ 6,296,149	$ (75,137)	$ -	$ 6,221,012
Capital assets, net	$ 7,305,859	$ 145,065	$ (220,202)	$ 7,230,722

Depreciation expense was allocated to the functions/programs as follows:

General government administration	$ 29,147
Public safety	74,680
Public works	137,666
Parks and recreation	169,204
Total depreciation expense	$ 410,697

NOTE 8—CAPITAL ASSETS: (CONTINUED)

Business-type Activities:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets not being depreciated:				
Land	$ 143,397	$ -	$ -	$ 143,397
Construction in progress	819,256	2,528	(821,784)	-
Total capital assets not being depreciated	$ 962,653	$ 2,528	$ (821,784)	$ 143,397
Capital assets being depreciated:				
Utility system	$ 38,597,508	$ 830,281	$ -	$ 39,427,789
Machinery and equipment	2,348,787	41,446	(106,474)	2,283,759
Total depreciable capital assets	$ 40,946,295	$ 871,727	$ (106,474)	$ 41,711,548
Accumulated depreciation:				
Utility system	$ (9,483,599)	$ (754,458)	$ -	$ (10,238,057)
Machinery and equipment	(1,419,936)	(146,805)	106,474	(1,460,267)
Total accumulated depreciation	$ (10,903,535)	$ (901,263)	$ 106,474	$ (11,698,324)
Total depreciable capital assets, net	$ 30,042,760	$ (29,536)	$ -	$ 30,013,224
Lease assets:				
Land	$ 117,696	$ -	$ -	$ 117,696
Accumulated amortization	$ (2,919)	$ (1,459)	$ -	$ (4,378)
Net lease assets	$ 114,777	$ (1,459)	$ -	$ 113,318
Total depreciable capital assets, net	$ 30,157,537	$ (30,995)	$ -	$ 30,126,542
Capital assets, net	$ 31,120,190	$ (28,467)	$ (821,784)	$ 30,269,939

Depreciation/amortization expense was allocated to the funds as follows:

Water Fund	$ 216,186
Sewer Fund	686,536
Total depreciation/amortization expense	$ 902,722

NOTE 9—LONG-TERM OBLIGATIONS:

The following is a summary of the long-term obligations of the Town for the year ended June 30, 2024:

	Balance July 1, 2023	Issuances Increases	Retirements Decreases	Balance June 30, 2024	Amount Due Within One Year
Primary Government:					
Governmental Activities:					
Direct borrowings and placements:					
General obligation bonds	$ 127,530	$ -	$ (24,426)	$ 103,104	$ 25,304
Total direct borrowings and placements	$ 127,530	$ -	$ (24,426)	$ 103,104	$ 25,304
Other liabilities:					
Compensated absences	$ 66,444	$ 50,380	$ (53,155)	$ 63,669	$ 15,917
Net pension liability	271,009	365,435	(280,803)	355,641	-
Net OPEB liability	32,464	15,897	(14,381)	33,980	-
Total governmental activities	$ 497,447	$ 431,712	$ (372,765)	$ 556,394	$ 41,221
Business-type Activities:					
Direct borrowings and placements:					
General obligation bonds	$ 19,230,688	$ -	$ (830,528)	$ 18,400,160	$ 851,213
Total direct borrowings and placements	$ 19,230,688	$ -	$ (830,528)	$ 18,400,160	$ 851,213
Other liabilities:					
Lease liabilities	$ 117,278	$ -	$ (222)	$ 117,056	$ 231
Compensated absences	46,127	47,062	(36,902)	56,287	14,072
Net pension liability	286,640	357,222	(288,505)	355,357	-
Net OPEB liability	33,641	16,814	(14,515)	35,940	-
Total business-type activities	$ 19,714,374	$ 421,098	$ (1,170,672)	$ 18,964,800	$ 865,516
Total primary government	$ 20,211,821	$ 852,810	$ (1,543,437)	$ 19,521,194	$ 906,737

Annual requirements to amortize long-term obligations and related interest are as follows:

Governmental Activities
Long-term Obligations

Year Ending June 30,	Direct Borrowings and Placements General Obligation Bonds Principal	Interest
2025	$ 25,304	$ 3,097
2026	26,121	2,280
2027	51,679	1,436
Total	$ 103,104	$ 6,813

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)

For governmental and business-type activities, compensated absences, pension and OPEB liabilities are liquidated by the General and Water and Sewer Funds, respectively.

Annual requirements to amortize long-term obligations and related interest are as follows:

Business-type Activities
Long-term Obligations

	Direct Borrowings and Placements					
Year Ending	General Obligation Bonds		Lease Liabilities		Total	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 851,213	$ 382,382	$ 231	$ 4,769	$ 851,444	$ 387,151
2026	865,239	364,883	240	4,760	865,479	369,643
2027	884,757	351,968	250	4,750	885,007	356,718
2028	899,457	338,130	260	4,740	899,717	342,870
2029	914,344	323,383	271	4,729	914,615	328,112
2030-2034	4,816,865	1,369,538	1,530	23,470	4,818,395	1,393,008
2035-2039	5,101,874	879,099	1,868	23,132	5,103,742	902,231
2040-2044	2,826,194	302,591	2,281	22,719	2,828,475	325,310
2045-2049	1,240,217	95,044	2,785	22,215	1,243,002	117,259
2050-2054	-	-	3,400	21,600	3,400	21,600
2055-2059	-	-	4,152	20,848	4,152	20,848
2060-2064	-	-	5,069	19,931	5,069	19,931
2065-2069	-	-	6,189	18,811	6,189	18,811
2070-2074	-	-	7,557	17,443	7,557	17,443
2075-2079	-	-	9,227	15,773	9,227	15,773
2080-2084	-	-	11,266	13,734	11,266	13,734
2085-2089	-	-	13,756	11,244	13,756	11,244
2090-2094	-	-	16,796	8,204	16,796	8,204
2095-2099	-	-	20,508	4,492	20,508	4,492
2100-2103	-	-	9,420	580	9,420	580
Total	$ 18,400,160	$ 4,407,018	$ 117,056	$ 267,944	$ 18,517,216	$ 4,674,962

The Town's outstanding general obligation bonds from direct borrowings and placements contain a provision that in the event of default the entire unpaid principal and interest become immediately due and payable. In the event of default for any general obligation bond, the Commonwealth of Virginia may withhold state aid from the locality until such time that the event of default is cured in accordance with section 12.2-2659 of the Code of Virginia, 1950 as amended.

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term obligations:

Governmental Activities:

	Total Amount Due	Amount Due Within One Year
Direct Borrowings and Direct Placements:		
General Obligation Bonds:		
Series 2012A general obligation bonds issued June 1, 2012, payable in semi-annual installments through June 2027, with interest at 3.2%.	$ 103,104	$ 25,304
Compensated absences	$ 63,669	$ 15,917
Net pension liability	$ 355,641	$ -
Net OPEB liability	$ 33,980	$ -
Total governmental activities	$ 556,394	$ 41,221

Business-type Activities:

	Total Amount Due	Amount Due Within One Year
Direct Borrowings and Placements:		
General Obligation Bonds:		
Series 2015A, $9,090,000 issued July 2015, payable in variable semi-annual installments through October 2025 at variable interest rates ranging from 2.65%-3.4327%. $7,780,000 of this issue was refunded in 2020.	$ 435,000	$ 215,000
Series 2015A, $7,936,570, issued July 2015, payable in variable semi-annual installments of $234,484 through February 2037 at an interest rate of 1.4%.	5,525,466	392,669
Series 2018, $5,564,599 bonds issued February 1, 2018 payable in semi-annual installments of $274,795 through March 2049, with interest at 2.65%.	4,959,694	143,544
Series 2020, $7,780,000 refunding bonds issued September 25, 2020 payable in variable semi-annual installments through October 2040, with variable interest rates.	7,480,000	100,000
Total general obligation bonds	$ 18,400,160	$ 851,213
Lease Liabilities:		
Lease for land dated February 2002, payable in annual installments of $5,000 through February 28, 2102 at a discount rate of 4%.	$ 117,056	$ 231
Compensated absences	$ 56,287	$ 14,072
Net pension liability	$ 355,357	$ -
Net OPEB liability	$ 35,940	$ -
Total Business-type Activities	$ 18,964,800	$ 865,516

NOTE 10—LEASES RECEIVABLE:

The Town leases two water tanks to cell service providers. The details of leases receivable are as follows:

Lease Description	Start Date	End Date	Payment Frequency	Discount Rate		Ending Balance		Amount Due Within One Year
Telecommunications equipment	2022	2027	Monthly	4%	$	65,484	$	22,985
Telecommunications equipment	2022	2050	Monthly	4%		494,376		4,303
					$	559,860	$	27,288

For the year ended June 30, 2024, lease revenue totaled $39,635 and interest revenue on leases totaled $22,879.

NOTE 11—PENSION PLAN:

Plan Description

All full-time, salaried permanent employees of the Town are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

NOTE 11—PENSION PLAN: (CONTINUED)

Benefit Structures (continued)

b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee’s average final compensation multiplied by the employee’s total service credit. Under Plan 1, average final compensation is the average of the employee’s 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee’s 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee’s 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

NOTE 11—PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government
Inactive members or their beneficiaries currently receiving benefits	12
Inactive members:	
Vested inactive members	2
Non-vested inactive members	1
Inactive members active elsewhere in VRS	9
Total inactive members	12
Active members	22
Total covered employees	46

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Town's contractually required employer contribution rate for the year ended June 30, 2024, was 15.87% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were $259,338 and $215,795 for the years ended June 30, 2024, and June 30, 2023, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Town's net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

NOTE 11—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.50%
Salary increases, including inflation	3.50% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

All Others (Non-10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service-related

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

NOTE 11—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.50%
Salary increases, including inflation	3.50% – 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

NOTE 11—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits (Continued)

Mortality rates:

All Others (Non-10 Largest) – Hazardous Duty: 45% of deaths are assumed to be service-related

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NOTE 11—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

*The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

NOTE 11—PENSION PLAN: (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2022	$ 4,808,112	$ 4,250,463	$ 557,649
Changes for the year:			
Service cost	$ 208,560	$ -	$ 208,560
Interest	329,885	-	329,885
Differences between expected and actual experience	173,610	-	173,610
Contributions - employer	-	215,790	(215,790)
Contributions - employee	-	67,375	(67,375)
Net investment income	-	278,102	(278,102)
Benefit payments, including refunds	(258,962)	(258,962)	-
Administrative expenses	-	(2,674)	2,674
Other changes	-	113	(113)
Net changes	$ 453,093	$ 299,744	$ 153,349
Balances at June 30, 2023	$ 5,261,205	$ 4,550,207	$ 710,998

NOTE 11—PENSION PLAN: (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town Net Pension Liability (Asset)	$ 1,450,794	$ 710,998	$ 111,753

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

For the year ended June 30, 2024, the Town recognized pension expense of $280,963. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 229,947	$ 7,376
Change in assumptions	47,819	-
Net difference between projected and actual earnings on pension plan investments	-	64,421
Change in proportionate share	20,791	20,791
Employer contributions subsequent to the measurement date	259,338	-
Total	$ 557,895	$ 92,588

NOTE 11—PENSION PLAN: (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

$259,338 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Primary Government
2025	$ 67,627
2026	207
2027	116,595
2028	21,540
2029	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 12—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured plan, it is not included as part of the GLI Plan OPEB.

NOTE 12—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Plan Description (continued)

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $9,254 as of June 30, 2024.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were $8,893 and $7,409 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately $10.1 million to the Group Life Insurance Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution.

NOTE 12—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Plan OPEB

At June 30, 2024, the entity reported a liability of $69,920 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was 0.00583% as compared to 0.00540% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of $4,878. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 6,983	$ 2,122
Net difference between projected and actual earnings on GLI OPEB plan investments	-	2,810
Change in assumptions	1,495	4,844
Changes in proportionate share	6,121	26
Employer contributions subsequent to the measurement date	8,893	-
Total	$ 23,492	$ 9,802

$8,893 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	
2025	$ 1,031
2026	(1,381)
2027	2,654
2028	1,099
2029	1,394
Thereafter	-

NOTE 12—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates- Non- Largest Ten Locality Employers- General Employees

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

NOTE 12—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except change in the discount rate, which was based on VRS Board action effective July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

NOTE 12—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except change in the discount rate, which was based on VRS Board action effective July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	$	3,907,052
Plan Fiduciary Net Position		2,707,739
GLI Net OPEB Liability (Asset)	$	1,199,313
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		69.30%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

NOTE 12—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

*The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long term results of the VRS fund asset allocation at that time, providing a median return of 7.14, including expected inflation of 2.50%.

NOTE 12—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2023, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town's proportionate share fo the GLI Plan Net OPEB Liability	$ 103,643	$ 69,920	$ 42,654

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 13—MAJOR CUSTOMERS:

The Town has two major wastewater customer, Pilgrims Pride Corporation and the Town of New Market, Virginia. For the purposes of this report, major customers are defined as customers with revenue greater than ten percent (10%) of the total revenue in a fund. For the year ended June 30, 2024, sewer revenue from Pilgrims Pride Corporation and the Town of New Market, Virginia, was $2,772,790 and $423,001, respectfully. Accounts receivable from Pilgrims Pride Corporation and the Town of New Market, Virginia at June 30, 2024 was $0 and $61,920, respectfully.

NOTE 14—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 for which the Town carries commercial insurance. The Town also provides a risk management program for workers' compensation. Premiums are paid by the general fund and all other funds and are available to pay claims, claim reserves and administrative costs of the program.

The Town pays Virginia Risk Sharing Association (VRSA) contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three fiscal years.

The Town is a member of the VMLIP for workers' compensation. This program provides claims management and risk management services.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The Town pays VMLIP contributions and assessments based upon classification and rates into a designated cash reserve fund out of which claims, refunds, and expenses of the Association are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three fiscal years.

NOTE 15—CONTINGENT LIABILITIES:

The Town receives grant funds, principally from the federal government, for construction and various other programs. Certain expenditures of these funds are subject to audit by the grantor, and the Town is contingently liable to refund amounts in excess of allowable expenditures. In the opinion of the Town management, no material refunds will be required as a result of expenditures disallowed by grantors.

The Town is responsible for the refunding of arbitrage interest incurred on the unexpended proceeds of certain bond issues. The amount of this arbitrage, if any, is estimated to be immaterial.

NOTE 16—LITIGATION:

At June 30, 2024, there were no matters of litigation involving the Town or which would materially affect the Town's financial position should any court decisions on pending matters not be favorable to such entities.

NOTE 17—UPCOMING PRONOUNCEMENTS:

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

Statement No. 102, *Certain Risk Disclosures*, provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Statement No. 104, *Disclosure of Certain Capital Assets,* requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2021-1, *Implementation Guidance Update – 2021,* with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

Implementation Guide No. 2023-1, *Implementation Guidance Update – 2023,* effective for fiscal years beginning after June 15, 2023.

Implementation Guide No. 2025-1, *Implementation Guidance Update – 2025,* effective for fiscal years beginning after June 15, 2025.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

NOTE 18—SUBSEQUENT EVENTS:

The Town evaluated subsequent events through May 1, 2026 and identified the following: the need to replace three aging blowers at the Regional Wastewater Treatment Plant, with an estimated cost of approximately $3.5 million to $4.0 million, for which no contract has been executed as of the report date; the execution of a paving contract for improvements to Elm Street and a portion of Walnut Ridge Road in the amount of approximately $184,000; and the identification of a significant leak at the community pool, with estimated repair costs of approximately $480,000, for which the Town is pursuing grant funding assistance and has discussed a related budget amendment of approximately $300,000.

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2024

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
General property taxes	$ 547,314	$ 547,314	$ 535,208	$ (12,106)
Other local taxes	1,021,390	1,021,390	1,097,864	76,474
Permits, privilege fees, and regulatory licenses	19,400	19,400	19,662	262
Fines and forfeitures	8,000	8,000	10,428	2,428
Revenue from the use of money and property	15,500	15,500	16,460	960
Charges for services	318,925	318,925	373,693	54,768
Miscellaneous	15,531	15,531	196,698	181,167
Intergovernmental:				
Commonwealth	836,751	836,751	796,823	(39,928)
Federal	5,000	5,000	80,869	75,869
Total revenues	$ 2,787,811	$ 2,787,811	$ 3,127,705	$ 339,894
EXPENDITURES				
Current:				
General government administration	$ 862,671	$ 862,671	$ 935,230	$ (72,559)
Public safety	1,033,700	1,033,700	1,054,762	(21,062)
Public works	814,337	814,337	867,755	(53,418)
Parks, recreation, and cultural	458,480	458,480	442,917	15,563
Community development	21,000	21,000	27,655	(6,655)
Debt service:				
Principal retirement	11,733	11,733	24,426	(12,693)
Interest and other fiscal charges	2,467	2,467	3,975	(1,508)
Total expenditures	$ 3,204,388	$ 3,204,388	$ 3,356,720	$ (152,332)
Excess (deficiency) of revenues over (under) expenditures	$ (416,577)	$ (416,577)	$ (229,015)	$ 187,562
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 416,577	$ 416,577	$ 312,937	$ (103,640)
Transfers out	-	-	(66,784)	(66,784)
Total other financing sources (uses)	$ 416,577	$ 416,577	$ 246,153	$ (170,424)
Change in fund balance	$ -	$ -	$ 17,138	$ 17,138
Fund balance, beginning of year	-	-	265,914	265,914
Fund balance, end of year	$ -	$ -	$ 283,052	$ 283,052

TOWN OF BROADWAY, VIRGINIA

Schedule of Changes in Net Pension Liability and Related Ratios
Pension Plan
For the Measurement Dates of June 30, 2014 through June 30, 2023

	2023	2022	2021	
Total pension liability				
Service cost	$ 208,560	$ 162,847	$ 152,507	$
Interest	329,885	302,483	270,163	
Changes of assumptions	-	-	146,900	
Differences between expected and actual experience	173,610	141,959	(23,645)	
Benefit payments, including refunds of employee contributions	(258,962)	(235,120)	(224,782)	
Net change in total pension liability	$ 453,093	$ 372,169	$ 321,143	$
Total pension liability - beginning	4,808,112	4,435,943	4,114,800	
Total pension liability - ending (a)	$ 5,261,205	$ 4,808,112	$ 4,435,943	$
Plan fiduciary net position				
Contributions - employer	$ 215,790	$ 144,758	$ 134,466	$
Contributions - employee	67,375	58,776	54,535	
Net investment income	278,102	(5,367)	929,400	
Benefit payments, including refunds of employee contributions	(258,962)	(235,120)	(224,782)	
Administrative expense	(2,674)	(2,643)	(2,280)	
Other	113	100	88	
Net change in plan fiduciary net position	$ 299,744	$ (39,496)	$ 891,427	$
Plan fiduciary net position - beginning	4,250,463	4,289,959	3,398,532	
Plan fiduciary net position - ending (b)	$ 4,550,207	$ 4,250,463	$ 4,289,959	$
Town's net pension liability - ending (a) - (b)	$ 710,998	$ 557,649	$ 145,984	$
Plan fiduciary net position as a percentage of the total pension liability	86.49%	88.40%	96.71%	
Covered payroll	$ 1,372,081	$ 1,193,869	$ 1,114,515	$
Town's net pension liability as a percentage of covered payroll	51.82%	46.71%	13.10%	

2020	2019	2018	2017	2016	2015	2014
146,703 $	135,769 $	130,475 $	125,939 $	115,608 $	109,478 $	102,639
250,751	234,193	228,515	223,235	209,491	187,003	175,437
-	113,073	-	(38,424)	-	-	-
80,063	39,190	(130,915)	(76,231)	31,058	159,777	-
(155,081)	(150,963)	(142,951)	(175,235)	(144,386)	(125,626)	(100,060)
322,436 $	371,262 $	85,124 $	59,284 $	211,771 $	330,632 $	178,016
3,792,364	3,421,102	3,335,978	3,276,694	3,064,923	2,734,291	2,556,275
4,114,800 $	3,792,364 $	3,421,102 $	3,335,978 $	3,276,694 $	3,064,923 $	2,734,291
116,902 $	111,620 $	118,028 $	110,799 $	86,408 $	88,799 $	117,477
52,602	50,178	48,581	45,535	42,415	43,816	43,382
63,726	209,051	212,973	313,775	44,495	111,983	328,591
(155,081)	(150,963)	(142,951)	(175,235)	(144,386)	(125,626)	(100,060)
(2,105)	(1,994)	(1,781)	(1,794)	(1,570)	(1,502)	(1,703)
(77)	(133)	(193)	(280)	(19)	(25)	18
75,967 $	217,759 $	234,657 $	292,800 $	27,343 $	117,445 $	387,705
3,322,565	3,104,806	2,870,149	2,577,349	2,550,006	2,432,561	2,044,856
3,398,532 $	3,322,565 $	3,104,806 $	2,870,149 $	2,577,349 $	2,550,006 $	2,432,561
716,268 $	469,799 $	316,296 $	465,829 $	699,345 $	514,917 $	301,730
82.59%	87.61%	90.75%	86.04%	78.66%	83.20%	88.96%
1,068,923 $	1,018,317 $	985,959 $	924,234 $	857,548 $	876,861 $	867,631
67.01%	46.13%	32.08%	50.40%	81.55%	58.72%	34.78%

Schedule of Employer Contributions
Pension Plan
Years Ended June 30, 2015 through June 30, 2024

Date	Contractually Required Contribution (1) *	Contributions in Relation to Contractually Required Contribution (2) *	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2024	$ 259,338	$ 259,338	$ -	$ 1,646,858	15.75%
2023	215,795	215,795	-	1,372,081	15.73%
2022	144,759	144,759	-	1,193,869	12.13%
2021	134,466	134,466	-	1,114,515	12.06%
2020	116,901	116,901	-	1,068,923	10.94%
2019	111,930	111,930	-	1,018,317	10.99%
2018	118,029	118,029	-	985,959	11.97%
2017	110,883	110,883	-	924,234	12.00%
2016	86,407	86,407	-	857,548	10.08%
2015	88,773	88,773	-	876,861	10.12%

* Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

Notes to Required Supplementary Information
Pension Plan
Year Ended June 30, 2024

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

All Others (Non-10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Schedule of Town's Share of Net OPEB Liability
Group Life Insurance Plan
For the Measurement Dates of June 30, 2017 through June 30, 2023

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2023	0.00583%	$ 69,920	$ 1,372,081	5.10%	69.30%
2022	0.00540%	66,105	1,193,869	5.54%	67.21%
2021	0.00540%	62,871	1,114,515	5.64%	67.45%
2020	0.00520%	86,612	1,068,923	8.10%	52.64%
2019	0.00520%	84,455	1,018,317	8.29%	52.00%
2018	0.00520%	78,000	985,959	7.91%	51.22%
2017	0.00500%	75,000	924,234	8.11%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation was not presented. However, additional years will be included as they become available.

Schedule of Employer Contributions
Group Life Insurance Plan
Years Ended June 30, 2020 through June 30, 2024

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2024	$ 8,893	$ 8,893	$ -	$ 1,646,858	0.54%
2023	7,409	7,409	-	1,372,081	0.54%
2022	6,447	6,447	-	1,193,869	0.54%
2021	6,018	6,018	-	1,114,515	0.54%
2020	5,558	5,558	-	1,068,923	0.52%

Schedule is intended to show information for 10 years. Information prior to 2020 was not presented. However, additional years will be included as they become available.

Notes to Required Supplementary Information
Group Life Insurance Plan
Year Ended June 30, 2024

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

OTHER SUPPLEMENTARY INFORMATION

DISCRETELY PRESENTED COMPONENT UNIT - INDUSTRIAL DEVELOPMENT AUTHORITY

Balance Sheet
Discretely Presented Component Unit-Industrial Development Authority
June 30, 2024

ASSETS		
Cash and cash equivalents	$	86,658
Total assets	$	86,658
FUND BALANCE		
Unassigned	$	86,658

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund-Industrial Development Authority
For the Year Ended June 30, 2024

Expenditures:		
Community development	$	48
Total expenditures	$	48
Change in fund balance	$	(48)
Fund balance beginning		86,706
Fund balance ending	$	86,658

SUPPORTING SCHEDULES

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2024

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 292,500	$ 292,500	$ 285,567	$ (6,933)
Real and personal public service corporation taxes	3,900	3,900	3,871	(29)
Personal property taxes	245,644	245,644	240,504	(5,140)
Penalties and interest	5,270	5,270	5,266	(4)
Total general property taxes	$ 547,314	$ 547,314	$ 535,208	$ (12,106)
Other local taxes:				
Local sales and use taxes	$ 339,000	$ 339,000	$ 367,323	$ 28,323
Consumers' utility taxes	75,000	75,000	84,634	9,634
Business license taxes	100,000	100,000	105,163	5,163
Motor vehicle licenses	4,490	4,490	5,869	1,379
Bank stock taxes	95,000	95,000	110,037	15,037
Transient occupancy tax	22,900	22,900	27,336	4,436
Meals tax	320,000	320,000	328,497	8,497
Cigarette tax	65,000	65,000	69,005	4,005
Total other local taxes	$ 1,021,390	$ 1,021,390	$ 1,097,864	$ 76,474
Permits, privilege fees, and regulatory licenses:				
Permits and other licenses	$ 19,400	$ 19,400	$ 19,662	$ 262
Total permits, privilege fees, and regulatory licenses	$ 19,400	$ 19,400	$ 19,662	$ 262
Fines and forfeitures:				
Court fines and forfeitures	$ 8,000	$ 8,000	$ 10,428	$ 2,428
Total fines and forfeitures	$ 8,000	$ 8,000	$ 10,428	$ 2,428
Revenue from use of money and property:				
Revenue from use of money	$ 1,500	$ 1,500	$ 3,960	$ 2,460
Revenue from use of property	14,000	14,000	12,500	(1,500)
Total revenue from use of money and property	$ 15,500	$ 15,500	$ 16,460	$ 960
Charges for services:				
Trash fees	$ 237,000	$ 237,000	$ 276,313	$ 39,313
Charges for recreation	81,925	81,925	97,380	15,455
Total charges for services	$ 318,925	$ 318,925	$ 373,693	$ 54,768
Miscellaneous:				
Miscellaneous	$ 15,531	$ 15,531	$ 196,698	$ 181,167
Total miscellaneous	$ 15,531	$ 15,531	$ 196,698	$ 181,167
Total revenue from local sources	$ 1,946,060	$ 1,946,060	$ 2,250,013	$ 303,953

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2024 (Continued)

Fund, Major and Minor Revenue Source	**Original Budget**	**Final Budget**	**Actual**	**Variance with Final Budget - Positive (Negative)**
General Fund: (continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	$ 3,100	$ 3,100	$ 3,067	$ (33)
Communications tax	25,600	25,600	31,103	5,503
Mobile home titling tax	-	-	240	240
Auto rental tax	-	-	320	320
Personal property tax relief funds	33,000	33,000	33,222	222
Total noncategorical aid	$ 61,700	$ 61,700	$ 67,952	$ 6,252
Categorical aid:				
Other categorical aid:				
Virginia Commission for the Arts grant	$ 4,500	$ 4,500	$ 4,500	$ -
Aid to localities with police departments	129,284	129,284	75,607	(53,677)
Department of fire programs funds	18,775	18,775	18,775	-
Street and highway maintenance funds	622,492	622,492	629,989	7,497
Total other categorical aid	$ 775,051	$ 775,051	$ 728,871	$ (46,180)
Total categorical aid	$ 775,051	$ 775,051	$ 728,871	$ (46,180)
Total revenue from the Commonwealth	$ 836,751	$ 836,751	$ 796,823	$ (39,928)
Revenue from the federal government:				
Noncategorical aid:				
American Rescue Plan Act	$ -	$ -	$ 72,578	$ 72,578
Total noncategorical aid	$ -	$ -	$ 72,578	$ 72,578
Categorical aid:				
DMV - ground transportation	$ 5,000	$ 5,000	$ 8,291	$ 3,291
Total categorical aid	$ 5,000	$ 5,000	$ 8,291	$ 3,291
Total revenue from the federal government	$ 5,000	$ 5,000	$ 80,869	$ 75,869
Total General Fund	$ 2,787,811	$ 2,787,811	$ 3,127,705	$ 339,894
Total Primary Government	$ 2,787,811	$ 2,787,811	$ 3,127,705	$ 339,894

Schedule of Expenditures - Budget and Actual
Governmental Funds
Year Ended June 30, 2024

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Town Council	$ 25,100	$ 25,100	$ 24,480	$ 620
General and financial administration:				
Town manager and administration	$ 837,571	$ 837,571	$ 910,750	$ (73,179)
Total general government administration	$ 862,671	$ 862,671	$ 935,230	$ (72,559)
Public safety:				
Law enforcement and traffic control:				
Police department	$ 1,026,500	$ 1,026,500	$ 1,005,987	$ 20,513
Total law enforcement and traffic control	$ 1,026,500	$ 1,026,500	$ 1,005,987	$ 20,513
Fire and rescue services:				
Contributions to fire and rescue services	$ 7,200	$ 7,200	$ 48,775	$ (41,575)
Total fire and rescue services	$ 7,200	$ 7,200	$ 48,775	$ (41,575)
Total public safety	$ 1,033,700	$ 1,033,700	$ 1,054,762	$ (21,062)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	$ 552,337	$ 552,337	$ 563,590	$ (11,253)
Sanitation and waste removal:				
Refuse collection and disposal	$ 262,000	$ 262,000	$ 304,165	$ (42,165)
Total sanitation and waste removal	$ 262,000	$ 262,000	$ 304,165	$ (42,165)
Total public works	$ 814,337	$ 814,337	$ 867,755	$ (53,418)
Parks, recreation, and cultural:				
Parks and recreation:	$ 458,480	$ 458,480	$ 442,917	$ 15,563
Total parks, recreation, and cultural	$ 458,480	$ 458,480	$ 442,917	$ 15,563
Community development:				
Planning and community development:				
Planning and development	$ 2,500	$ 2,500	$ 2,790	$ (290)
Economic development	18,500	18,500	24,865	(6,365)
Total community development	$ 21,000	$ 21,000	$ 27,655	$ (6,655)
Debt service:				
Principal retirement	$ 11,733	$ 11,733	$ 24,426	$ (12,693)
Interest and other fiscal charges	2,467	2,467	3,975	(1,508)
Total debt service	$ 14,200	$ 14,200	$ 28,401	$ (14,201)
Total General Fund	$ 3,204,388	$ 3,204,388	$ 3,356,720	$ (152,332)
Discretely Presented Component Unit - Industrial Development Authority				
Special revenue fund:				
Community Development:				
Economic development	$ -	$ -	$ 48	$ (48)
Total Industrial Development Fund	$ -	$ -	$ 48	$ (48)

Schedule of Revenues, Expenses, and Changes in Net Position-Budget and Actual
Water Fund
Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
OPERATING REVENUES				
Charges for services:				
Water revenues	$ 646,000	$ 646,000	$ 632,270	$ (13,730)
Miscellaneous	11,099	11,099	15,998	4,899
Total operating revenues	$ 657,099	$ 657,099	$ 648,268	$ (8,831)
OPERATING EXPENSES				
Personnel services	$ 200,000	$ 200,000	$ 196,169	$ 3,831
Fringe benefits	47,000	47,000	52,365	(5,365)
Payroll taxes	15,500	15,500	14,179	1,321
Chemicals	70,000	70,000	72,979	(2,979)
Supplies	2,000	2,000	2,685	(685)
Repairs and maintenance	178,000	178,000	224,333	(46,333)
Insurance	16,000	16,000	15,555	445
Utilities and fuel	66,000	66,000	67,033	(1,033)
Other	16,564	16,564	16,292	272
Water purchases (Co-op)	28,000	28,000	28,205	(205)
Amortization land lease	-	-	1,459	(1,459)
Depreciation	-	-	214,727	(214,727)
Total operating expenses	$ 639,064	$ 639,064	$ 905,981	$ (266,917)
Operating income (loss)	$ 18,035	$ 18,035	$ (257,713)	$ (275,748)
NONOPERATING REVENUES (EXPENSES)				
Lease revenue	$ 40,000	$ 40,000	$ 39,635	$ (365)
Interest earnings	3,500	3,500	24,752	21,252
Capital expense	(100,000)	(100,000)	-	100,000
Interest expense	(154,000)	(154,000)	(137,774)	16,226
Principal payments	(168,000)	(168,000)	-	168,000
Total nonoperating revenues (expenses)	$ (378,500)	$ (378,500)	$ (73,387)	$ 305,113
Income (loss) before contributions and transfers	$ (360,465)	$ (360,465)	$ (331,100)	$ 29,365
Capital contributions and construction grants	$ 135,000	$ 135,000	$ 175,500	$ 40,500
Transfers in	225,465	225,465	11,666	(213,799)
Transfers out	-	-	(24,551)	(24,551)
Change in net position	$ -	$ -	$ (168,485)	$ (168,485)
Total net position - beginning	-	-	3,531,651	3,531,651
Total net position - ending	$ -	$ -	$ 3,363,166	$ 3,363,166

Schedule of Revenues, Expenses, and Changes in Net Position-Budget and Actual
Sewer Fund
Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
OPERATING REVENUES				
Charges for services:				
Sewer revenues	$ 432,200	$ 432,200	$ 446,869	$ 14,669
Wastewater contracts	3,387,552	3,387,552	3,015,753	(371,799)
Sludge	680,000	680,000	733,198	53,198
Total operating revenues	$ 4,499,752	$ 4,499,752	$ 4,195,820	$ (303,932)
OPERATING EXPENSES				
Personnel services	$ 997,110	$ 997,110	$ 804,008	$ 193,102
Fringe benefits	253,000	253,000	247,455	5,545
Payroll taxes	58,000	58,000	56,448	1,552
Chemicals	560,000	560,000	487,634	72,366
Supplies	2,000	2,000	2,504	(504)
Repairs and maintenance	210,000	210,000	176,275	33,725
Insurance	16,100	16,100	16,846	(746)
Utilities and fuel	678,300	678,300	667,575	10,725
Other	15,100	15,100	14,624	476
Lab testing	150,000	150,000	153,630	(3,630)
Sludge removal	350,000	350,000	297,932	52,068
Depreciation	-	-	686,536	(686,536)
Total operating expenses	$ 3,289,610	$ 3,289,610	$ 3,611,467	$ (321,857)
Operating income (loss)	$ 1,210,142	$ 1,210,142	$ 584,353	$ (625,789)
NONOPERATING REVENUES (EXPENSES)				
Interest earnings	$ 6,500	$ 6,500	$ 14,439	$ 7,939
Capital expense	(150,000)	(150,000)	-	150,000
Interest expense	(174,000)	(174,000)	(349,670)	(175,670)
Principal payments	(384,000)	(384,000)	-	384,000
Total nonoperating revenues (expenses)	$ (701,500)	$ (701,500)	$ (335,231)	$ 366,269
Income (loss) before contributions and transfers	$ 508,642	$ 508,642	$ 249,122	$ (259,520)
Capital contributions and construction grants	133,400	133,400	174,800	41,400
Transfers in	-	-	78,450	78,450
Transfers out	(642,042)	(642,042)	(311,718)	330,324
Change in net position	$ -	$ -	$ 190,654	$ 190,654
Total net position - beginning	$ -	$ -	$ 9,832,294	$ 9,832,294
Total net position - ending	$ -	$ -	$ 10,022,948	$ 10,022,948

COMPLIANCE

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

THE HONORABLE MEMBERS
OF THE TOWN COUNCIL
TOWN OF BROADWAY, VIRGINIA

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Broadway, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Broadway, Virginia's basic financial statements, and have issued our report thereon dated May 1, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Broadway, Virginia'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Broadway, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Broadway, Virginia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2024-001, 2024-002, and 2024-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Broadway, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 Virginia's Response to Findings

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

Purpose of This Report

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
May 1, 2026

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	unmodified
Internal control over financial reporting:	
- Material weakness(es) identified?	x yes ___ no
- Significant deficiency(ies) identified?	___ yes x no
Noncompliance material to financial statements noted?	___ yes x no

Section II-Financial Statement Findings

Finding 2024-001 Material Weakness

Criteria: Accounting duties should be divided among more than one person in the functions of authorization, custody, record keeping and reconciliation. No one person should handle more than one type of function.

Condition: There is a lack of segregation of duties among Town personnel.

Cause: Internal controls over financial reporting under GAAP were inadequately designed.

Effect: There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected by the Town's controls over financial reporting.

Recommendation: We recommend that management segregate employee duties as much as possible. We encourage the Town to mitigate risk by requiring independent review, reconciliation and approval of accounting functions by qualified members of management to the extent possible.

Management's Response:
A. Comments on Findings and Recommendations: The Town concurs with the finding.

B. Actions Planned or Taken: In the future, the Town plans to continue to segregate employee duties as much as possible. The Town Council and Officials also plan to continue to be actively involved overseeing the Town's financial operations.

Finding 2024-002 Material Weakness

Criteria: A system of internal controls over financial reporting includes controls over the general ledger and the preparation of the financial statements. The auditor cannot be a compensating control for management.

Condition: Material audit adjustments were required in order for the Town's financial statements to be fairly stated in accordance with generally accepted accounting principles (GAAP) for governments.

Cause: Internal controls over financial reporting under GAAP were inadequately designed.

Effect: There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected by the Town's controls over financial reporting.

Section II - Financial Statement Findings (continued)

Finding 2024-002 Material Weakness

Recommendation: We recommend that management and staff obtain training to assist with reconciling certain accounts, maintaining depreciation schedules, and proposing journal entries or consider hiring a qualified consultant to assist with audit preparation.

Management's Response:

A. Comments on Findings and Recommendations: The Town concurs with the finding.

B. Actions Planned or Taken: The Town agrees to review our operations and processes for improvements.

Finding 2024-003 Material Weakness

Criteria: In order to ensure financial information is useful in decision making and evaluating managerial and organizational performance, as well as demonstrating accountability and stewardship, controls must be properly designed, in place, and operating effectively to ensure that the Town's accounting and financial information is fairly stated in accordance with GAAP. The Town should reconcile the bank accounts to the ledger on a monthly basis in a timely manner with any discrepancies investigated and resolved immediately. This procedure is critical in maintaining an accurate accounting of cash.

Condition: The Town did not successfully reconcile two bank accounts to the general ledger on a monthly basis or in a timely manner. Bank reconciliations for these two cash accounts for the period of October 1, 2023 through June 30, 2024 were not completed until February 2026.

Cause: The Town did not perform timely bank reconciliations due to a combination of staffing capacity constraints and operational changes. Specifically, the Treasurer had competing priorities that limited the time available to complete monthly reconciliations, and the transition to a new checking account during this period further disrupted the reconciliation process. These factors resulted in delays and a backlog in completing required reconciliations.

Effect: There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected by the Town's controls over financial reporting.

Recommendation: In order to safeguard the Town's assets, it is imperative that all bank accounts be reconciled monthly to the general ledger. Reconciling items should be researched promptly so that corrective action may be taken, where necessary. This process will substantially increase internal control over cash.

Management's Response:
A. Comments on Findings and Recommendations: The Town management concurs with the finding.

B. Actions Planned or Taken: The Town will implement procedures to ensure all bank accounts are reconciled on a timely basis moving forward.

Section III - Summary Schedule of Prior Year Findings

2023-001 Material Weakness
Finding remains applicable in 2024, reference finding 2024-001.

2023-002 Material Weakness
Finding remains applicable in 2024, reference finding 2024-002.