

TOWN OF LIBERTY
Liberty, North Carolina

FINANCIAL STATEMENTS
Year Ended June 30, 2022

BOARD OF COMMISSIONERS

Tyson Nixon
Don Herndon
J.R. Beard
Terry Caviness

ADMINISTRATIVE OFFICERS

Filmore York
Mayor

Larry Coble
Mayor Pro-Tem

Scott Kidd
Town Manager

Kathy Bond
Director of Finance

**Town of Liberty
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June 30, 2022**

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FINANCIAL SECTION



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Independent Auditor's Report

To the Honorable Mayor and
Members of the Town Council
Liberty, North Carolina

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, each major fund, and the aggregate remaining fund information of the Town of Liberty, North Carolina as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Town of Liberty's basic financial statements as listed in the table of contents.

In our opinion, based upon our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Liberty as of June 30, 2022, and the respective changes in financial position and cash flows, thereof and the respective budgetary comparison for the General Fund and ARPA Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Town of Liberty ABC Board, which represent 100 percent, 100 percent, and 100 percent of the assets, net position, and revenues, respectively, of the aggregate discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town of Liberty ABC Board is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Liberty 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. The financial statements of the Town of Liberty ABC Board were not audited in accordance with *Governmental Auditing Standards*.

Responsibilities of Management for the Audit of the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

The risk of not detecting 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 GAAS and *Governmental Auditing Standards* we

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Liberty'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 the Town of Liberty's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Local Government Employees' Retirement System Schedules of the Town's Proportionate Share of Net Pension Liability and Town Contributions, the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, be presented to supplement the basic financial statements. Such information is the responsibility of management, 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 and other auditors 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Liberty's basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules, as well as the accompanying schedule of expenditures of federal and state awards as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above and the report of other auditors, the combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are 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 August 18, 2023, on our consideration of the Town of Liberty'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 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 Liberty'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 Liberty's internal control over financial reporting and compliance.

Thompson, Price, Scott, Adams & Co., PA

Wilmington, North Carolina

August 18, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Town of Liberty (the "Town"), we offer readers of the Town of Liberty's financial statements this narrative overview and analysis of the financial activities of the Town of Liberty for the fiscal year ended June 30, 2022. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the Town of Liberty exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$10,205,990 (net position).
- The government's total net position increased by \$997,358.

As of the close of the current fiscal year, the Town of Liberty's governmental funds reported a combined ending fund balances of \$3,263,484 with a net decrease of \$203,452 in fund balance. Approximately, 26% of this total amount, or \$839,271, is non-spendable or restricted.

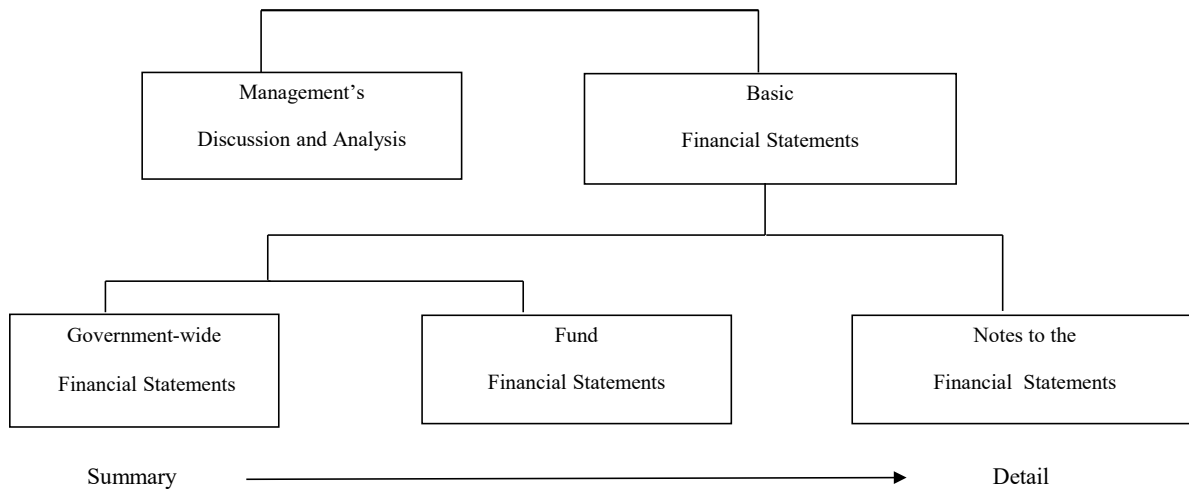
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,164,552 or 52% of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

Government-Wide Financial Statements

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

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

The government-wide statements are divided into two categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include water and sewer services offered by the Town of Liberty. The final category is the component unit. Although legally separate from the Town, the ABC Board is important to the Town. The Town exercises control over the Board by appointing its members and the Board is required to distribute its profits to the Town.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The Fund Financial Statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Liberty, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Liberty can be divided into two categories: governmental fund and proprietary fund.

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

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow Exhibit 8 of this report.

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

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

Government-Wide Financial Analysis

**Town of Liberty's Net Position
Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2021	2022	2021	2022	2021	2022
Current and other assets	\$ 3,676,252	\$ 4,003,161	\$ 1,024,291	\$ 1,078,674	\$ 4,700,543	\$ 5,081,835
Capital assets	1,324,948	2,130,069	4,488,965	5,462,768	5,813,913	7,592,837
Deferred outflows of resources	438,631	462,252	80,344	95,173	518,975	557,425
Total assets and deferred outflows of resources	5,439,831	6,595,482	5,593,600	6,636,615	11,033,431	13,232,097
Long-term liabilities outstanding	1,164,700	1,423,074	191,896	107,483	1,356,596	1,530,557
Other liabilities	319,827	820,957	128,198	89,787	448,025	910,744
Deferred inflows of resources	12,145	491,224	8,033	93,582	20,178	584,806
Total liabilities and deferred inflows of resources	1,496,672	2,735,255	328,127	290,852	1,824,799	3,026,107
Net position:						
Net investment in capital assets	1,037,024	1,173,882	4,440,451	5,420,318	5,477,475	6,594,200
Restricted	880,604	885,232	-	-	880,604	885,232
Unrestricted	2,025,531	1,801,113	825,022	925,445	2,850,553	2,726,558
Total net position	\$ 3,943,159	\$ 3,860,227	\$ 5,265,473	\$ 6,345,763	\$ 9,208,632	\$ 10,205,990

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Liberty exceeded liabilities and deferred inflows by \$10,205,990 as of June 30, 2022. The Town's net position increased by \$997,358 for the fiscal year ended June 30, 2022. However, the Town's largest portion, \$6,594,200 (65%), reflects the Town's net investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment). The Town of Liberty uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Liberty's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Liberty's net position of \$885,232 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,726,558 is unrestricted.

Several particular aspects of the Town's financial operations positively influenced the total unrestricted governmental net position:

- Increase in revenues.
- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.11%.

Town of Liberty's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2021	2022	2021	2022	2021	2022
Revenues:						
Program Revenues						
Charges for services	\$ 311,229	\$ 334,268	\$ 841,966	\$ 992,751	\$ 1,153,195	\$ 1,327,019
Operating grants and contributions	81,707	108,738	-	-	81,707	108,738
Capital grants and contributions	-	224,000	658,723	1,487,760	658,723	1,711,760
General revenues:						
Property taxes	1,288,387	1,285,940	-	-	1,288,387	1,285,940
Local option sales tax	768,309	826,656	-	-	768,309	826,656
Other taxes	468,120	449,884	-	-	468,120	449,884
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	144,534	76,381	198	676	144,732	77,057
Total revenues	3,062,286	3,305,867	1,500,887	2,481,187	4,563,173	5,787,054
Expenses:						
General government	594,319	604,172	-	-	594,319	604,172
Public safety	1,548,001	1,637,159	-	-	1,548,001	1,637,159
Transportation	339,399	382,722	-	-	339,399	382,722
Environmental protection	233,859	251,782	-	-	233,859	251,782
Cultural and recreational	390,858	485,804	-	-	390,858	485,804
Economic and physical development	45,750	12,182	-	-	45,750	12,182
Interest on long-term debt	11,034	14,978	-	-	11,034	14,978
Water and sewer	-	-	1,781,990	1,400,897	1,781,990	1,400,897
Total expenses	3,163,220	3,388,799	1,781,990	1,400,897	4,945,210	4,789,696
Increase (decrease) in net position	(100,934)	(82,932)	(281,103)	1,080,290	(382,037)	997,358
Net position-beginning	4,044,093	3,943,159	5,546,576	5,265,473	9,590,669	9,208,632
Net position-ending	\$ 3,943,159	\$ 3,860,227	\$ 5,265,473	\$ 6,345,763	\$ 9,208,632	\$ 10,205,990

Governmental-type activities: Governmental activities decreased the Town's net position by \$82,932. Key element of this decrease are as follows:

- Expenses increased.

Business-type activities: Business-type activities increased the Town's net position by \$1,080,290. Key elements of this increase are as follows:

- Revenues increased.

Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town of Liberty. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,164,552 while total fund balance reached \$2,791,015. The Town currently has an available fund balance of 52% of general fund expenditures, while total fund balance represents 68% of the same amount.

At June 30, 2022, the governmental funds of Town of Liberty reported a combined fund balance of \$3,263,484, with a net decrease in fund balance of \$203,452.

General Fund Budgetary Highlights. During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Proprietary Fund. The Town's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$925,445. The total increase in net position was \$1,080,290. The change in net position in the Water and Sewer Fund is a result of increase water revenues.

Capital Asset and Debt Administration

Capital assets. The Town of Liberty's net investment in capital assets for its governmental and business type activities as of June 30, 2022, totals \$7,341,836 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following addition:

- CIP water projects
- Museum Building
- Police Dept Building

**Town of Liberty's Capital Assets
(net of depreciation)
Figure 4**

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2021	2022	2021	2022	2021	2022
Land	\$ 192,520	\$ 277,210	\$ 39,677	\$ 39,677	\$ 232,197	\$ 316,887
Construction in progress	-	22,426	655,500	1,887,366	655,500	1,909,792
Buildings and other systems	644,403	1,180,293	3,615,273	3,406,019	4,259,676	4,586,312
Improvements other than buildings	128,044	117,184	4,926	3,088	132,970	120,272
Machinery and equipment	149,952	127,146	155,653	121,714	305,605	248,860
Vehicles and motorized equipment	210,029	154,809	17,936	4,904	227,965	159,713
Total	\$ 1,324,948	\$ 1,879,068	\$ 4,488,965	\$ 5,462,768	\$ 5,813,913	\$ 7,341,836

Additional information on the Town's capital assets can be found in the notes of the Basic Financial Statements.

Long-term Debt. As of June 30, 2022 the Town of Liberty had total debt outstanding of \$736,797.

**Town of Liberty's Outstanding Liabilities
Figure 5**

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2021	2022	2021	2022	2021	2022
Direct placement installment purchase	\$ 287,924	\$ 694,347	\$ 48,514	\$ 42,450	\$ 336,438	\$ 736,797
Lease Liabilities	-	261,840	-	-	-	261,840
Compensated absences	92,720	130,275	18,206	20,536	110,926	150,811
Total pension liability (LEO)	297,415	299,443	-	-	443,655	299,443
Net pension liability (LRS)	610,613	243,412	146,240	60,853	756,853	304,265
Total outstanding debt	\$ 1,288,672	\$ 1,629,317	\$ 212,960	\$ 123,839	\$ 1,647,872	\$ 1,753,156

Town of Liberty Outstanding Debt

The Town of Liberty total debt increased by \$400,359 during the past fiscal year, primarily due to new loan.

North Carolina's general statutes limit the amount of general obligation debt that a governmental unit can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Liberty is presently at \$15,415,278 (the amount of additional debt the Town could obligate itself under NC General Statute).

Additional information pertaining to the Town of Liberty's long-term debt can be found in the notes.

Economic Factors and Next Year's Budgets and Rates

The 2022-2023 budget year, like the previous three budget years, will continue to present challenges to the Board, management and staff as the national economy struggles to recover from recession. The tax rate continued at \$0.64/\$100 valuation however, tax revenue is expected to increase. Sales tax revenue is starting to increase as well as water usage, which increases water and sewer revenue. The budget will be monitored continuously to ensure adequate revenues are received to cover necessary expenses. Despite the economic struggles, the Town was still able to continue to increase our General Fund Balance.

Budget Highlights for the Fiscal Year Ending June 30, 2023

Governmental Activities : Revenues are expected to remain at levels similar to last fiscal year.

Business-Type Activities : Water and sewer revenues are expected to remain the same during 2022-2023. There were no significant increases in budgeted expenditures compared to 2022-2023.

Request for Information

This financial report is designed to provide a general overview of the Town of Liberty's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Town of Liberty, PO Box 1006, Liberty, NC 27298.

BASIC FINANCIAL STATEMENTS

Town of Liberty, North Carolina
Statement of Net Position
June 30, 2022

	<u>Primary Government</u>			Town of Liberty ABC Board
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 2,364,535	\$ 889,111	\$ 3,253,646	\$ 261,916
Receivables:				
Taxes receivable, net	20,963	-	20,963	-
Accounts receivable, net	39,734	260,804	300,538	-
Due From Other Governments	262,731	-	262,731	-
Due From Other Funds	96,000	(96,000)	-	-
Lease receivable	104,000	-	104,000	-
Inventories	-	-	-	179,774
Prepaid items	-	-	-	4,649
Restricted Assets:				
Cash and cash equivalents	1,115,198	24,759	1,139,957	-
Total current assets	<u>4,003,161</u>	<u>1,078,674</u>	<u>5,081,835</u>	<u>446,339</u>
Noncurrent Assets:				
Capital assets:				
Land, non-depreciable improvements, and construction in progress	299,636	1,927,043	2,226,679	-
Other capital assets, net of depreciation	<u>1,579,432</u>	<u>3,535,725</u>	<u>5,115,157</u>	<u>37,077</u>
Total capital assets	<u>1,879,068</u>	<u>5,462,768</u>	<u>7,341,836</u>	<u>37,077</u>
Right to use leased asset, net of amortization	<u>251,001</u>	<u>-</u>	<u>251,001</u>	<u>-</u>
Total assets	<u>6,133,230</u>	<u>6,541,442</u>	<u>12,674,672</u>	<u>483,416</u>
DEFERRED OUTFLOWS OF RESOURCES:				
	<u>462,252</u>	<u>95,173</u>	<u>557,425</u>	<u>1,013</u>
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued liabilities	202,928	48,672	251,600	84,101
Unearned Revenue	411,786	-	411,786	-
Due Within One Year	174,721	6,064	180,785	-
Compensated absences - current	31,522	10,292	41,814	-
Payable From Restricted Assets	-	-	-	-
Customer Deposits	-	24,759	24,759	-
Long-term liabilities				
Due in more than one year	781,466	36,386	817,852	-
Compensated absences	98,753	10,244	108,997	-
Net pension liability	243,412	60,853	304,265	-
Total pension liability	299,443	-	299,443	-
Total liabilities	<u>2,244,031</u>	<u>197,270</u>	<u>2,441,301</u>	<u>84,101</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>491,224</u>	<u>93,582</u>	<u>584,806</u>	<u>1,964</u>
NET POSITION				
Net investment in capital assets	1,173,882	5,420,318	6,343,199	37,077
Restricted:				
General Government	(1,716)	-	(1,716)	-
Transportation	227,603	-	227,603	-
Stabilization by State Statute	398,860	-	398,860	-
Capital Projects	259,661	-	259,661	-
Economic and Physical Development	824	-	824	-
Working Capital	-	-	-	44,750
Unrestricted	<u>1,801,113</u>	<u>925,445</u>	<u>2,726,558</u>	<u>316,537</u>
Total net position	<u>\$ 3,860,227</u>	<u>\$ 6,345,763</u>	<u>\$ 10,205,990</u>	<u>\$ 398,364</u>

Town of Liberty, North Carolina
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Town of Liberty ABC Board
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental Activities:								
General government	\$ 604,172	\$ 36,256	\$ 11,763	\$ -	\$ (556,153)	\$ -	\$ (556,153)	\$ -
Public safety	1,637,159	15,351	-	-	(1,621,808)	-	(1,621,808)	-
Transportation	382,722	-	96,975	-	(285,747)	-	(285,747)	-
Environmental protection	251,782	231,086	-	-	(20,696)	-	(20,696)	-
Cultural and Recreation	485,804	51,575	-	224,000	(210,229)	-	(210,229)	-
Economic and Physical Development	12,182	-	-	-	(12,182)	-	(12,182)	-
Interest on long-term debt	14,978	-	-	-	(14,978)	-	(14,978)	-
Total governmental activities	<u>3,388,799</u>	<u>334,268</u>	<u>108,738</u>	<u>224,000</u>	<u>(2,721,793)</u>	<u>-</u>	<u>(2,721,793)</u>	<u>-</u>
Business-type activities:								
Water and Sewer	1,400,897	992,751	-	1,487,760	-	1,079,614	1,079,614	-
Total business-type activities	<u>1,400,897</u>	<u>992,751</u>	<u>-</u>	<u>1,487,760</u>	<u>-</u>	<u>1,079,614</u>	<u>1,079,614</u>	<u>-</u>
Total Primary Government	<u>\$ 4,789,696</u>	<u>\$ 1,327,019</u>	<u>\$ 108,738</u>	<u>\$ 1,711,760</u>	<u>(2,721,793)</u>	<u>1,079,614</u>	<u>(1,642,179)</u>	<u>-</u>
Component Unit:								
ABC Board	1,396,009	1,502,906	-	-	-	-	-	106,897
Total Component Unit	<u>\$ 1,396,009</u>	<u>\$ 1,502,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,897</u>
General revenues:								
Taxes:								
Property taxes, levied for general purpose					1,285,940	-	1,285,940	-
Local option sales tax					826,656	-	826,656	-
Other taxes and licenses					449,884	-	449,884	-
Investment earnings, unrestricted					3,933	676	4,609	119
Gain on Disposal of Assets					26,877	-	26,877	-
Insurance Recovery					7,279	-	7,279	-
Miscellaneous					38,292	-	38,292	8,000
Total general revenues					<u>2,638,861</u>	<u>676</u>	<u>2,639,537</u>	<u>8,119</u>
Change in net position					(82,932)	1,080,290	997,358	115,016
Net positions, beginning					3,943,159	5,265,473	9,208,632	283,348
Net position, ending					<u>\$ 3,860,227</u>	<u>\$ 6,345,763</u>	<u>\$ 10,205,990</u>	<u>\$ 398,364</u>

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

Town of Liberty, North Carolina
Balance Sheet
Governmental Funds
June 30, 2022

	Major			Total Governmental Funds
	General Fund	ARPA Fund	Total Non- Major Funds	
Assets				
Cash and cash equivalents	\$ 2,364,535	\$ -	\$ -	\$ 2,364,535
Receivables:				
Taxes receivable, net	20,963	-	-	20,963
Accounts receivable, net	39,734	-	-	39,734
Due From Other Governments	262,731	-	-	262,731
Due From Other Funds	96,395	-	-	96,395
Lease receivable	104,000	-	-	104,000
Restricted Assets:				
Cash and cash equivalents	227,603	413,410	474,185	1,115,198
Total assets	<u>3,115,961</u>	<u>413,410</u>	<u>474,185</u>	<u>4,003,556</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	199,983	1,624	1,321	202,928
Unearned Revenue	-	411,786	-	411,786
Due to other funds	-	-	395	395
Total liabilities	<u>199,983</u>	<u>413,410</u>	<u>1,716</u>	<u>615,109</u>
Deferred Inflows of Resources:				
Property taxes receivable	20,963	-	-	20,963
Leases	104,000	-	-	104,000
Total deferred inflows of resources	<u>124,963</u>	<u>-</u>	<u>-</u>	<u>124,963</u>
Fund balances:				
Non Spendable:				
Cultural and Recreational	-	-	213,700	213,700
Restricted				
Stabilized by state statute	398,860	-	-	398,860
Economic and Physical Development	-	-	824	824
Streets	227,603	-	-	227,603
General Government	-	-	(1,716)	(1,716)
Committed:				
Capital Projects	-	-	259,661	259,661
Unassigned	2,164,552	-	-	2,164,552
Total fund balances	<u>2,791,015</u>	<u>-</u>	<u>472,469</u>	<u>3,263,484</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,115,961</u>	<u>\$ 413,410</u>	<u>\$ 474,185</u>	

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,879,068
Right to use assets used in governmental activities are not financial resources and therefore are not reported in the funds.	251,001
Deferred outflows of resources related to pensions are not reported in the funds	462,252
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	20,963
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.	(1,086,462)
Net pension liability	(243,412)
Total pension liability	(299,443)
Deferred inflows of resources related to pensions are not reported in the funds	(387,224)
Net position of governmental activities	<u>\$ 3,860,227</u>

Town of Liberty, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2022

	<u>Major</u>		<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>ARPA Fund</u>		
REVENUES				
Ad valorem taxes	\$ 1,284,704	\$ -	\$ -	\$ 1,284,704
Intergovernmental Revenues:				
Unrestricted	1,276,540	-	-	1,276,540
Restricted	131,734	11,763	224,000	367,497
Permits and fees	2,685	-	-	2,685
Sales and services	296,824	-	-	296,824
Investment earnings	3,711	-	222	3,933
Miscellaneous	38,292	-	-	38,292
Total revenues	<u>3,034,490</u>	<u>11,763</u>	<u>224,222</u>	<u>3,270,475</u>
EXPENDITURES				
Current:				
General government	843,640	11,763	1,716	857,119
Public safety	2,054,684	-	-	2,054,684
Transportation	365,034	-	-	365,034
Environmental protection	251,782	-	-	251,782
Cultural and Recreation	471,463	-	149,104	620,567
Economic and Physical Development	-	-	12,182	12,182
Debt service:				
Principal	131,772	-	-	131,772
Interest	14,978	-	-	14,978
Total expenditures	<u>4,133,353</u>	<u>11,763</u>	<u>163,002</u>	<u>4,308,118</u>
Excess (deficiency) of revenues over expenditures	<u>(1,098,863)</u>	<u>-</u>	<u>61,220</u>	<u>(1,037,643)</u>
Other financing sources (uses):				
Transfer From Other Funds	-	-	-	-
Transfer to Other Funds	-	-	-	-
Sale of Fixed Assets	26,877	-	-	26,877
Insurance Recovery	7,279	-	-	7,279
Lease proceeds	300,035	-	-	300,035
Loan proceeds	500,000	-	-	500,000
Total Other Financing Sources (Uses)	<u>834,191</u>	<u>-</u>	<u>-</u>	<u>834,191</u>
Net change in fund balance	(264,672)	-	61,220	(203,452)
Fund balances, beginning	3,055,687	-	411,249	3,466,936
Fund balances, ending	<u>\$ 2,791,015</u>	<u>\$ -</u>	<u>\$ 472,469</u>	<u>\$ 3,263,484</u>

Town of Liberty, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2022

Amounts reported for governmental activities in the statement of activities are

Net changes in fund balance - total government funds \$ (203,452)

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 capital outlays increases exceeded the book value of capital outlay decreases in fiscal year.

Capital outlay expenditures which were capitalized	\$ 701,595	
Depreciation expense for governmental assets	<u>(147,475)</u>	554,120

Right to use leased assets capital outlay expenditures which were capitalized	\$ 300,035	
Amortization expense for intangible assets	<u>(49,034)</u>	251,001

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		144,693
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Change in unavailable revenue for tax revenues		1,236
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

(668,263)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.

Compensated absences	(37,555)	
Pension expense	<u>(124,712)</u>	(162,267)

Total changes in net position of governmental activities		<u><u>\$ (82,932)</u></u>
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Town of Liberty, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund and ARPA Fund
For the Year Ended June 30, 2022

	General Fund			Variance With Final Positive Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 1,244,200	\$ 1,244,200	\$ 1,284,704	\$ 40,504
Intergovernmental Revenues:				
Unrestricted	1,032,000	1,232,000	1,276,540	44,540
Restricted	132,000	132,000	131,734	(266)
Permits and fees	-	-	2,685	2,685
Sales and services	246,135	296,135	296,824	689
Investment earnings	12,000	12,000	3,711	(8,289)
Miscellaneous Revenue	500	30,500	38,292	7,792
Total revenues	<u>2,666,835</u>	<u>2,946,835</u>	<u>3,034,490</u>	<u>87,655</u>
Expenditures:				
Current:				
General government	574,568	574,568	843,640	(269,072)
Public safety	1,634,146	2,061,146	2,054,684	6,462
Transportation	319,379	367,379	365,034	2,345
Environmental protection	238,900	252,400	251,782	618
Cultural and recreational	582,030	480,030	471,463	8,567
Debt service:				
Principal	132,000	132,000	131,772	228
Interest	15,000	15,000	14,978	22
Total expenditures	<u>3,496,023</u>	<u>3,882,523</u>	<u>4,133,353</u>	<u>(250,830)</u>
Revenues over (under) expenditures	<u>(829,188)</u>	<u>(935,688)</u>	<u>(1,098,863)</u>	<u>(163,175)</u>
Other financing sources (uses)				
Transfers From Other Funds	-	-	-	-
Transfers to Other Funds	-	-	-	-
Sale of Fixed Assets	27,000	27,000	26,877	123
Insurance Recovery	8,000	8,000	7,279	721
Lease proceeds	-	-	300,035	(300,035)
Loan proceeds	-	500,000	500,000	-
Total other financing sources and uses	<u>35,000</u>	<u>535,000</u>	<u>834,191</u>	<u>(299,191)</u>
Appropriated Fund Balance	794,188	400,688		400,688
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(264,672)	<u>\$ (264,672)</u>
Fund balances, beginning			3,055,687	
Fund balances, ending			<u>\$ 2,791,015</u>	

Town of Liberty, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund and ARPA Fund
For the Year Ended June 30, 2022

	ARPA Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Restricted intergovernmental revenues	\$ 847,098	\$ 847,098	\$ 11,763	\$ (835,335)
Total revenues	<u>847,098</u>	<u>847,098</u>	<u>11,763</u>	<u>(835,335)</u>
Expenditures:				
Current:				
General government	847,098	847,098	11,763	835,335
Total expenditures	<u>847,098</u>	<u>847,098</u>	<u>11,763</u>	<u>835,335</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning			<u>-</u>	
Fund balances, ending			<u>\$ -</u>	

Town of Liberty, North Carolina
Statement of Fund Net Position
Proprietary Funds
June 30, 2022

	Water and Sewer Fund
Assets	
Current Assets:	
Cash and cash equivalents	889,111
Accounts receivable (net)	260,804
Restricted Cash and Cash Equivalents	24,759
Total Current Assets	1,174,674
Noncurrent assets:	
Capital assets:	
Land and other non-depreciable assets	1,927,043
Other capital assets, net of depreciation	3,535,725
Total Capital assets	5,462,768
Total Assets	6,637,442
Deferred Outflows of Resources	95,173
Liabilities	
Current Liabilities:	
Accounts payable & accrued liabilities	48,672
Due to other funds	96,000
Compensated Absences - Current	10,292
Notes Payable - Current	6,064
Payable From Restricted Assets:	
Customer deposits	24,759
Total Current Liabilities	185,787
Noncurrent liabilities:	
Compensated absences	10,244
Net pension liability	60,853
Notes Payable - Noncurrent	36,386
Total noncurrent liabilities	107,483
Total Liabilities	293,270
Deferred Inflows of Resources	93,582
Net Position:	
Net investment in capital assets	5,420,318
Unrestricted	925,445
Total Net Position	\$ 6,345,763

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

Town of Liberty, North Carolina
Statement of Revenues and Expenditures and
Changes in Fund Net Position
Proprietary Funds
For The Year Ended June 30, 2022

	Water and Sewer Fund
Operating revenues:	
Charges for services	950,634
Water and sewer taps	40,082
Other operating Revenues	2,035
Total Operating Revenues	992,751
Operating expenses:	
Water and Sewer Administration	199,886
Water	468,021
Sewer	474,927
Depreciation	258,063
Total operating expenses	1,400,897
Total Operating Income (Loss)	(408,146)
Nonoperating Revenues(Expenses):	
Investment earnings	676
Capital contributions	1,231,866
Grants	255,894
Total Nonoperating Revenues (Expenses)	1,488,436
Changes in net position	1,080,290
Net position, beginning	5,265,473
Net position, ending	\$ 6,345,763

Town of Liberty, North Carolina
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2022

	Water Fund
Cash Flows From Operating Activities:	
Cash Received from Customers/others	\$ 931,862
Cash paid for goods and services	(894,900)
Cash paid to employees for services	(293,974)
Net cash provided by (used for) operating activities	(257,012)
Cash Flows From Noncapital Financing Activities:	
Change in due to/from	96,000
Net cash provided (used) by noncapital financing activities	96,000
Cash Flows from (use by) capital and related financing activities:	
Principal Paid on Notes Payable	(6,064)
Acquisition of capital assets	(1,231,866)
Capital contributions	1,487,760
Net cash flows provided (used) by capital financing activities	249,830
Cash Flows From Investing Activities	
Investment Earnings	676
Net increase (decrease) in cash and cash equivalents	89,494
Cash and cash equivalents, beginning of year	824,376
Cash and cash equivalents, end of year	\$ 913,870
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income	(408,146)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	258,063
Changes in Assets and Liabilities:	
(Increase) decrease in accounts receivable	(61,960)
(Increase) decrease in prepaids	1,071
Increase (decrease) in accounts payable and accrued liabilities	10,883
Increase (decrease) in unearned revenue	(2,000)
Increase (decrease) in customer deposits	(42,586)
Increase (decrease) in net pension liability	(85,387)
(Increase) decrease in deferred outflows of resources for pensions	(14,829)
Increase (decrease) in deferred inflows of resources for pensions	85,549
Increase (decrease) in accrued vacation pay	2,330
Net cash provided (used) by operating activities	\$ (257,012)

NOTES TO THE FINANCIAL STATEMENTS

Town of Liberty, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2022

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Liberty, North Carolina conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Liberty (the "Town") is a municipal corporation that is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the financial activity of the Town.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental funds and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

The Town reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. Primary expenditures are for public safety, street maintenance and construction, and general administration.

American Rescue Plan Fund - This fund accounts for the transactions related to the American Rescue Plan Funds.

The Town reports the following non-major governmental funds:

Capital Reserve Fund - This fund is used to account for future purchase of governmental assets funded by commitments by the Town council.

Downtown Revitalization Special Revenue Fund - This fund is used to account for grant funds restricted for a particular purpose.

Library Permanent Fund - This fund is used to account for contributions restricted for the funding of programs and materials for visual and hearing impaired residents.

Summer Food Security Fund - This fund is used for summer feeding program.

State Capital and Infrastructure Fund - This fund is to account for grant funds used for downtown improvements.

SRP Grant Library/Heritage Museum Fund - This fund is to account for grant funds used for the Library and Heritage Museum.

The Town reports the following major enterprise fund:

Water and Sewer Fund - This fund is used to account for the Town's water and sewer operations.

The Town reports the following non-major enterprise fund:

CDBG Wastewater Collection System Project Fund - This fund is used to account for the restricted intergovernmental revenues and expenditures for the 2017 Water and Sewer Rehab Project Fund.

Water and Sewer Capital Reserve Fund - This fund is used for water and sewer capital reserves.

ASADRA Grant- Lift station/Line Rehab Project Fund - This fund is used for upfit lift stations and line rehab work.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments when applicable. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Liberty because the tax is levied by Randolph County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Enterprise Capital Projects Funds. The enterprise fund project is consolidated with its respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

1. Deposits and Investments

All deposits of the Town are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's investments are generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2021, the Term Portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

In accordance with State law, the Town has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

Purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.4. Cash is also restricted for the future purchase of governmental assets funded by commitments by the Town council. Cash is also restricted by an agreement with the U.S. Department of Justice to be used for the purchase of qualified equipment by the Town’s police department. Cash is also restricted by donors for use by the Town of Liberty library. Cash is also restricted by grantor for downtown revitalization. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

Town of Liberty Restricted Cash

Governmental Activities

General Fund:	
Transportation - Streets	\$ 227,603
Other Governmental	
ARPA	413,410
Capital reserve	259,661
Library permanent fund	138,804
SCIF	74,896
Downtown revitalization	824
Total Governmental Activities	<u>\$ 1,115,198</u>

Business-type Activities

Water and Sewer Fund	
Customer Deposits	24,759
Total Business-type Activities	<u>\$ 24,759</u>

Total Restricted Cash	<u>\$ 1,139,957</u>
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4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2021. As allowed by State law, the Town has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Lease Receivable

The Town's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the Town may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

7. Inventory and Prepaid Items

The inventories of the Town and the ABC Board are valued at cost (first-in, first-out), which approximates market. The Town’s General Fund inventory consists of expendable supplies that are recorded as inventory when purchased and expended when consumed.

The inventory of the ABC Board consists of materials and supplies held for subsequent use. The cost of the inventories is expensed when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

8. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, buildings, improvements, lines, and other plant and distribution systems, infrastructure, furniture and equipment, and vehicles, \$3,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015, are recorded at acquisition value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Capital assets are depreciable using the straight-line method at the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	20
Buildings	50
Improvements	20
Vehicles	5-15
Furniture and Fixtures	5-10
Computer Equipment	3-5

9. Right to use assets

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

10. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, pension deferral plan in the 2022 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meet the criterion for this category - property taxes receivable and pension deferrals for the 2022 fiscal year.

11. Long-Term Obligations

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

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

12. Compensated Absences

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

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

13. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

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

Restricted for Streets - Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of total unexpended Powell Bill funds.

Restricted for Economic and Physical Development – portion of fund balance restricted for downtown revitalization.

Restricted for General Government – portion of fund balance restricted for summer food security.

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Liberty's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned Fund Balance - portion of fund balance that the Town of Liberty intends to use for specific purposes.

Unassigned Fund Balance - portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The Town of Liberty has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-town funds, town funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

14. Defined Benefit Cost-Sharing Plans

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

II. **Stewardship, Compliance, and Accountability**

A. **Significant Violations of Finance-Related Legal and Contractual Provisions**

1. **Noncompliance with North Carolina General Statutes**

N.C. General Statute 159-34 Timeliness of audit submission.

2. **Contractual Violations**

None reported.

B. **Deficit in Fund Balance or Net Position of Individual Funds**

The Summer Food Security Fund has a deficit fund balance of (\$1,716) due to timing issues

C. **Excess of Expenditures over Appropriations**

For the fiscal year ended June 30, 2022, the expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board in the general government department by \$269,072.

III. **Detail Notes on All Funds**

A. **Assets**

1. **Deposits**

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2022, the Town's deposits had a carrying amount of \$1,246,392 and a bank balance of \$1,106,326. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2022, the Town's petty cash fund totaled \$350.

2. **Investments**

At June 30, 2022, the Town of Liberty had \$3,146,861 invested with the North Carolina Capital Management Trust's Government Portfolio which earned a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

3. Receivables

	Accounts	Taxes and Related Accrued Interest	Due From Other Governments	Lease Receivable	Total
Governmental Activities:					
General	\$ 39,734	\$ 20,963	\$ 262,731	\$ 104,000	\$ 427,428
Total Governmental Activities	<u>\$ 39,734</u>	<u>\$ 20,963</u>	<u>\$ 262,731</u>	<u>\$ 104,000</u>	<u>\$ 427,428</u>
Business-Type Activities:					
Water and Sewer	\$ 260,804	\$ -	\$ -	\$ -	\$ 260,804
Total Business-Type Activities	<u>\$ 260,804</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260,804</u>

Receivables -Allowance for Doubtful Accounts

The amounts presented in the Balance Sheet and the statement of Net Position for the year ended June 30, 2022, are net of the following allowances for doubtful accounts:

General Fund:	
Accounts receivable	<u>\$ 4,166</u>
Water and Sewer Fund:	
Accounts Receivable	<u>\$ 19,507</u>
Total	<u>\$ 23,673</u>

4. Lease Receivable

In November 2021, the Town entered into a lease with Town of Liberty ABC. Under the lease, the Lessee pays the Town \$2,000 per month for the next (5) years for a tract land located in Liberty Township. The lease receivable is measured as the present value of future rent payments.

In the fiscal year 2022, the Town recognized \$16,000 of lease revenue under the lease.

5. Capital Assets

Primary Government

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 192,520	\$ 84,690	\$ -	\$ 277,210
Construction in progress	-	22,426	-	22,426
Total capital assets not being depreciated	192,520	107,116	-	299,636
Capital assets being depreciated:				
Buildings	1,256,374	576,003	-	1,832,377
Equipment	929,805	18,476	200,717	747,564
Computer Equipment	112,745	-	-	112,745
Other improvements	476,950	-	-	476,950
Vehicles and motorized equipment	1,298,783	-	43,753	1,255,030
Total capital assets being depreciated	4,074,657	594,479	244,470	4,424,666
Less accumulated depreciation for:				
Buildings	611,971	40,113	-	652,084
Equipment	780,188	40,947	200,717	620,418
Computer Equipment	112,410	335	-	112,745
Other improvements	348,906	10,860	-	359,766
Vehicles and motorized equipment	1,088,754	55,220	43,753	1,100,221
Total accumulated depreciation	2,942,229	\$ 147,475	\$ 244,470	2,845,234
Total capital assets being depreciated, net	1,132,428			1,579,432
Governmental activity capital assets, net	\$ 1,324,948			\$ 1,879,068

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

General Government	\$ 5,173
Public Safety	108,894
Transportation	20,341
Cultural & Recreational	13,067
Total Depreciation Expense	<u>\$ 147,475</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-Type activities:				
Capital assets not being depreciated:				
Land	\$ 39,677	\$ -	\$ -	\$ 39,677
Construction in progress	655,500	1,231,866	-	1,887,366
Total capital assets not being depreciated	695,177	1,231,866	-	1,927,043
Capital assets being depreciated:				
Buildings	438,864	-	-	438,864
Plant and distribution systems	9,650,211	-	-	9,650,211
Other Improvements	56,277	-	-	56,277
Equipment	531,070	-	5,000	526,070
Computer Equipment	50,997	-	-	50,997
Vehicles	163,076	-	-	163,076
Total capital assets being depreciated	10,890,495	-	5,000	10,885,495
Less accumulated depreciation for:				
Buildings	344,070	11,919	-	355,989
Plant and distribution systems	6,129,732	197,335	-	6,327,067
Other Improvements	51,351	1,838	-	53,189
Equipment	381,812	31,091	5,000	407,903
Computer Equipment	44,602	2,848	-	47,450
Vehicles	145,140	13,032	-	158,172
Total accumulated depreciation	7,096,707	258,063	5,000	7,349,770
Total capital assets being depreciated, net	3,793,788			3,535,725
Business-type Activities Capital Assets, Net	\$ 4,488,965			\$ 5,462,768

Discretely Presented Component Unit:

Activity for the ABC Board for the year ended June 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 92,200	5,755	-	\$ 97,955
Leasehold improvements	-	14,300	-	14,300
Total Capital Assets Being Depreciated	92,200	20,055	-	112,255
Less Accumulated Depreciation For:				
Furniture and Equipment	66,674	8,271	-	74,945
Leasehold improvements	-	233	-	233
Total Accumulated Depreciation	66,674	8,504	-	75,178
ABC Capital Assets, Net	\$ 25,526	\$ 11,551	\$ -	\$ 37,077

6. Right to Use Leased Assets

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

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

	Beginning Balances	Increases	Decreases	Ending Balances
Right to use assets				
Leased equipment	\$ -	300,035	-	\$ 300,035
Less accumulated amortization for:	-	300,035	-	300,035
Less accumulated amortization for:				
Leased equipment	-	49,034	-	49,034
Total accumulated amortization	-	49,034	-	49,034
Right to use assets, net	\$ -	\$ 251,001	\$ -	\$ 251,001

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Liberty's contractually required contribution rate for the year ended June 30, 2022, was 11.41% for general employees and 12.04% for law enforcement employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$180,866 for the year ended June 30, 2022.

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

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

At June 30, 2022, the Town reported an liability of \$304,265 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2021 (measurement date), the Town's proportion was 0.020%, which was a decrease of 0.00134% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of \$122,272. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 96,798	\$ -
Change of assumptions	191,156	-
Net difference between projected and actual earnings on pension plan investments	-	434,704
Changes in proportion and differences between Town's contributions and proportionate share of contributions	7,045	33,204
Town's contributions subsequent to the measurement date	180,866	-
Total	<u>\$ 475,865</u>	<u>\$ 467,908</u>

\$180,866 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	
2023	\$ 18,835
2024	(17,403)
2025	(41,320)
2026	(133,021)
Thereafter	-
	<u>\$ (172,909)</u>

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

Inflation	3.0 percent
Salary Increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of an actuarial experience study for the period January 1, 2011, through December 31, 2015.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.0%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1 % Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	\$1,181,133	\$304,265	(\$417,346)

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

b. Law Enforcement Officers Special Separation Allowance

1. *Plan Description*

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

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

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	10
Total	11

2. *Summary of Significant Accounting Policies*

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

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

3. *Actuarial Assumptions*

The entry age actuarial cost method was used in the December 31, 2019, valuation. The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	2.25 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2020.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

4. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The Town paid \$10,503 as benefits came due for the reporting period.

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

At June 30, 2022, the Town reported a total pension liability of \$299,443. The total pension liability was measured as of December 31, 2021, based on a December 31, 2020, actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the Town recognized pension expense of \$40,716.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,011	\$ 4,653
Changes of assumptions and other inputs	75,549	8,245
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	<u>\$ 81,560</u>	<u>\$ 12,898</u>

\$0 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2023	\$ 17,963
2024	16,978
2025	15,844
2026	14,225
2027	3,652
Thereafter	-
	<u>\$ 68,662</u>

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 2.25 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1 % Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Town's proportionate share of the net pension liability (asset)	\$ 321,405	\$ 299,443	\$ 279,031

**Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance**

	<u>2022</u>
Beginning balance	\$ 297,415
Service Cost	17,382
Interest on the total pension liability	5,639
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(3,633)
Changes of assumptions or other inputs	(6,857)
Benefit payments	(10,503)
Other changes	-
Ending balance of the total pension liability	<u><u>\$ 299,443</u></u>

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

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of an actuarial experience study for the period January 1, 2011, through December 31, 2015.

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

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

	LGERS	LEOSSA	Total
Pension Expense	122,272	40,716	162,988
Pension Liability	304,265	299,443	603,708
Proportionate share of the net pension liability	0.020%	N/A	
Deferred of Outflows of Resources			
Differences between expected and actual experience	96,798	6,011	102,809
Changes of assumptions	191,156	75,549	266,705
Net difference between projected and actual earning on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	7,045	-	7,045
Benefit payments and administrative costs paid subsequent to the measurement date	180,866	-	180,866
Deferred of Inflows of Resources			
Differences between expected and actual experience	-	4,653	4,653
Changes of assumptions	-	8,245	8,245
Net differences between projected and actual earnings on plan investments	-	434,704	434,704
Changes in proportion and differences between contributions and proportionate share of contributions	33,204	-	33,204

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers and other employees may also make voluntary contributions to the plan.

The Town made contributions of \$38,433 for the reporting year. No amounts were forfeited.

1. Other Employment Benefits

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

2. Deferred Outflows and Inflows of Resources

The Town has one deferred outflows of resources. Deferred outflows of resources is comprised of the following:

Source	Amount
Contributions to pension plan in current fiscal year	\$ 180,866
Differences between expected and actual experience	102,809
Changes of assumptions	266,705
Net difference between projected and actual earnings on pension plan investments	-
Changes in proportion and differences between Town's contributions and proportionate share of contributions	7,045
Total	<u>\$ 557,425</u>

Deferred inflows of resources at year-end is comprised of the following:

	Statement of Net Position	General Fund Balance Sheet
Taxes Receivable, Net (General Fund)	\$ -	\$ 20,963
Lease Receivable (General Fund)	104,000	104,000
Differences between expected and actual experience	8,245	-
Changes in assumptions	4,653	-
Net differences between projected and actual earnings on plan investments	434,704	-
Changes in proportion and differences between employer contributions and proportionate share of contributions.	33,204	-
Total	<u>\$ 584,806</u>	<u>\$ 124,963</u>

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the N.C. League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request. The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. The Town is not located in a flood plain, therefore, they do not carry any flood insurance.

In accordance with G.S. 159-29, the town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The town clerk is individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

4. Claims, Judgments and Contingent Liabilities

At June 30, 2022, there were no lawsuits against the Town that materiality impact its financial statements.

5. Long Term Obligations

a. Leases

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

The lease agreement was executed in Sept. 2021, to lease vehicles and requires 84 monthly payments. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 3.26%, which is the stated rate in the lease agreement. As a result of the lease, the Town has recorded a right to use asset with a net book value of \$186,381 at June 30, 2022. The right to use asset is discussed in more detail in the Intangible Asset section of this note.

The lease agreement was executed in Aug. 2021, to lease vehicles and requires 60 monthly payments. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 3%, which is the stated rate in the lease agreement. As a result of the lease, the Town has recorded a right to use asset with a net book value of \$21,789 at June 30, 2022. The right to use asset is discussed in more detail in the Intangible Asset section of this note.

The lease agreement was executed in Dec. 2021, to lease vehicles and requires 60 monthly payments. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 3%, which is the stated rate in the lease agreement. As a result of the lease, the Town has recorded a right to use asset with a net book value of \$23,897 at June 30, 2022. The right to use asset is discussed in more detail in the Intangible Asset section of this note.

The lease agreement was executed in May 2022, to lease vehicles and requires 60 monthly payments. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 3%, which is the stated rate in the lease agreement. As a result of the lease, the Town has recorded a right to use asset with a net book value of \$18,934 at June 30, 2022. The right to use asset is discussed in more detail in the Intangible Asset section of this note.

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

Year Ending June 30	Principal	Interest	Total
2023	\$ 44,698	\$ 8,343	\$ 53,041
2024	46,112	6,929	53,041
2025	47,571	5,470	53,041
2026	47,565	3,966	51,531
2027	37,750	2,459	40,209
2028	38,144	1,244	39,388
	<u>\$ 261,840</u>	<u>\$ 28,411</u>	<u>\$ 290,251</u>

b. Installment Loans

The Town entered into a direct borrowing financing agreement on May 22, 2015 with the Truist Bank for \$389,491 to refinance the new fire station. The financing agreement requires annual payments of \$35,912 including interest with a rate of 3.03% per annum for a 12-year term. The fire department building is pledged as collateral for the debt while the debt is outstanding. At June 30, 2022 balance is \$194,347.

The Town entered into a direct borrowing financing agreement on January 14, 2022 with the Truist Bank for \$500,000 to finance new police building. The financing agreement requires annual payments of \$107,350 including interest with a rate of 1.47% per annum for a 5-year term. The police building is pledged as collateral for the debt while the debt is outstanding. At June 30, 2022 balance is outstanding is \$500,000.

Annual debt service requirements to maturity for the installment loans at June 30, 2022 are as follows:

Year Ending June 30	Governmental Activates	
	Principal	Interest
2023	\$ 130,023	\$ 13,239
2024	130,933	10,859
2025	131,870	8,452
2026	132,835	6,016
2027	133,830	3,429
2028	34,856	1,055
	<u>\$ 694,347</u>	<u>\$ 43,050</u>

b. Notes Payable

The note payable shown in the Water and Sewer Fund consist of the balance due on a \$121,285 direct placement revolving loan from the State Water Pollution Control Revolving Loan Program for improvements to the Town’s wastewater collection system. This agreement requires payments over twenty years at a rate of 0%. At June 30, 2022 the balance is \$42,450.

Annual debt service requirements to maturity for the notes payable are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>
2023	\$ 6,064
2024	6,064
2025	6,064
2026	6,064
2027	6,064
2028-2031	12,130
Total	<u>\$ 42,450</u>

At June 30, 2022, the Town of Liberty had no bonds authorized but unissued and a legal debt margin of \$15,153,078.

c. Changes in General Long-Term Liabilities

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

	Balance 07/01/21	Increases	Decreases	Balance 06/30/22	Current Portion
Governmental activities:					
Direct Placement					
Installment Purchases	\$ 287,924	\$ 500,000	\$ 93,577	\$ 694,347	\$ 130,023
Lease Liabilities	-	300,035	38,195	261,840	44,698
Compensated absences	92,720	69,077	31,522	130,275	31,522
Net pension liability (LGRS)	610,613	-	367,201	243,412	-
Total pension liability (LEO)	297,415	2,028	-	299,443	-
Governmental activity long-term liabilities	<u>\$ 1,288,672</u>	<u>\$ 871,140</u>	<u>\$ 530,495</u>	<u>\$ 1,629,317</u>	<u>\$ 206,243</u>
Business-type activities:					
Direct Placement					
Installment Purchases	\$ 48,514	-	6,064	\$ 42,450	\$ 6,064
Compensated absences	18,206	12,622	10,292	20,536	10,292
Net pension liability (LGRS)	146,240	-	85,387	60,853	-
Business-type activity long-term liabilities	<u>\$ 212,960</u>	<u>\$ 12,622</u>	<u>\$ 101,743</u>	<u>\$ 123,839</u>	<u>\$ 16,356</u>

C. Net Investment in Capital Assets

	Governmental	Business-type
Capital assets	\$ 2,130,069	5,462,768
Less: long term debt	(956,187)	(42,450)
Net investment in capital asset	<u>\$ 1,173,882</u>	<u>\$ 5,420,318</u>

D. Fund Balance

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

Total fund balance - General Fund	\$ 2,791,015
Less:	
Streets - Powell Bill	227,603
Stabilization by State Statute	398,860
Remaining Fund Balance	<u>2,164,552</u>

IV. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

V. Significant Effects of Subsequent Events

There are no subsequent events that would have a material affect on the financial statements. Subsequent events have been analyzed through August 18, 2023 the date that the financial statements were available to be issued.

REQUIRED
SUPPLEMENTAL FINANCIAL DATA

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

Schedule of the Proportionate Share of the Net Pension
Liability – Local Government Employees’ Retirement
System

Schedule of Contributions – Local Government
Employees’ Retirement System

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

	Local Government Employees' Retirement System								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) (%)	0.020%	0.021%	0.020%	0.020%	0.020%	0.020%	0.017%	0.016%	0.016%
Town's proportionate share of the net pension liability (asset) (\$)	\$ 304,265	\$ 756,853	\$ 538,540	\$ 496,059	\$ 313,336	\$ 426,378	\$ 77,373	\$ (96,011)	\$ 190,451
Town's covered-employee payroll	\$ 1,408,427	\$ 1,319,007	\$ 1,251,508	\$ 1,197,681	\$ 1,153,150	\$ 1,028,859	\$ 967,178	\$ 993,893	\$ 947,180
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	21.60%	57.38%	43.03%	41.42%	27.17%	41.44%	8.00%	(9.66%)	20.11%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	88.61%	90.86%	92.00%	64.18%	91.47%	98.09%	102.64%	94.35%

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

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

**Town of Liberty, North Carolina
Town of Liberty's Contributions
Required Supplementary Information
Last Nine Fiscal Years**

	Local Government Employees' Retirement System								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 180,866	\$ 146,782	\$ 120,832	\$ 99,702	\$ 92,459	\$ 85,538	\$ 71,515	\$ 68,691	\$ 71,159
Contributions in relation to the contractually required contribution	180,866	146,782	120,832	99,702	92,459	85,538	71,515	68,691	71,159
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 1,556,129	\$ 1,408,427	\$ 1,319,007	\$ 1,251,508	\$ 1,197,681	\$ 1,153,150	\$ 1,028,859	\$ 967,178	\$ 993,893
Contributions as a percentage of covered-employee payroll	11.62%	10.42%	9.16%	7.97%	7.72%	7.42%	6.95%	7.10%	7.16%

Town of Liberty, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2022

	2022	2021	2020	2019	2018	2017
Beginning balance	297,415	188,495	175,085	166,018	151,526	151,515
Service Cost	17,382	12,003	8,742	9,883	8,397	8,650
Interest on the total pension liability	5,639	5,974	6,182	5,080	5,646	5,222
Differences between expected and actual experience in the measurement of the total pension liability	(3,633)	(2,493)	3,537	11,390	951	-
Changes of assumptions or other inputs	(6,857)	103,939	5,452	(6,783)	10,001	(3,358)
Benefit payments	(10,503)	(10,503)	(10,503)	(10,503)	(10,503)	(10,503)
Ending balance of the total pension liability	<u>\$ 299,443</u>	<u>\$ 297,415</u>	<u>\$ 188,495</u>	<u>\$ 175,085</u>	<u>\$ 166,018</u>	<u>\$ 151,526</u>

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

Town of Liberty, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2022

	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 299,443	\$ 297,415	\$ 188,495	\$ 175,085	\$ 166,018	\$ 151,526
Covered payroll	460,399	500,116	426,776	444,563	407,930	402,336
Total pension liability as a percentage of covered payroll	65.04%	59.47%	44.17%	39.38%	40.70%	37.66%

Notes to the schedules:

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

GENERAL FUND

The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

Town of Liberty, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad Valorem Taxes:			
Current Year Taxes		1,279,605	
Penalties and interest		5,099	
Total	1,244,200	1,284,704	40,504
Intergovernmental Revenues:			
Unrestricted Intergovernmental revenues:			
Local option sales taxes		826,656	
Sales Tax Refund		16,442	
Utilities franchise tax		169,998	
ABC Distribution		31,137	
County Fire Tax		219,322	
Arrest Fees		2,101	
Beer and Wine Tax		10,884	
Total	1,232,000	1,276,540	44,540
Restricted Intergovernmental:			
Powell Bill allocation		96,975	
Library Supplement		12,000	
Solid waste disposal tax		2,027	
ABC Revenue		5,381	
Restricted Police Revenue		15,351	
Total	132,000	131,734	(266)
Permits and Fees:			
Zoning Fees		2,685	
Total	-	2,685	2,685
Sales and Services:			
Recreational Fees		29,762	
Rents		28,190	
Cemetery Revenues		43,000	
Solid Waste Fees		186,059	
Library Revenues		9,813	
Total	296,135	296,824	689

Town of Liberty, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Investment Earnings	12,000	3,711	(8,289)
Miscellaneous:			
Other	30,500	38,292	7,792
Total revenues	2,946,835	3,034,490	87,655
Expenditures:			
General Government:			
Governing body:			
Salaries and Employee Benefits		19,915	
Other Operating Expenditures		24,953	
Capital Outlay		-	
Total	48,210	44,868	3,342
Administration:			
Salaries and Employee Benefits		287,815	
Other Operating Expenditures		164,737	
Capital Outlay		300,035	
Total	479,708	752,587	(272,879)
Planning and Zoning:			
Salaries and Employee Benefits		491	
Other Operating Expenditures		45,694	
Total	46,650	46,185	465
Total general government	574,568	843,640	(269,072)
Public Safety:			
Police Department			
Salaries and Employee Benefits		821,575	
Other Operating Expenditures		167,167	
Capital Outlay		530,142	
Total	1,522,991	1,518,884	4,107

Town of Liberty, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Fire Department:			
Salaries and Employee Benefits		426,803	
Other Operating Expenditures		90,521	
Capital Outlay		18,476	
Total	538,155	535,800	2,355
Total Public Safety	2,061,146	2,054,684	6,462
Transportation:			
Streets:			
Salaries and Employee Benefits		138,479	
Other Operating Expenditures		226,555	
Capital Outlay		-	
Total Transportation	367,379	365,034	2,345
Environmental protection:			
Sanitation:			
Salaries and Employee Benefits	-	215	
Other Operating Expenditures		222,051	
Total	222,400	222,266	134
Cemetery:			
Other Operating Expenditures		29,516	
Capital Outlay		-	
Total	30,000	29,516	484
Total environmental protection	252,400	251,782	618
Cultural and recreation:			
Recreation:			
Salaries and Employee Benefits		139,630	
Other Operating Expenditures		95,685	
Capital Outlay		-	
Total	243,860	235,315	8,545

Town of Liberty, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Library:			
Salaries and Employee Benefits		125,759	
Other Operating Expenditures		110,389	
Capital Outlay		-	
Total	<u>236,170</u>	<u>236,148</u>	<u>22</u>
Total Cultural and Recreational	<u>480,030</u>	<u>471,463</u>	<u>8,567</u>
Debt Service:			
Principal		131,772	
Interest		14,978	
Total Debt Service	<u>147,000</u>	<u>146,750</u>	<u>250</u>
Total expenditures	<u>3,882,523</u>	<u>4,133,353</u>	<u>(250,830)</u>
Revenues over Expenditures	<u>(935,688)</u>	<u>(1,098,863)</u>	<u>(163,175)</u>
Other financing sources (uses):			
Insurance Proceeds	8,000	7,279	(721)
Sale of Fixed Assets	27,000	26,877	(123)
Lease proceeds	-	300,035	300,035
Loan proceeds	500,000	500,000	-
Transfers From Other Funds	-	-	-
Transfers to Other Funds	-	-	-
Total Other Financing Sources (Uses)	<u>535,000</u>	<u>834,191</u>	<u>(299,191)</u>
Appropriated Fund Balance	400,688		400,688
Net change in fund balance	<u>\$ -</u>	(264,672)	<u>\$ (264,672)</u>
Fund balances, beginning		3,055,687	
Fund balances, ending		<u>\$ 2,791,015</u>	

Town of Liberty, North Carolina
American Resuce Plan Act Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2022

	2022		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Grant - ARPA	\$ 847,098	11,763	\$ (835,335)
Total revenues	<u>847,098</u>	<u>11,763</u>	<u>(835,335)</u>
Expenditures:			
Operating expenditures	847,098	11,763	835,335
Total expenditures	<u>847,098</u>	<u>11,763</u>	<u>835,335</u>
Revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Appropriated Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>\$ -</u></u>
Fund Balance:			
Beginning of Year, July 1		-	
End of Year, June 30		<u><u>\$ -</u></u>	

Town of Liberty, North Carolina
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2022

	Special Revenue Fund					Capital Project Funds			Total Nonmajor Governmental Funds
	Capital Reserve Fund	Library Permanent Fund	SCIF Grant Fund	SFSF Grant Fund	Total Special Revenue Funds	Downtown Revitalization Fund	SRP Grant Library/Heritage Museum Fund	Total Capital Project Funds	
Assets:									
Restricted Cash	\$ 259,661	\$ 138,804	\$ 74,896	\$ -	\$ 473,361	\$ 824	\$ -	\$ 824	\$ 474,185
Total Assets	<u>259,661</u>	<u>138,804</u>	<u># 74,896</u>	<u>-</u>	<u>473,361</u>	<u>824</u>	<u>-</u>	<u>824</u>	<u>474,185</u>
Liabilities and Fund Balances:									
Liabilities:									
Payable From Restricted Assets	-	-	-	1,321	1,321	-	-	-	1,321
Unearned Revenues	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	395	395	-	-	-	395
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,716</u>	<u>1,716</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,716</u>
Fund Balances:									
Nonspendable:									
Cultural and recreational	-	138,804	74,896	-	213,700	-	-	-	213,700
Restricted:									
Economic and Physical Development	-	-	-	-	-	824	-	824	824
General Governmental	-	-	-	(1,716)	(1,716)	-	-	-	(1,716)
Committed									
Capital Projects	259,661	-	-	-	259,661	-	-	-	259,661
Total fund balances	<u>259,661</u>	<u>138,804</u>	<u>74,896</u>	<u>(1,716)</u>	<u>471,645</u>	<u>824</u>	<u>-</u>	<u>824</u>	<u>472,469</u>
Total liabilities and fund balances	<u>\$ 259,661</u>	<u>\$ 138,804</u>	<u>\$ 74,896</u>	<u>\$ -</u>	<u>\$ 473,361</u>	<u>\$ 824</u>	<u>\$ -</u>	<u>\$ 824</u>	<u>\$ 474,185</u>

Town of Liberty, North Carolina
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Fiscal Year Ended June 30, 2022

	Special Revenue Fund				Capital Project Funds			Total Nonmajor Governmental Funds	
	Capital Reserve Fund	Library Permanent Fund	SCIF Grant Fund	SFSF Grant Fund	Total Special Revenue Funds	Downtown Revitalization Fund	SRP Grant Library/Heritage Museum Fund		Total Capital Project Funds
Revenues:									
Investment earnings	\$ -	\$ 222	\$ -	\$ -	\$ 222	\$ -	\$ -	\$ -	\$ 222
Restricted Revenue	-	-	125,000	-	125,000	-	99,000	99,000	224,000
Total revenues	<u>-</u>	<u>222</u>	<u>125,000</u>	<u>-</u>	<u>125,222</u>	<u>-</u>	<u>99,000</u>	<u>99,000</u>	<u>224,222</u>
Expenditures:									
General Government	-	-	-	1,716	1,716	-	-	-	1,716
Economic and physical development	-	-	-	-	-	12,182	-	12,182	12,182
Cultural and recreational	-	-	50,104	-	50,104	-	99,000	99,000	149,104
Total Expenditures	<u>-</u>	<u>-</u>	<u>50,104</u>	<u>1,716</u>	<u>51,820</u>	<u>12,182</u>	<u>99,000</u>	<u>111,182</u>	<u>163,002</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>222</u>	<u>74,896</u>	<u>(1,716)</u>	<u>73,402</u>	<u>(12,182)</u>	<u>-</u>	<u>(12,182)</u>	<u>61,220</u>
Other Financing Sources (Uses):									
Transfers From Other Funds	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>222</u>	<u>74,896</u>	<u>(1,716)</u>	<u>73,402</u>	<u>(12,182)</u>	<u>-</u>	<u>(12,182)</u>	<u>61,220</u>
Beginning of Year, July 1	259,661	138,582	-	-	398,243	13,006	-	13,006	411,249
End of Year, June 30	<u>\$ 259,661</u>	<u>\$ 138,804</u>	<u>\$ 74,896</u>	<u>\$ (1,716)</u>	<u>\$ 471,645</u>	<u>\$ 824</u>	<u>\$ -</u>	<u>\$ 824</u>	<u>\$ 472,469</u>

Town of Liberty, North Carolina
Capital Project Capital Reserve Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2022

	2022		Variance Favorable (Unfavorable)
	Final Budget	Actual	
Expenditures:			
Operating	\$ -	\$ -	\$ -
Total expenditures	-	-	-
Other Financing Sources (uses):			
Transfers From Other Funds	-	-	-
Transfers To Other Funds	(194,900)	-	194,900
Total Other Financing Sources (uses)	(194,900)	-	194,900
Appropriated Fund Balance	194,900	-	(194,900)
Net change in fund balance	\$ -	-	\$ -
Fund balance:			
Beginning of year, July 1		259,661	
End of year, June 30		\$259,661	

Town of Liberty, North Carolina
Library Permanent Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2022

	2022		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Investment Earnings	\$ 225	222	\$ (3)
Total revenues	225	222	(3)
Expenditures:			
Miscellaneous	225	-	225
Total expenditures	225	-	225
Revenues over expenditures	-	222	222
Appropriated Fund Balance	-	-	-
Net change in fund balance	\$ -	222	\$ 222
Fund Balance:			
Beginning of Year, July 1		138,582	
End of Year, June 30		\$ 138,804	

Town of Liberty, North Carolina
State Capital and Infrastructure Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2022

	2022		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Grant - SCIF	\$ 125,000	125,000	\$ -
Total revenues	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Expenditures:			
Reimb to Friends of Patterson Cottage	50,000	50,000	-
Parking Lot Improvements	60,000	-	60,000
Downtown Improvements	15,000	104	14,896
Total expenditures	<u>125,000</u>	<u>50,104</u>	<u>74,896</u>
Revenues over expenditures	<u>-</u>	<u>74,896</u>	<u>74,896</u>
Appropriated Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>74,896</u>	<u>\$ 74,896</u>
Fund Balance:			
Beginning of Year, July 1		-	
End of Year, June 30		<u>\$ 74,896</u>	

Town of Liberty, North Carolina
Summer Food Security Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2022

	2022		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Grant - SFSF	\$ 21,955	-	\$ (21,955)
Total revenues	<u>21,955</u>	<u>-</u>	<u>(21,955)</u>
Expenditures:			
Material Cost	2,975	181	2,794
Food Cost	15,980	1,535	14,445
Personnel Cost	3,000	-	3,000
Total expenditures	<u>21,955</u>	<u>1,716</u>	<u>20,239</u>
Revenues over expenditures	<u>-</u>	<u>(1,716)</u>	<u>(1,716)</u>
Appropriated Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,716)</u>	<u>\$ (1,716)</u>
Fund Balance:			
Beginning of Year, July 1		-	
End of Year, June 30		<u>\$ (1,716)</u>	

Town of Liberty, North Carolina
Downtown Revitalization Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2022

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Restricted intergovernmental:					
N.C. Department of Commerce Grant	\$ 140,000	\$ 140,000	\$ -	140,000	\$ -
Total revenues	<u>140,000</u>	<u>140,000</u>	<u>-</u>	<u>140,000</u>	<u>-</u>
Expenditures:					
Economic and physical development:					
Duke Energy	116,594	68,163	-	68,163	48,431
Charter - Spectrum	10,836	10,836	-	10,836	-
Sidewalk	16,070	8,600	-	8,600	7,470
Storefront Conversion	6,500	3,645	-	3,645	2,855
Miscellaneous	-	2,502	3,019	5,521	(5,521)
Façade Grant	-	43,248	9,163	52,411	(52,411)
Total expenditures	<u>150,000</u>	<u>136,994</u>	<u>12,182</u>	<u>149,176</u>	<u>824</u>
Revenues over expenditures	<u>(10,000)</u>	<u>3,006</u>	<u>(12,182)</u>	<u>(9,176)</u>	<u>824</u>
Other Financing Sources:					
Transfers From Other Funds	10,000	10,000	-	10,000	-
Total Other Financing Sources	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 13,006</u>	<u>(12,182)</u>	<u>\$ 824</u>	<u>\$ 824</u>
Fund Balance:					
Beginning of Year, July 1			13,006		
End of Year, June 30			<u>\$ 824</u>		

Town of Liberty, North Carolina
SRP Grant Library/Heritage Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2022

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Restricted intergovernmental:					
SRP Funds County Grant Library	\$ 99,000	\$ -	\$ -	\$ -	\$ (99,000)
SRP Funds County Grant Heritage Museum	99,000	-	99,000	99,000	-
Total revenues	<u>198,000</u>	<u>-</u>	<u>99,000</u>	<u>99,000</u>	<u>(99,000)</u>
Expenditures:					
Cultural and recreational					
Building Purchase Heritage Museum	99,000	-	99,000	99,000	-
Professional Services	114,000	-	-	-	114,000
Total expenditures	<u>213,000</u>	<u>-</u>	<u>99,000</u>	<u>99,000</u>	<u>114,000</u>
Revenues over expenditures	<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
Other Financing Sources:					
Transfers From Other Funds	15,000	-	-	-	15,000
Total Other Financing Sources	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of Year, July 1			-		
End of Year, June 30			<u>\$ -</u>		

Town of Liberty, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual - (Non-GAAP)
For the Fiscal Year Ended June 30, 2022

	2022		Variance Positive (Negative)
	Final Budget	Actual	
Revenues:			
Operating Revenues			
Water and sewer sales		\$ 950,634	
Taps and connection fees		40,082	
Other Operating Revenues		2,035	
Total operating revenues	<u>1,321,500</u>	<u>992,751</u>	<u>(328,749)</u>
Nonoperating Revenues			
Interest Earned on Investments		676	
Golden Leaf Foundation Grant		255,894	
Total Nonoperating revenues	<u>204,765</u>	<u>256,570</u>	<u>51,805</u>
Total Revenues	<u>1,526,265</u>	<u>1,249,321</u>	<u>(276,944)</u>
Expenditures:			
Water and Sewer Administration:			
Salaries and Employee Benefits		81,421	
Other Operating Expenditures		118,465	
Capital Outlay		-	
Total operating expenditures	<u>201,365</u>	<u>199,886</u>	<u>1,479</u>
Water:			
Salaries and Employee Benefits		212,553	
Other Operating Expenditures		267,805	
Capital Outlay		-	
Total	<u>757,150</u>	<u>480,358</u>	<u>276,792</u>
Sewer:			
Salaries and Employee Benefits		239,991	
Other Operating Expenditures		234,936	
Capital Outlay		-	
Total	<u>561,250</u>	<u>474,927</u>	<u>86,323</u>
Debt Service:			
Principal Retirement		6,064	
Total debt service	<u>6,500</u>	<u>6,064</u>	<u>436</u>
Total Expenditures	<u>1,526,265</u>	<u>1,161,235</u>	<u>365,030</u>

	Final Budget	Actual	Variance Positive (Negative)
Revenues Over (Under) Expenditures	-	88,086	88,086
Other Financing Sources (Uses):			
Gain on Sale of Capital Assets	-	-	-
Transfer From Other Funds	-	-	-
Transfer to Other Funds	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Revenues and Other Sources Over (Under) Expenses and Other Uses	-	88,086	88,086
Appropriated Fund Balance	-	-	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	88,086	\$ 88,086

Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	88,086
Reconciling items:	
Principal retirement	6,064
Depreciation	(258,063)
Capital contributions	1,231,866
(Increase) decrease in net pension liability	85,387
Increase (decrease) in deferred outflows of resources for pensions - LGERS	14,829
(Increase) decrease in deferred inflows of resources for pensions - LGERS	(85,549)
(Increase) decrease in accrued vacation	(2,330)
Total reconciling items	992,204
Change in net position	\$ 1,080,290

Town of Liberty, North Carolina
Water and Sewer Capital Reserve Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment Earnings	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Capital Outlay	100,000	-	100,000
Total expenditures	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Revenues over expenditures	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
Other Financing Sources (Uses)			
Transfers From Other Funds	100,000	-	(100,000)
Transfers to Other Funds	-	-	-
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
Appropriated Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenditures Expenditures and Other Uses	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance:			
Beginning of Year, July 1		216,612	
End of Year, June 30		<u>\$ 216,612</u>	

Town of Liberty, North Carolina
CDBG Wastewater Collection System Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental:					
Community Development Block Grant	\$ 2,000,000	\$ 655,499	\$ 1,135,866	\$ 1,791,365	\$ (208,635)
Expenditures:					
Administration	660,000	655,499	-	655,499	4,501
Sewer Improvements	1,328,000	-	1,135,866	1,135,866	192,134
Rehabilitation	18,000	-	-	-	18,000
Total Expenditures	<u>2,006,000</u>	<u>655,499</u>	<u>1,135,866</u>	<u>1,791,365</u>	<u>214,635</u>
Revenues Over (under) Expenditures	<u>(6,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
Other Financing Sources:					
Transfers From Other Funds:					
Water and Sewer Fund	6,000	-	-	-	(6,000)
Total Other Financing Sources	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,000)</u>
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, Beginning			<u>-</u>		
Fund Balance, Ending			<u>\$ -</u>		

Town of Liberty, North Carolina
ASADRA Grant- Lift station/Line Rehab Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental:					
ASADRA Grant	\$ 3,000,000	\$ -	96,000	\$ 96,000	\$(2,904,000)
Expenditures:					
Administration	25,000	-	-	-	25,000
Engineering	249,400	-	96,000	96,000	153,400
Construction	2,725,600	-	-	-	2,725,600
Closing Fees	60,000	-	-	-	60,000
Total Expenditures	<u>3,060,000</u>	<u>-</u>	<u>96,000</u>	<u>96,000</u>	<u>2,964,000</u>
Revenues Over (under) Expenditures	<u>(60,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,000</u>
Other Financing Sources:					
Transfers From Other Funds:					
Water and Sewer Fund	60,000	-	-	-	(60,000)
Total Other Financing Sources	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(60,000)</u>
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, Beginning			<u>-</u>		
Fund Balance, Ending			<u>\$ -</u>		

OTHER SCHEDULES

This section includes additional information on property taxes, transfers, and cash and investments.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

Town of Liberty, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2022

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2021</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2022</u>
2021-2022	\$ -	\$ 1,288,770	\$ 1,277,314	\$ 11,456
2020-2021	8,826	-	6,066	2,760
2019-2020	3,238	-	1,332	1,906
2018-2019	1,815	-	582	1,233
2017-2018	1,289	-	510	779
2016-2017	1,053	-	422	631
2015-2016	801	-	224	577
2014-2015	834	-	294	540
2013-2014	872	-	226	646
2012-2013	435	-	-	435
2011-2012	564	-	564	-
	<u>\$ 19,727</u>	<u>\$ 1,288,770</u>	<u>\$ 1,287,534</u>	<u>\$ 20,963</u>
Ad Valorem taxes receivable, net				<u>20,963</u>
Reconciliation with revenues:				
Ad valorem taxes - General Fund				\$ 1,284,704
Reconciling items:				
Interest collected				(5,099)
Releases, adjustments, fees				7,929
Total ad valorem collections				<u>\$ 1,287,534</u>

Town of Liberty, North Carolina
Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2022

	Town- wide levy			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Original levy:				
Property Taxes at Current Year Rate	\$ 201,370,313	\$ 0.64	\$ 1,288,770	\$ 1,142,319	\$ 146,451
Total Original Levy	<u>201,370,313</u>		<u>1,288,770</u>	<u>1,142,319</u>	<u>146,451</u>
Total for Year	<u>\$ 201,370,313</u>		1,288,770	1,142,319	146,451
Uncollected taxes at June 30, 2022			<u>(11,456)</u>	<u>(11,456)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 1,277,314</u>	<u>\$ 1,130,863</u>	<u>\$ 146,451</u>
Current levy collection percentage			<u>99.11%</u>	<u>99.00%</u>	<u>100.00%</u>

COMPLIANCE SECTION



Thompson, Price, Scott, Adams & Co., P.A.
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**Report on Internal Control Over Financial Reporting And On Compliance
And Other Matters Based On An Audit Of Financial Statements
Performed In Accordance With *Government Auditing Standards***

Independent Auditor's Report

To the Honorable Mayor
and Members of the Town Council
Liberty, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Liberty, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprises Town of Liberty's basic financial statements, and have issued our report thereon dated August 18, 2023. Our report includes a reference to other auditors who audited the financial statements of the Town of Liberty ABC Board, as described in our report on Town of Liberty's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of Town of Liberty ABC Board was not audited in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Liberty'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 Town of Liberty's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs 2022-003 to be a material weakness.

A *significant deficiency* is a deficiency or 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Liberty'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompany schedule of findings and questioned costs as items 2022-002.

Town of Liberty Response to Findings

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

Purpose of this Report

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

Thompson, Price, Scott, Adams & Co., PA
Wilmington, North Carolina
August 18, 2023



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**Report on Compliance with Requirements Applicable for Each Major Federal Program
and on Internal Control Over Compliance; In Accordance With OMB Uniform Guidance
and the State Single Audit Implementation Act**

Independent Auditor's Report

To the Honorable Mayor and
Members of the Town Council
Town of Liberty, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Liberty, North Carolina, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Liberty's major federal programs for the year ended June 30, 2022. The Town of Liberty's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Liberty complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance 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 audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Liberty and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Liberty's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Town of Liberty federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Liberty's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Liberty's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Town of Liberty compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Town of Liberty's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Liberty's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022 – 004. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Liberty's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Town of Liberty's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2022 – 004, that we consider to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Liberty's response to internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Town of Liberty's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The Town of Liberty is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Town of Liberty's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Thompson, Price, Scott, Adams & Co., PA
Wilmington, North Carolina
August 18, 2023

Town of Liberty, North Carolina
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2022

Section I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP:
 Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes ___ no
- Significant Deficiency(s) X yes ___ no

Noncompliance material to financial statements noted? ___yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___yes X no
- Significant Deficiency(s) identified X yes ___none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Xyes ___no

Identification of major federal programs:

FAL No	Names of Federal Program or Cluster
14.228	Community Development Block Grants

Dollar threshold used to distinguish between Type A and Type B Programs \$750,000

Auditee qualified as low-risk auditee? ___yes X no

Town of Liberty, North Carolina
Schedule of Findings and Questioned Cost
For the Fiscal Year Ended June 30, 2022

Section II – Financial Statement Findings

SIGNIFICANT DEFICIENCY

2022-001 Failure to Perform Reconciliations of Significant Accounts

Criteria: Accounts receivable, accounts payable, and debt accounts are not reconciled to the general ledger accounts in a timely or accurate manner.

Condition: There is a lack of ability to reconcile these subsidiary ledgers to the general ledger.

Effect: Information obtained from general ledger could be incorrect.

Cause: Inadequate training with software.

Identification of a repeat finding: This is a repeat finding.

Recommendation: The Town should obtain additional training with the software vendor and evaluate the usefulness of the system.

Views of responsible officials and planned corrective actions: The Town agrees with this finding and will adhere to the corrective action plan to follow.

SIGNIFICANT DEFICIENCY

2022-002 Timeliness of Audit Report Submission

Criteria: The June 30, 2022 audit was submitted passed the required due date. This is a violation of G.S. 159-34.

Condition: The Town did not provide necessary data to audit firm in a timely manner.

Effect: The reports are a requirement of General Statutes; lateness created the statue violation.

Identification of a repeat finding: This is a repeat finding.

Cause: Untimely reconciliations of accounts to the ledgers.

Recommendation: The Town will ensure reconciliations are performed timely.

Views of responsible officials and planned corrective actions: The Town agrees with this finding and has already taken action.

Town of Liberty, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section II – Financial Statement Findings

Material Weakness

Finding: 2022-003 Financial Reporting

Criteria: Management should have sufficient controls over financial reporting such that the financial statements are materially correct without proposed audit adjustments.

Condition: During the audit and preparation of the financial statements several material audit adjustments were noted as needed as well as several entries that were proposed to management.

Effect: Material misstatements could impact management’s ability to have accurate information for decisions.

Cause: The lack of accounting software knowledge contributed to unreconciled items.

Identification of a repeat finding: This is not a repeat finding.

Recommendation: The Town should review and/or modify policies to ensure that accurate information is provided for decision making and staff are adequately trained on the accounting software that is utilized by the Town.

Views of responsible officials and planned corrective actions: The Town agrees with this finding and will adhere to the corrective action plan to follow.

Section III – Federal Award Findings and Questioned Costs

US Department of Housing and Urban Development
Passed-through NC Department of Environmental Quality
Wastewater Collection System Improvements
FAL 14.228

SIGNIFICANT DEFICIENCY/NONCOMPLIANCE

2022-004 Cash Management

Criteria: The Town did not adhere to the grant agreement cash management policy.

Condition: The Town did not expend requisitioned funds within three business days following the receipt of the funds.

Effect: Monies receipted by the Town were not paid out in a timely manner and were not expended within three business days and could have been accruing interest from the bank.

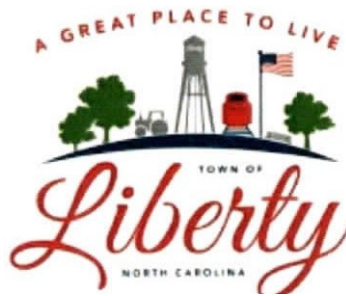
Cause: The Town did not have proper internal controls in place to safeguard against this type of policy.

Identification of a repeat finding: This is not a repeat finding.

Recommendation: The Town should implement internal controls to safeguard against these types of policies to ensure that they are not repeat or future findings.

Views of responsible officials and planned corrective actions: The Town agrees to this recommendation and will implement proper controls immediately.

Town of Liberty



Corrective Action Plan
For the Fiscal Year Ended June 30, 2022

Section II – Financial Statement Findings

Finding: 2022 – 001 Failure to Perform Reconciliations of Significant Accounts

Name of contact person: Kathy Bond, Director of Finance

Corrective Action: Kathy Bond will ensure Cash, Accounts Receivables, and Accounts Payables are reconciled to subsidiary ledgers.

Proposed Completion Date: Immediately.

Finding: 2022 – 002 Timeliness of Audit Report Submission

Name of contact person: Kathy Bond, Director of Finance

Corrective Action: Management will ensure timeliness of required filings.

Proposed Completion Date: Immediately.

Finding: 2022 – 003 Financial Reporting

Name of contact person: Kathy Bond, Director of Finance

Corrective Action: The Finance Officer will take the necessary training to build up their knowledge on the accounting software utilized by the Town.

Proposed Completion Date: Immediately.

2022-004 Cash Management

Name of contact person: Kathy Bond, Director of Finance

Corrective Action: The Town will start paying the invoices within 3 days of receipt of the grant funds.

Proposed Completion Date: Immediately.

Town of Liberty, North Carolina
Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2022

Finding 2021-01 Noncompliance with Budget
Corrected.

Finding 2021-002 Failure to Perform Reconciliations of Significant Accounts
Still occurring.

Finding 2021-003 Timeliness of Audit Report Submission
Still occurring.

TOWN OF LIBERTY, NORTH CAROLINA
SCHEDULE OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL ASSISTANCE LISTING NO.	STATE/FEDERAL PASS-THROUGH GRANTOR'S NUMBER	FEDERAL (DIRECT AND PASS-THROUGH) EXPENDITURES	STATE EXPENDITURES	PROVIDED TO SUBRECIPIENTS
FEDERAL GRANTS					
Cash Programs					
<u>U.S. Dept. of Housing and Urban Development</u>					
Passed-through N.C. Department of Environmental Quality:					
Community Development Block Grants	14.228	CDBG-18-I-3025	1,135,866	-	-
<u>U.S. Dept. of Treasury</u>					
Coronavirus State Local Fiscal Recovery Funds	21.027		110,763	-	-
<u>U.S. Environmental Protection Agency</u>					
Passed-through N.C. Department of Environmental Quality:					
Additional Supplemental Appropriations for Disaster Relief Act 2019	66.458	CS370460-04	96,000	-	-
Total Federal Cash Assistance			1,246,629	-	-
Total Federal Assistance			1,246,629	-	-
STATE GRANTS					
Cash Assistance					
<u>NC Department of Transportation</u>					
State Steet-Aid - Powell Bill		32570	-	60,378	-
Golden Leaf			-	255,894	-
<u>NC Office of State Budget and Management</u>					
State Capital and Infrastructure Fund			-	50,104	-
<u>NC Department of Commerce</u>					
Downtown Revitalization			-	12,182	-
<u>NC Department of Public Safety</u>					
Governor's Crime Commission			-	15,351	-
Total State Assistance			-	393,909	-
Total Assistance			\$ 1,246,629	\$ 393,909	\$ -

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the Federal and State grant activity of the Town of Liberty under the programs of the federal government and the State of North Carolina for the year ended June 30, 2022. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for the Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Liberty, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Liberty.

Note 2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The Town of Liberty has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.