

OFFICE OF THE STATE AUDITOR REPORT NOTE:

Section 7-7-211, Mississippi Code Annotated (1972) gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

TOWN OF LIBERTY, MISSISSIPPI

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT**

SEPTEMBER 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board of Alderpersons
of the Town of Liberty
Liberty, Mississippi

Opinions

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Liberty, Mississippi (the Town), for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, business-type activities and each major fund of the Town of Liberty, Mississippi, as of September 30, 2022, and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting as described in Note 1.

Basis for Opinions

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. 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 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 opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. These financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1, this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 error or fraud.

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

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 from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 the cash basis of accounting will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

Auditor's Responsibilities for the Audit of the Financial Statements - continued:

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.

Other Information

Management is responsible for the schedules in the supplementary information section. The other information comprises the Schedule of Investments - All Funds, Schedule of Long-Term Debt, Schedule of Surety Bonds for Municipal Officials, and Schedule of Capital Assets but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Haddox Reid Eubank Betts PLLC

Ridgeland, Mississippi
July 17, 2023

TOWN OF LIBERTY, MISSISSIPPI

STATEMENT OF NET POSITION - CASH BASIS

AS OF SEPTEMBER 30, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ <u>575,629</u>	<u>435,392</u>	<u>1,011,021</u>
Total assets	<u>575,629</u>	<u>435,392</u>	<u>1,011,021</u>
<u>NET POSITION</u>			
Restricted for:			
Debt service	109,384	-	109,384
Cemetery maintenance	548	-	548
Park maintenance	2,547	-	2,547
Unrestricted	<u>463,150</u>	<u>435,392</u>	<u>898,542</u>
Total net position	\$ <u><u>575,629</u></u>	<u><u>435,392</u></u>	<u><u>1,011,021</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF LIBERTY, MISSISSIPPI
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs		Program Revenues						Net (Disbursements) Receipts and Changes in Net Position	
		Disbursements	Cash	Charges for Services	Operating Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:	General government	\$ 251,934	-	-	2,130	-	(249,804)	-	(249,804)
	Public safety	188,293	-	-	-	7,078	(181,215)	-	(181,215)
	Court	33,944	-	-	-	-	(33,944)	-	(33,944)
	Highways and streets	35,505	-	-	-	115,849	80,344	-	80,344
	Sanitation	43,824	50,435	-	-	-	6,611	-	6,611
	Culture and recreation	43,693	-	-	-	-	(43,693)	-	(43,693)
	Total governmental activities	597,193	50,435	-	2,130	122,927	(421,701)	-	(421,701)
	Business-type activities:								
	Water and sewer	297,335	235,554	-	-	54,276	-	(7,505)	(7,505)
	Natural gas	297,457	207,484	-	-	-	-	(89,973)	(89,973)
Total business-type activities	594,792	443,038	-	-	54,276	-	(97,478)	(97,478)	
Total government	1,191,985	493,473	2,130	177,203	(421,701)	(97,478)	(519,179)		
General receipts:									
Taxes:									
Ad valorem taxes		173,953	-						173,953
Sales tax		324,198	-						324,198
Licenses and permits		4,184	-						4,184
Franchise fees		27,680	-						27,680
Fines and forfeitures		14,569	-						14,569
General intergovernmental revenue		22,343	-						22,343
Investment earnings		1,687	1,520						3,207
Other		27,326	(61)						27,265
Transfers		(20,757)	20,757						-
Total general receipts and transfers		575,183	22,216						597,399
Change in net position		153,482	(75,262)						78,220
Net position at beginning of year		422,147	510,654						932,801
Net position at end of year		575,629	435,392						1,011,021

The accompanying notes are an integral part of this statement.

TOWN OF LIBERTY, MISSISSIPPI

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

		General Fund	Debt Service Fund	Perpetual Care Fund	Vance Park Fund	Total Governmental Funds
<u>ASSETS</u>						
Cash and cash equivalents	\$	<u>463,150</u>	<u>109,384</u>	<u>548</u>	<u>2,547</u>	<u>575,629</u>
Total assets	\$	<u>463,150</u>	<u>109,384</u>	<u>548</u>	<u>2,547</u>	<u>575,629</u>
<u>FUND BALANCES</u>						
Restricted for:						
Debt service	\$	-	109,384	-	-	109,384
Cemetery maintenance		-	-	548	-	548
Park maintenance		-	-	-	2,547	2,547
Unassigned		<u>463,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>463,150</u>
Total fund balances	\$	<u>463,150</u>	<u>109,384</u>	<u>548</u>	<u>2,547</u>	<u>575,629</u>

The accompanying notes are an integral part of this statement.

TOWN OF LIBERTY, MISSISSIPPI

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	GOVERNMENTAL ACTIVITIES				Total
	General Fund	Debt Service Fund	Perpetual Care Fund	Vance Park Fund	
RECEIPTS:					
Taxes - ad valorem	\$ 172,843	-	-	-	172,843
Penalties and interest on delinquent taxes	1,109	-	-	-	1,109
Franchise fees	27,680	-	-	-	27,680
Licenses and permits	4,184	-	-	-	4,184
Intergovernmental receipts	471,597	-	-	-	471,597
Charges for services:					
Sanitation	50,435	-	-	-	50,435
Fines and forfeitures	14,569	-	-	-	14,569
Interest	1,212	270	199	7	1,688
Other	27,525	-	-	-	27,525
Total receipts	<u>771,154</u>	<u>270</u>	<u>199</u>	<u>7</u>	<u>771,630</u>
DISBURSEMENTS:					
General government	251,934	-	-	-	251,934
Public safety	188,293	-	-	-	188,293
Court	33,944	-	-	-	33,944
Highways and streets	35,505	-	-	-	35,505
Sanitation	43,824	-	-	-	43,824
Culture and recreation	43,693	-	-	-	43,693
Total disbursements	<u>597,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>597,193</u>
Excess of receipts over disbursements	<u>173,961</u>	<u>270</u>	<u>199</u>	<u>7</u>	<u>174,437</u>

The accompanying notes are an integral part of this statement.

TOWN OF LIBERTY, MISSISSIPPI

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES - CONTINUED:
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	GOVERNMENTAL ACTIVITIES				
	General Fund	Debt Service Fund	Perpetual Care Fund	Vance Park Fund	Total
OTHER CASH SOURCES (USES):					
Interfund loans and transfers	\$ (23,451)	2,694	-	-	(20,757)
Proceeds from maturities of investments	-	-	70,386	-	70,386
Purchases of investments	-	-	(70,584)	-	(70,584)
Total other cash sources (uses)	<u>(23,451)</u>	<u>2,694</u>	<u>(198)</u>	<u>-</u>	<u>(20,955)</u>
Excess of receipts and other cash sources over disbursements and other cash uses	150,510	2,964	1	7	153,482
CASH BASIS FUND BALANCES -					
Beginning of year	<u>312,640</u>	<u>106,420</u>	<u>547</u>	<u>2,540</u>	<u>422,147</u>
CASH BASIS FUND BALANCES -					
End of year	\$ <u><u>463,150</u></u>	<u><u>109,384</u></u>	<u><u>548</u></u>	<u><u>2,547</u></u>	<u><u>575,629</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF LIBERTY, MISSISSIPPI

**STATEMENT OF NET POSITION - CASH BASIS
PROPRIETARY FUND
SEPTEMBER 30, 2022**

	<u>Water & Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ <u>249,237</u>	<u>186,155</u>	<u>435,392</u>
Total assets	<u>249,237</u>	<u>186,155</u>	<u>435,392</u>
<u>NET POSITION</u>			
Unrestricted net position	<u>249,237</u>	<u>186,155</u>	<u>435,392</u>
Total net position	\$ <u><u>249,237</u></u>	<u><u>186,155</u></u>	<u><u>435,392</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF LIBERTY, MISSISSIPPI

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN NET POSITION - CASH BASIS PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Water & Sewer Fund	Natural Gas Fund	Total
RECEIPTS:			
Intergovernmental receipts	\$ 54,276	-	54,276
Charges for services:			
Water and sewer	235,554	-	235,554
Natural gas	-	207,484	207,484
Interest	767	753	1,520
Total receipts	<u>290,597</u>	<u>208,237</u>	<u>498,834</u>
DISBURSEMENTS:			
Water and sewer	297,335	-	297,335
Natural gas	-	297,457	297,457
Total disbursements	<u>297,335</u>	<u>297,457</u>	<u>594,792</u>
Deficiency of receipts under disbursements	<u>(6,738)</u>	<u>(89,220)</u>	<u>(95,958)</u>
OTHER CASH SOURCES (USES):			
Interfund loans and transfers	20,757	-	20,757
Proceeds from maturities of investments	47,843	33,640	81,483
Purchases of investments	(47,867)	(33,677)	(81,544)
Total other cash sources (uses)	<u>20,733</u>	<u>(37)</u>	<u>20,696</u>
Excess (deficiency) of receipts and other cash sources over (under) disbursements and other cash uses	13,995	(89,257)	(75,262)
CASH BASIS FUND BALANCES -			
Beginning of year	<u>235,242</u>	<u>275,412</u>	<u>510,654</u>
CASH BASIS FUND BALANCES -			
End of year	\$ <u><u>249,237</u></u>	<u><u>186,155</u></u>	<u><u>435,392</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF LIBERTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Liberty, Mississippi (the Town) was incorporated in 1809. The Town operates under a Mayor-Board of Alderpersons form of government and provides all of the rights and privileges provided by statute for municipalities.

A. Measurement Focus, Basis of Accounting, and Financial Statements Presentation

The financial statements are reported using the cash basis of accounting as permitted by the Mississippi Office of the State Auditor, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred.

The cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received rather than when earned and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual. As a result, only cash and cash equivalents and related net position or fund balances arising from cash transactions are reported in the statements of net position and balance sheets. All other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that would be reported in GAAP basis financial statements are not reported in this cash basis presentation.

Governmental Activities

The Town reports the following major governmental funds:

The **General Fund** is the government's primary operating fund. It accounts for all the financial resources and the legally authorized activities of the Town except those required to be accounted for in other specialized funds.

The **Debt Service Fund** is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The **Perpetual Care Fund** is used to account for the proceeds legally restricted to expenditures related to cemetery maintenance.

The **Vance Park Fund** is used to account for the proceeds legally restricted to expenditures related to the maintenance of Vance Park.

TOWN OF LIBERTY, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

A. Measurement Focus, Basis of Accounting, and Financial Statements Presentation - continued:

Business-Type Activities

The Town reports the following major proprietary funds:

The **Water and Sewer Fund** accounts for the activities of providing water and sewer services to citizens of the Town.

The **Natural Gas Fund** accounts for the activities of providing natural gas services to citizens of the Town.

When both restricted and unrestricted cash is available for use, it is the Town's policy to use restricted cash first, then unrestricted cash as it is needed.

B. Cash and Cash Equivalents

Cash includes cash on hand and deposits held in demand deposit accounts at financial institutions. The Town considers all short-term, highly liquid investments with an original maturity of 90 days or less to be cash equivalents.

NOTE 2 - DEPOSITS

The composition of the Town's cash and cash equivalents is as follows at September 30, 2022:

	Unrestricted	Restricted	Total
	<u>Cash</u>	<u>Cash</u>	
Governmental activities:			
General Fund	\$ 459,533	3,617	463,150
Debt Service Fund	109,384	-	109,384
Perpetual Care Fund	548	-	548
Vance Park Fund	2,547	-	2,547
Total governmental activities	<u>572,012</u>	<u>3,617</u>	<u>575,629</u>
Business-type activities:			
Water and Sewer Fund	249,237	-	249,237
Natural Gas Fund	186,155	-	186,155
Total business-type activities	<u>435,392</u>	<u>-</u>	<u>435,392</u>
Government-wide total	\$ <u>1,007,404</u>	<u>3,617</u>	<u>1,011,021</u>

TOWN OF LIBERTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 2 - DEPOSITS - CONTINUED:

Deposits at September 30, 2022, are summarized as follows:

	<u>Reported Amount</u>	<u>Bank Balance</u>
Cash and cash equivalents	\$ 1,011,021	1,046,201
Certificates of deposit	<u>152,117</u>	<u>152,117</u>
Total deposits	\$ <u>1,163,138</u>	<u>1,198,318</u>

The difference of \$35,180 was principally due to outstanding checks. Of the bank balance, \$535,224 was covered by Federal depository insurance.

Custodial Credit Risk-Deposits. Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages the risk on behalf of the Town. As of September 30, 2022, \$663,094 of the Town's bank balance of \$1,198,318 was exposed to custodial credit risk as follows:

Collateralized by the State Public Funds Guaranty Pool \$ 663,094

The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi Legislature and is governed by Section 27-105-5, Mississippi Code Ann. (1972). Under this program, the Town's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of a failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

Interest Rate Risk. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e) Miss. Code Ann. (1972). The Town does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

TOWN OF LIBERTY, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2022

NOTE 2 - DEPOSITS - CONTINUED:

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a formal investment policy that addresses custodial risk. However, the Mississippi State Treasurer manages the risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the Town. The Town had no investments as of September 30, 2022.

Concentration of Credit Risk. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of September 30, 2022, the Town had no investments.

Following is a list of the Town's eligible investments, which in accordance with state statute are limited to the investment of funds in excess of sums required for immediate expenditure or current obligations:

Certificates of deposit with municipal depositories approved annually by the State Treasurer, bonds or direct obligations of the following:

- United States of America
- State of Mississippi
- County or Municipality of Mississippi
- School Districts

State statute allows the investment of funds received from the sale of bonds, notes, or certificates of indebtedness which are not immediately required for disbursement for the purpose issued, in direct obligations issued by or guaranteed in full by the United States of America, or in certificates of deposit with approved municipal depositories.

NOTE 3 - PROPERTY TAX

Property taxes for fiscal year 2022 were levied in September 2021 on the assessed valuation of property located in the Town of Liberty, Mississippi as of the preceding January 1, the lien date. The Town levies property taxes annually based upon assessed valuations. Real property and personal property taxes are collected directly by the Town. Automobile ad

TOWN OF LIBERTY, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2022

NOTE 3 - PROPERTY TAX - CONTINUED:

valorem taxes and certain road taxes are collected by the Amite County tax collector and disbursed to the Town accordingly. Current cash receipts of taxes for the year ended September 30, 2022, were approximately 94% of the total tax levy.

The tax rate levied by the Town for fiscal year 2022 was set at 28 mills. The Town allocated the property tax per \$100 of assessed value in the amount of \$2.80 for the year entirely to the General Fund.

NOTE 4 - DEFINED BENEFIT PENSION PLAN

General information about the Pension Plan

Plan Description

The Town of Liberty, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost sharing, multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS, or by visiting online at www.pers.ms.gov.

Benefits Provided

Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi (the State), state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Members and employers are statutorily required to contribute certain percentages of salaries and wages as specified by the Board of Trustees. A member who terminates employment from all covered employers and who is not eligible to receive monthly retirement benefits may request a full refund of his or her accumulated member contributions plus interest. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least

TOWN OF LIBERTY, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2022

NOTE 4 - DEFINED BENEFIT PENSION PLAN - CONTINUED:

General information about the Pension Plan - continued:

Benefits Provided - continued:

30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011), are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provisions that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter.

For the year ended September 30, 2022, the Town's total payroll for all employees was \$349,153. Total covered payroll was \$340,235. Covered payroll refers to all compensation paid by the Town to active employees covered by the Plan.

Contributions

PERS members are required to contribute 9.00% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The rate for the year ended September 30, 2022, was 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The Town's contribution to PERS for years ended September 30, 2022, 2021, and 2020, were \$59,201, \$62,199, and \$63,820, respectively, equal to the required contributions for each year.

TOWN OF LIBERTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 5 - INTERFUND LOANS AND TRANSFERS

Interfund loans and transfers during the year were as follows:

<u>Type</u>	<u>To</u>	<u>From</u>	<u>Amount</u>
Transfer	Water and Sewer Fund	General Fund	\$ 20,757
Transfer	Debt Service Fund	General Fund	\$ 2,694

The above interfund loans and transfers are necessary to move funds collected in one fund to another fund in accordance with the Town's annual budget.

NOTE 6 - CONTINGENCIES

Federal Grants

In the normal course of operations, the Town receives grant funds from various Federal and state agencies. The grant programs are subject to audit by the agents of the granting authority, the purpose of which is to ensure compliance with the conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE 7 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for risks of loss other than workers' compensation and liability. Settled claims resulting from these commercially covered risks have not exceeded commercial coverage in any of the past three fiscal years.

Risk of loss related to workers' compensation for injuries to Town employees is covered through the Mississippi Municipal Workers' Compensation Group, a public entity risk pool. The pool was formed on March 28, 1989, by the Mississippi Nonprofit Corporation Act, pursuant to Section 71-3-75, Mississippi Code Annotated (1972), to provide public entities within the State of Mississippi workers' compensation and employers' liability coverage. The Town pays premiums to the pool quarterly for its workers' compensation insurance coverage based on total payroll. The participation agreement provides that the pool will be self-sustaining through member premiums. If total claims during a year were to deplete the trust account, then the pool members would be required to pay for the deficiencies. The Town has not had an additional assessment for losses incurred by the pool.

TOWN OF LIBERTY, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2022

NOTE 7 - RISK MANAGEMENT - CONTINUED:

The Town is a member of the Mississippi Municipal Liability Plan, a public entity risk pool. The Mississippi Municipal Liability Plan covers liability claims against its members and is funded through member contributions. The Town has not had an additional assessment for excess losses.

NOTE 8 - SUBSEQUENT EVENTS

The Town had no subsequent events of a material nature requiring adjustment to or disclosure in the financial statements through July 17, 2023, the date the financial statements were approved by the Town's management and available to be issued.

SUPPLEMENTARY INFORMATION

SCHEDULE I**TOWN OF LIBERTY, MISSISSIPPI****SCHEDULE OF INVESTMENTS - ALL FUNDS
AS OF SEPTEMBER 30, 2022**

	<u>Deposit Amount</u>
Certificate of Deposit with Trustmark National Bank, Maturing January 22, 2024, Rate 0.08%	\$ 35,224
Certificate of Deposit with First Bank, Maturing May 1, 2023, Rate 0.20%	33,694
Certificate of Deposit with First Bank, Maturing August 11, 2023, Rate 0.75%	35,278
Certificate of Deposit with First Bank, Maturing May 1, 2023, Rate 0.20%	<u>47,921</u>
	\$ <u>152,117</u>
Fund Recap:	
Perpetual Care Fund	\$ 70,502
Water and Sewer Fund	47,921
Natural Gas Fund	<u>33,694</u>
	\$ <u>152,117</u>

TOWN OF LIBERTY, MISSISSIPPI**SCHEDULE OF LONG-TERM DEBT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Balance Outstanding October 1, 2021	Issued	Redeemed	Balance Outstanding September 30, 2022

NOTES:

No Long-Term Debt outstanding as of
September 30, 2022.

\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

TOWN OF LIBERTY, MISSISSIPPI**SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
AS OF SEPTEMBER 30, 2022**

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Joshua Gurney	Aldersperson	Scott Insurance	\$10,000
Lenora Morgan	Aldersperson	Scott Insurance	10,000
John Shivers	Aldersperson	Scott Insurance	10,000
Curtis Seay	Aldersperson	Scott Insurance	10,000
Pat Talbert	Mayor	Scott Insurance	50,000
Shawn Felder	Town Clerk	Western Surety	50,000
Shawn Felder	Tax Collector	Western Surety	10,000
Sandra Wall	Deputy Clerk	Brierfield	50,000
Edwin Schwing	Chief of Police	Western Surety	50,000
Shawn Umbrello	Police Officer	Brierfield	25,000
Shawn Tyler	Police Officer	Western Surety	25,000
Felder Smith	Police Officer	Brierfield	25,000

TOWN OF LIBERTY, MISSISSIPPI

SCHEDULE OF CAPITAL ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements / Reclassifications</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES:				
Capital assets:				
Land	\$ 357,527	-	-	357,527
Building and improvements	559,856	16,540	-	576,396
Vehicles and machinery	823,740	1,165	-	824,905
Infrastructure	<u>487,822</u>	<u>-</u>	<u>-</u>	<u>487,822</u>
 Total governmental activities capital assets	 \$ <u>2,228,945</u>	 <u>17,705</u>	 <u>-</u>	 <u>2,246,650</u>
BUSINESS-TYPE ACTIVITIES:				
Capital assets:				
Vehicles and machinery	\$ 353,385	31,502	-	384,887
Water distribution system	2,272,146	-	-	2,272,146
Gas distribution system	<u>185,450</u>	<u>-</u>	<u>-</u>	<u>185,450</u>
 Total business-type activities capital assets	 \$ <u>2,810,981</u>	 <u>31,502</u>	 <u>-</u>	 <u>2,842,483</u>

STATE COMPLIANCE SECTION

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REID
EUBANK
BETTS PLLC

CPAs & Advisors

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH STATE LAWS AND REGULATIONS

To the Honorable Mayor and Board of Alderpersons
of the Town of Liberty
Liberty, Mississippi

We have audited the financial statements of the cash receipts and disbursements of the governmental activities, the business-type activities, and each major fund of the Town of Liberty, Mississippi for the year ended September 30, 2022, and have issued our report thereon dated July 17, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

As required by the state legal compliance audit program prescribed by the Mississippi Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the financial statements of the governmental activities, the business-type activities, and each major fund information disclosed no material instances of noncompliance with state laws and regulations.

This report is intended for the information of the Town of Liberty, Mississippi's management, Honorable Mayor and Board of Alderpersons, and the Mississippi Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Haddox Reid Eubank Betts PLLC

Ridgeland, Mississippi
July 17, 2023