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**TOWN OF FAYETTE, MS
AUDITED FINANCIAL STATEMENTS
AND OTHER INFORMATION**

SEPTEMBER 30, 2021

***CAROLYN HINTON DUPRE'
CERTIFIED PUBLIC ACCOUNTANT***

Town of Fayette, MS
Audited Financial Statement
September 30, 2021

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Audited Financial Statement
September 30, 2021

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Carolyn DuPre'

**Certified Public
Accountant**

INDEPENDENT AUDITORS REPORT

Honorable Mayor and Board of Aldermen
Town of Fayette, MS

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and aggregate remaining fund information of the Town of Fayette, MS, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for 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; this includes 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluation of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town of Fayette, MS, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 9 and the budgetary comparison information on page 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Town of Fayette, MS's basic financial statements. The schedules described in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such 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 State of America. In my opinion, the schedules 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, I have also issued my report dated January 27, 2026, on my consideration of the Town of Fayette, MS's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Fayette, MS's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Carolyn Dupre".

Jackson, MS
January 27, 2026

TOWN OF FAYETTE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

Introduction

The discussion and analysis of the Town of Fayette, Mississippi's (the Town) annual financial performance provides an overall narrative of the Town's financial activities for the year ended September 30, 2021. The intent of this discussion and analysis is to look at the Town's performance as a whole; we encourage readers to consider the information presented here in conjunction with additional information that we have furnished.

Financial Highlights

The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$1,074,148 (*net position*). Of this amount, \$507,920 (*unrestricted net assets*), is available to be used to meet the Town's ongoing obligation to citizens and creditors.

The Town's total net position increased by \$170,906. This increase is due primarily to a decrease in spending and more revenue.

As of the close of the current fiscal year, the Town's governmental funds reported a combined ending net position of \$776,903, an increase of \$30,984 in comparison with the prior year. Approximately \$580,288 or 75% of this total amount is available for spending at the Town's discretion (*unrestricted fund balance*)

The Town's total long-term debt had a net decrease of \$125,348 during the current fiscal year. The key factor in this decrease was the redemption of the existing debt and not acquiring any new debt this year.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the Town of Fayette, Mississippi's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information and other information, which is in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The Town reports all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Town's assets (including infrastructure acquired after July 1, 1980) and all of the Town's liabilities (including long-term debt.)

The government-wide financial statements are divided into two categories, which are described as follows:

TOWN OF FAYETTE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

❖ **Governmental Activities**

Expenses incurred in connection with providing basic services, including public safety, culture, recreation, public works, and general administration, are reported as governmental activities. The governmental activities are financed by taxes, license and permit fees, intergovernmental sources, and utility franchise arrangements.

❖ **Business-Type Activities**

Expenses associated with providing utility services are recovered through fees paid by the customers who utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with these services are reported as business-type activities.

Fund Financial Statements

Fund financial statements provide detailed information regarding the Town of Fayette, Mississippi's most significant activities and are not intended to provide information for the Town as a whole. Funds are accounting devices that are used to account for specific sources of funds. The Town has two types of funds that are described as follows:

❖ **Governmental Funds**

These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the Town's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

❖ **Proprietary Funds**

These funds are used to account for activities that function in a manner similar to commercial enterprises. The proprietary fund financial statement typically provides a more detailed presentation of the information reported in the business-type activities of the government-wide financial statements.

TOWN OF FAYETTE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

The following are significant current-year transactions that have had an impact on the Statement of Activities:

Governmental Activities – Governmental activities increased the Town's net position by \$30,984, accounting for 18% of the increase in the Town's net position.

Business-Type Activities – Business-type activities increased the Town's net position by \$139,922, accounting for 82% of the increase in the Town's net position.

Financial Analysis of the Town of Fayette, Mississippi's Funds

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

Governmental Funds – The focus of the Town's governmental funds is to provide information on current inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

Government-Wide Financial Analysis

NET POSITION

A condensed version of the government-wide statement of Net Position is presented as follows:

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 650,692	\$ 421,314	\$ 428,021	\$ 234,104	\$ 1,078,713	\$ 655,418
Capital assets, net	232,596	467,326	1,397,473	1,502,591	1,630,069	1,969,917
Total assets	\$ 883,288	\$ 888,640	\$ 1,825,494	\$ 1,736,695	\$ 2,708,782	\$ 2,625,335
Deferred Outflow of Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Liabilities						
Current and other liabilities	\$ 69,224	\$ 71,869	\$ 532,691	\$ 521,128	\$ 601,915	\$ 592,997
Long -term liabilities	37,161	101,430	995,558	1,049,500	1,032,719	1,150,930
Total liabilities	\$ 106,385	\$ 173,299	\$ 1,528,249	\$ 1,570,628	\$ 1,634,634	\$ 1,743,927
Deferred Inflows of Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Position						
Net investment in capital assets	\$ 196,615	\$ 344,430	\$ 369,613	\$ 419,687	\$ 566,228	\$ 764,117
Restricted					\$ -	\$ -
Unrestricted	580,288	370,911	(72,368)	(253,620)	507,920	117,291
Total net position	\$ 776,903	\$ 715,341	\$ 297,245	\$ 166,067	\$ 1,074,148	\$ 881,408

TOWN OF FAYETTE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

As the presentation appearing above demonstrates, the largest portion of the Town's net position of \$566,228, or 52% is invested in capital assets. Net positions invested in capital assets consist of land, buildings, equipment, and any infrastructure acquired prior to September 30, 2021, less any debt used to acquire assets that remain outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

The remaining unrestricted net position 48% is available to be used to meet the Town's ongoing obligations to citizens and creditors.

The following are significant current-year transactions that have had an impact on the Statement of Net Position:

- ❖ Increase in total current assets in the amount of \$423,295.
- ❖ Decrease in net capital assets in the amount of \$339,848.
- ❖ Increase in current liabilities in the amount of \$8,918.
- ❖ Decrease in long-term liabilities in the amount of \$118,211.

CHANGES IN NET POSITIONS

A condensed version of the government-wide Statements of Change in Net Position is presented as follows:

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenue:						
Program revenue:						
Charges for services	69,944	93,471	644,889	699,623	714,833	793,094
Operating grants and contributions	37,803		700,816	266,639	738,619	266,639
Capital grant and contributions			-	-	-	-
General revenue:						
Property taxes	316,440	289,303			316,440	289,303
Sales taxes	118,970	128,784			118,970	128,784
Franchise taxes	60,355	55,083			60,355	55,083
Licenses and permits	42,645	4,982			42,645	4,982
Other	645,783	541,601		(274,498)	645,783	267,103
Total revenue	1,291,940	1,113,224	1,345,705	691,764	2,637,645	1,804,988
Expenses						
Program expenses:						
General government	1,211,062	1,050,075			1,211,062	1,050,075
Public safety	35	128,049			35	128,049
Parks and recreation	-	-			-	-
Sanitation	47,423	1,334			47,423	1,334
Other	2,436	1,077	399,982	18,700	402,418	19,777
Water/Sewer	-	-	805,801	524,075	805,801	524,075
Total expenses	1,260,956	1,180,535	1,205,783	542,775	2,466,739	1,723,310
Increase(decrease) in net position	30,984	(67,312)	139,922	148,989	170,906	81,678
Net position, beginning	715,341	854,874	166,067	22,395	881,408	877,269
Prior period adjustment	30,577	(72,222)	(8,744)	(5,317)	21,833	(77,539)
Net position, beginning, as restated	745,918	782,652	157,323	17,078	903,241	799,730
Net position, ending	776,903	715,341	297,245	166,067	1,074,147	881,408

TOWN OF FAYETTE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

As of the end of the current fiscal year, the Town's government funds reported a combined net position of \$600,422 an increase of \$211,925 in comparison to the prior year. In addition, the Town's general fund, which is available for spending at the Town's discretion, reported a fund balance of \$362,394.

Proprietary Funds – are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses a proprietary fund to account for the water and sewer, solid waste, and electric funds. Fund financial statements for the proprietary fund provide the same type of information as the government-wide financial statements, only in more detail.

Budgetary Highlights of Major Funds

A schedule showing the original and final budget amounts compared to the Town's actual financial activity for the General Fund is provided in the report as part of the basic financial statements. Significant revisions to the General Fund's budget during the fiscal year are as follows:

- Actual property tax revenue collected during the fiscal year exceeded budget amounts due primarily to an increase in tax collections.
- Actual fines and report fees revenue reported for the fiscal year exceeded budgeted amounts due to an increase in the number of cases completed during the year.
- Actual expenditures for the General Fund were less than the budgeted amounts, primarily due to a reduction of expenditures in the general government and fire protection.

Capital Asset and Debt Administration

Capital Asset – As of September 30, 2021, the Town's total capital assets were \$8,154,495. This includes land, construction in progress, buildings, furniture and equipment, mobile equipment, and infrastructure.

This amount is the same amount as before depreciation as in the previous fiscal year.

Total accumulated depreciation as of September 30, 2021, was \$6,524,426, including \$234,730 of depreciation expense for the year. The balance in total net capital assets was \$1,630,069 at year-end.

Debt Administration – As of September 30, 2021, the Town had \$1,091,906 in long-term debt outstanding. This includes revenue bonds, bank notes, obligations under capital leases, and compensated absences payable. Of this debt, \$59,187 is due within one year.

TOWN OF FAYETTE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town of Fayette, Mississippi's finances and to demonstrate the Town's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact the Town of Fayette, Mississippi, at Post Office Box 637, Fayette, Mississippi 39069.

TOWN OF FAYETTE, MISSISSIPPI
STATEMENT OF POSITION
September 30, 2021

	Primary Government		
	Governmental Activities	Business -Type Activities	Totals
ASSETS			
Current assets			
Cash and cash equivalents	\$ 212,619	332,055	\$ 544,674
Accounts Receivable, net	39,958	88,007	127,965
Other Receivables	17,153	7,959	25,112
Intergovernmental Receivable	-	-	-
Due from other funds	380,962	-	380,962
Total current assets	<u>\$ 650,692</u>	<u>\$ 428,021</u>	<u>\$ 1,078,713</u>
Noncurrent assets			
Restricted cash	-	-	-
Capital assets, net	232,596	1,397,473	1,630,069
Total noncurrent assets	<u>232,596</u>	<u>1,397,473</u>	<u>1,630,069</u>
Total Assets	<u>\$ 883,288</u>	<u>\$ 1,825,494</u>	<u>\$ 2,708,782</u>
DEFERRED OUTFLOWS OF RESOURCES			
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 883,288</u>	<u>\$ 1,825,494</u>	<u>\$ 2,708,782</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ -	52,592	52,592
Payroll Liabilities	50,269	58,905	109,174
Customer Deposits	-	-	-
Internal balances (Due to)	-	380,962	380,962
Other current due within one year:			
Bonds, capital leases and contracts	18,955	40,232	59,187
Total current liabilities	<u>\$ 69,224</u>	<u>\$ 532,691</u>	<u>\$ 601,915</u>
Noncurrent liabilities			
Bonds, capital leases and contracts	17,026	987,628	1,004,654
Accrued Interest	-	-	-
Compensated absences	20,135	7,930	28,065
Total noncurrent liabilities	<u>37,161</u>	<u>995,558</u>	<u>1,032,719</u>
Total Liabilities	<u>\$ 106,385</u>	<u>\$ 1,528,249</u>	<u>\$ 1,634,634</u>
DEFERRED INFLOWS OF RESOURCES			
TOTAL LIABILITIES AND OUTFLOWS	<u>\$ 106,385</u>	<u>\$ 1,528,249</u>	<u>\$ 1,634,634</u>
NET POSITION			
Invested in capital assets, net of related debt	\$ 196,615	369,613	566,228
Restricted	-	-	-
Unrestricted	580,288	(72,368)	507,920
Total Net Position	<u>\$ 776,903</u>	<u>\$ 297,245</u>	<u>\$ 1,074,148</u>

See accompanying notes to financial statements

TOWN OF FAYETTE, MISSISSIPPI
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

Function/Programs	Expenses	Program Revenues				Net(Expenses)Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government			
						Business-Type Activities	Totals		
Primary Government									
Governmental activities									
General government	\$ 1,211,062	\$ -	\$ 37,803	\$ -	\$ (1,173,259)	\$ -	\$ (1,173,259)		
Public safety	35	-	-	-	(35)	-	(35)		
Sanitation	47,423	69,944	-	-	22,521	-	22,521		
Interest on long term debt	2,436	-	-	-	(2,436)	-	(2,436)		
Total governmental activities	<u>1,260,956</u>	<u>69,944</u>	<u>37,803</u>	<u>-</u>	<u>(1,153,209)</u>	<u>-</u>	<u>(1,153,209)</u>		
Business-type activities									
Interest on long term debt	17,010	-	-	-	-	-	(17,010)	(17,010)	
Water and Sewer	805,801	644,889	700,816	-	-	-	539,904	539,904	
Total business-type activities	<u>822,811</u>	<u>644,889</u>	<u>700,816</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>522,894</u>	<u>522,894</u>	
Total primary governmental	<u>\$ 2,083,767</u>	<u>\$ 714,833</u>	<u>\$ 738,619</u>	<u>\$ -</u>	<u>\$ (1,153,209)</u>	<u>\$ 522,894</u>	<u>\$ 522,894</u>	<u>\$ (630,315)</u>	
General revenues									
Property taxes					\$ 316,440	\$ -	\$ 316,440		
Sales tax					118,970	-	118,970		
Franchise and miscellaneous taxes					60,355	-	60,355		
License and permits					42,645	-	42,645		
Unrestricted investment earnings					-	-	-		
Miscellaneous					262,811	-	262,811		
Transfers In(Out) and Other					382,972	(382,972)	-	-	
Total general revenue and transfers					<u>1,184,193</u>	<u>(382,972)</u>	<u>801,221</u>		
Change in net assets					30,984	139,922	170,906		
Net assets, October 1, 2020					\$ 715,341	166,067	881,408		
Prior Period Adjustment					30,577	(8,744)	21,833		
Net assets, September 30, 2020					<u>\$ 776,903</u>	<u>297,245</u>	<u>\$ 1,074,148</u>		

See accompanying notes to financial statements

TOWN OF FAYETTE, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2021

	General Fund	Other Non-major Government Funds	Total Government Funds
ASSETS			
Current assets			
Cash and cash equivalents	\$ 170,531	\$ 42,088	\$ 212,619
Accounts Receivable, net	34,238	5,720	39,958
Other Receivables	3,016	-	3,016
Intergovernmental Receivable	14,136	-	14,136
Due from other funds	190,742	190,220	380,962
Total Assets	<u>412,663</u>	<u>238,028</u>	<u>650,691</u>
LIABILITIES			
Current liabilities			
Accounts Payable	41,284	-	41,284
Payroll Taxes Payable	8,985	-	8,985
Due to other funds	-	-	-
Total liabilities	<u>50,269</u>	<u>-</u>	<u>50,269</u>
DEFERRED INFLOWS/OUTFLOWS OF RESOURCES	\$ -	\$ -	\$ -
FUND BALANCES			
Unassigned	362,394	-	362,394
Assigned:			
Debt Service	-	-	-
Capital Projects	-	-	-
Encumbrances and other	-	238,028	238,028
	-	-	-
	-	-	-
Total Fund Balances	<u>\$ 362,394</u>	<u>\$ 238,028</u>	<u>\$ 600,422</u>

See accompanying notes to financial statements

TOWN OF FAYETTE, MISSISSIPPI
September 30, 2021

Fund Balances - total governmental funds	\$ 600,422
Amounts reported for governmental activities in Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund financial statement.	-
Governmental capital assets	232,596
Less accumulated depreciation	232,596
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in the fund financial statement.	
Pension Liability	-
The assets and liabilities of certain internal service funds are not included in the fund financial statement.	
Capital Leases GASB 87 Adjustments	-
Some liabilities(such as Notes Payable, Capital Lease Payable, Long term Compensated Absences, and Bonds Payable) are not due and payable in the current period and are not included in the fund financial statement.	
(56,116)	(56,116)
Net Assets of Governmental Activities	<u>776,903</u>

TOWN OF FAYETTE, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
General property taxes	\$ 316,440	\$ -	\$ 316,440
Privilege licenses and permits	42,645	-	42,645
Fees and fines	24,287	-	24,287
Intergovernmental	258,842	-	258,842
Charges for services		70,455	70,455
Investment earnings(loss)	-		
Miscellaneous	196,300	194,269	390,569
Rental	-	-	-
Total Revenues	<u>838,514</u>	<u>264,724</u>	<u>1,103,238</u>
Expenditures			
Current(Operating)			
General government	\$ 1,226,826	\$ -	\$ 1,226,826
Public safety	-	35	35
Public works	-	-	-
Sanitation	-	47,424	47,424
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>1,226,826</u>	<u>47,459</u>	<u>1,274,285</u>
Excess of revenues over (under) expenditures	<u>(388,312)</u>	<u>217,265</u>	<u>(171,047)</u>
Other financing sources ad uses, including transfers			
Other Sources(Uses)	-	-	-
Transfers In(Out)	435,519	(52,547)	382,972
Total other financing sources(uses)	<u>435,519</u>	<u>(52,547)</u>	<u>382,972</u>
Net change in fund balances	47,207	164,718	211,925
Fund Balances, October 1, 2020	<u>315,186</u>	<u>73,310</u>	<u>388,496</u>
Prior Period Adjustment	-	-	-
Fund Balances, September 30, 2021	<u>362,394</u>	<u>238,028</u>	<u>600,422</u>

TOWN OF FAYETTE, MISSISSIPPI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

Net Change in Fund Balances - total governmental funds	\$ 211,925
Amounts reported for governmental activities in Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation.	(105,811)
Capital Lease Adjustments GASB 87	-
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 the governmental funds.	(75,130)
Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets.	-
Pension Expense	-
Change in Net Assets of the Governmental Funds	\$ 30,984

TOWN OF FAYETTE, MISSISSIPPI
STATEMENT OF NET ASSETS
Proprietary Funds
September 30, 2021

Water Fund		
ASSETS		
Current assets		
Cash and cash equivalents	\$	332,055
Accounts receivable, net		95,966
Due from other funds		-
Receivables from other governments		-
Inventories		-
Prepaid expenses		-
Total current assets		428,021
Noncurrent assets:		
Restricted cash and cash equivalents		-
Capital Assets:		
Land and improvements		6,120
Construction in progress		-
Buildings		27,500
Water plant, distribution system, and equipment		6,296,896
Less accumulated depreciation		(4,933,043)
Capital assets, net		1,397,473
Total noncurrent assets		1,397,473
Total Assets	\$	1,825,494
LIABILITIES		
Current liabilities:		
Accounts payable	\$	59,695
Due to other funds		380,962
Compensated absences		8,076
Customer deposits		42,005
Current portion of bonds payable		40,232
Accrued Interest payable		1,721
Capital lease obligation		
Total current liabilities		532,691
Noncurrent liabilities:		
Bonds, notes and loans payable		995,558
Total noncurrent liabilities		995,558
Total Liabilities	\$	1,528,249
NET ASSETS		
Invested in capital assets, net of related debt		361,683
Unrestricted		(64,438)
Total Net Assets	\$	297,245

See accompanying notes to financial statements

TOWN OF FAYETTE, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
Proprietary Fund
September 30, 2021

Business -Type
Activities
Water Fund

OPERATING REVENUES:

Charge for services	\$ 644,889
Total Operating Revenue	<u>\$ 644,889</u>

OPERATING EXPENSES:

Personnel services	\$ 175,286
Contractual services	7,056
Miscellaneous	420,746
Repairs and maintenance	97,484
Other supplies and expenses	111
Insurance claims and expenses	-
Depreciation	105,118
Total Operating Expenses	<u>\$ 805,801</u>
Operating Income(Loss)	<u>\$ (160,912)</u>

NON-OPERATING REVENUE(EXPENSES)

Interest and investment income	\$ -
Operating grants and contributions	700,816
Interest expense	(17,010)
Total Non-operating revenue(expenses)	<u>\$ 683,806</u>
Income(loss) before transfers	<u>\$ 522,894</u>

TRANSFERS & Other Sources(Uses)

Other	\$ -
Transfers in(out)	(382,972)
Total Transfers & Other sources(uses)	<u>\$ (382,972)</u>
Change in net assets	<u>\$ 139,922</u>

NET ASSETS -BEGINNING OF YEAR	\$ 166,067
Prior Period Adjustment	(8,744)
NET ASSETS -BEGINNING OF YEAR(Restated)	<u>\$ 157,323</u>
NET ASSETS - END OF YEAR	<u>\$ 297,245</u>

See accompanying notes to financial statements

TOWN OF FAYETTE, MISSISSIPPI
STATEMENT OF CASHFLOWS
Proprietary Fund
September 30, 2021

		Business -Type Activities
		Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$	644,889
Payments to suppliers		(513,834)
Payments to employees		(175,286)
Net cash provided by operating activities		<u>(44,231)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Transfer out		(382,972)
Capital contributions		-
Acquisition and construction of capital assets		(7,641)
Principal paid on capital debt and leases		(55,044)
Interest paid on capital debt		(17,010)
Net Cash Provided(Used) by Capital and Related Financing Activities		<u>(462,667)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Operating contributions		700,816
Interest and dividends received		-
Net cash provided by (used for) investing activities		<u>700,816</u>
Net increase(decrease) in cash and cash equivalents		193,918
CASH BEGINNING OF YEAR		138,137
CASH END OF YEAR	\$	<u>332,055</u>
Reconciliation of Operating Income to Net Cash Provided(Used) by Operating Activities:		
Operating income	\$	(160,912)
Adjustments to reconcile operating loss		
to net cash provided by operating activities:		
Depreciation		105,118
Increase(Decrease) in:		
Receivables		-
Other receivables		-
Due from other funds		-
Increase(Decrease) in:		
Accounts payable		9,797
Other accrued expenses		-
Due to other funds		-
Customer deposits		-
Capital lease payable		1,766
Net cash provided by operating activities	\$	<u>(44,231)</u>

See accompanying notes to financial statements

TOWN OF FAYETTE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTES TO THE BASIC FINANCIAL STATEMENTS

TOWN OF FAYETTE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INTRODUCTION

The Town of Fayette, Mississippi (the Town) was incorporated under the provisions of Mississippi Law. The Town is governed by its Mayor and a Board of Aldermen consisting of five members. Services provided to the citizens of Fayette include, but are not limited to, public safety (police and fire protection), public works, sanitation, and utility services (water and sewer).

The Town's accompanying policies conform to generally accepted accounting principles for governmental units. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Some of the Town's more significant accounting policies are described as follows:

The accompanying financial statements reflect only the primary government of the Town of Fayette. The primary government includes only those funds, organizations, institutions, agencies, departments, and offices that are not legally separate from the Town.

Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

1. Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
2. Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises. Since proprietary funds operate in a manner similar to business enterprises, these funds follow certain pronouncements that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the Town only applies those FASB pronouncements that were issued on or before November 30, 1989.

The government-wide and fund financial statements present the Town's financial position and results of operations from differing perspectives, which are described as follows:

TOWN OF FAYETTE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

A. Government-wide and Fund Financial Statements

The Statement for Net Position and the Statement of Activities display information about the Town as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

Fund Financial Statements

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and business-type (enterprise) funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The Town's major funds are described as follows:

Major Government Funds

- General Fund – the general fund is the primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Major Business-Type Funds

- Water System – the water system fund is used to account for the operation of the Town's water, which is supported by user charges.
- Sewer System – the sewer system fund is used to account for the operation of the Town's sewer system, which is supported by user charges and special taxes.

Business-type funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with the fund's ongoing operations. Principal operating revenues are charges to customers for water and sewer service.

B. Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in financial statements. The basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations is described as follows:

<u>Financial Statement Presentations</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:	Modified Accrual Basis	Current Financial

TOWN OF FAYETTE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Government Funds	Accrual Basis	Economic Resources
Proprietary Funds		

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measurement focus, revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year-end or if it is due under a cost reimbursement arrangement. In addition, expenses are generally recorded when a liability has been incurred; however, debt services, claims, and judgments are recorded as expenses when payment is made. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets exclude capital assets, and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt are reported as another financing source, and repayment of long-term debt is reported as an expenditure.

C. Cash and Cash Equivalents

The Town deposits excess funds in the financial institutions selected by the Mayor and the governing board. State statutes specify how these depositories are to be selected.

Cash and cash equivalents consist of amounts on deposit in demand accounts and certificates of deposit with maturities of 12 months or less. Cash and cash equivalents are valued at cost.

D. Investments

The Town can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest-bearing deposits or other obligations of the types described in Section 27-105-33, Miss. Code Ann. (1972), or in any other type of investment in which any other agency, instrumentality, or subdivision of the State of Mississippi may invest, except that 100% of said funds are authorized to be so invested.

Investments are reported at fair value.

E. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

TOWN OF FAYETTE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Interfund Transactions and Balances

Interfund transactions and balances are the result of timing differences between the date expenses/expenditures occur and the date payments are made.

Short-term (due within one year) interfund loan receivables are reported as “due from other funds” and are considered available expendable resources. Noncurrent portions of long-term interfund loan receivables are reported as advances and are not offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect to the fund that statute or budget requires to expend them, and (b) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note 5 for details for interfund transactions, including receivables and payables at year-end.

Internal Activity

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

In preparing the government-wide financial statement, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

Restricted Assets – Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. Whenever restricted assets can be used to satisfy an obligation, the restricted assets are typically consumed before utilizing any unrestricted resources.

Capital Assets – Capital assets, which include property, equipment, and infrastructure acquired after October 1, 2003, are reported as assets in the applicable governmental or business-type columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Assets reported in the fund financial statements for governmental funds exclude capital assets. Instead, the governmental funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

TOWN OF FAYETTE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value when received by the Town.

Capital assets, excluding land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20
Machinery and equipment	5-15
Computer equipment	3
Vehicles	3-5
Water and Infrastructure	15-20

Interest is capitalized on proprietary funds assets constructed with the proceeds of tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on investment proceeds over the same period.

Compensated absences – The Town does not accumulate unpaid vacation, sick pay, and other employee benefit amounts because employees are not allowed to carry over significant amounts.

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

Fund Balance Spending Policy – The Town has adopted a formal spending policy as it relates to the fund balance; therefore, excess amounts are expended in the following manner in accordance with GASB 54 default level: committed, assigned, and unassigned.

NOTE 2 – BUDGETARY CONTROL

The town Charter establishes the fiscal year as the twelve-month period beginning October 1. The procedures detailed below are followed in establishing the budgetary data reflected in the financial statements.

The Town Clerk and Mayor prepare a proposed budget based on an estimate of the revenues expected to be received in the next fiscal year and submits the proposal to the Board of Aldermen. A summary of the proposed budget is published, and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is set.

TOWN OF FAYETTE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. After holding the public hearing and completing all actions necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

As required by the state law, the budgets are amended whenever projected revenue fails to meet original expectations or when projected expenditures exceed original expectations. Budgetary amounts are presented as amended, and all budgetary appropriations lapse at the end of the fiscal year.

NOTE 3 – CASH AND CASH EQUIVALENTS

The collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entities' 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.

The carrying amount of the Town's deposits with financial institutions in the governmental activities and the business-type activities funds was \$212,619 and \$332,055, respectively. The carrying amount deposits reported in the government-wide financial statements were: Cash and Cash Equivalents - \$544,674.

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 Treasury manages the risk on behalf of the Town's deposits above FDIC coverage and is collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of September 30, 2021, none of the Town's bank balance was exposed to custodial credit risk.

NOTE 4 - AD VALOREM TAXES

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year in which the tax is levied. Property taxes are recognized when the revenue is "measurable" and "available." "Available" means due or past due and collected no longer than 60 days after the close of the current period. For the year ended September 30, 2021, the Town levied and collected 54.46 mills of taxes for general corporate purposes of the Town.

TOWN OF FAYETTE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 5 – INTERFUND BALANCES

Individual fund interfund receivable and payable balances are presented as of September 30, 2021, as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General Fund	\$ 435,519	\$ 382,972
Water/Sewer Fund		
Nonmajor Funds		
Sanitation Fund		31,472
Fire Fund		21,075
Total	<u>\$ 435,519</u>	<u>\$ 435,519</u>

NOTE 6 – RECEIVABLES

Receivables at September 30, 2021, consisted of the following:

	Government Fund	Nonmajor Funds	Business-Type Activities	Total
Accounts Receivable:				
Charges for services	\$	5,720	341,421	347,141
Franchise taxes		3,016	7,959	10,975
Property taxes		34,238		34,238
Accounts receivable, other				-
Total accounts receivable	\$	37,254	5,720	349,380
				392,354
 Other Receivables	\$	66,685	-	66,685
Total other receivables	\$	66,685	-	66,685
 Due from Other Governments:				
Sales taxes	\$	14,136	-	14,136
Total due from other gover	\$	14,136	-	14,136
 Less allowance for uncollectit	\$	-	(253,413)	(253,413)
 Receivable, net of allowance	\$	118,075	5,720	95,967
				219,762

TOWN OF FAYETTE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 7 – CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended September 30, 2021, is as follows:

	Beginning Balance 9/30/2020	Additions	Deletions	Ending Balance 9/30/2021
Governmental activities:				
Capital Assets not being depreciated				
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Total capital assets, not being depreciated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital Assets being depreciated				
Buildings and improvements	\$ 875,003	\$ -	\$ -	\$ 875,003
Automotive and other equipment	\$ 369,243	\$ -	\$ -	\$ 369,243
Machinery and equipment	\$ 579,732	\$ -	\$ -	\$ 579,732
Total capital assets being depreciated	<u>\$ 1,823,978</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,823,978</u>
Accumulated depreciation	\$ (1,356,652)	\$ -	\$ -	\$ (1,356,652)
Net depreciable capital assets	<u>\$ 467,326</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 467,326</u>
Governmental activities capital assets, net	<u><u>\$ 467,326</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 467,326</u></u>
Business-type activities:				
Capital Assets, not being depreciated				
Land and right of ways	\$ 6,120	\$ -	\$ -	\$ 6,120
Construction in progress	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated	<u>\$ 6,120</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,120</u>
Capital Assets being depreciated				
Buildings and improvements	\$ 27,500	\$ -	\$ -	\$ 27,500
Water/sewer system infrastructure	\$ 253,724	\$ -	\$ -	\$ 253,724
Automotive and other equipment	\$ 134,991	\$ -	\$ -	\$ 134,991
Machinery and equipment	\$ 5,908,181	\$ -	\$ -	\$ 5,908,181
Total capital assets being depreciated	<u>\$ 6,324,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,324,396</u>
Accumulated depreciation	\$ (4,827,925)	\$ 0	\$ 0	\$ (4,827,925)
Total capital assets being depreciated, net	<u>\$ 1,496,471</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,496,471</u>
Business-type activities capital assets, net	<u><u>\$ 1,502,591</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,502,591</u></u>

TOWN OF FAYETTE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 8 – LONG-TERM DEBT

Governmental Activities

A summary of long-term debt transactions for the year ended September 30, 2021, was as follows:

	Beginnnning		Ending		Due Within	
	Balance	Additions	Reductions	Balance	One Year	
Governmental Activities:						
Capital leases payable	\$ 122,896	\$ 828	\$ 87,743	\$ 35,981	\$ 18,955	
Compensated absences	\$ 17,587	\$ 2,548		\$ 20,135	\$ -	
Total	\$ 140,483	\$ 3,376	\$ 87,743	\$ 56,116	\$ 18,955	

At September 30, 2021, long term debt was comprised of the following:

\$49,950 capital lease due in annual installments of \$898.42 Beginning March 17, 2017 through March 17, 2022, interest at 3.04% secured by two Dodge Charger police cars.	4,458
\$118,025 capital lease due in annual installments of 2,155 Beginning February 15, 2017 through February 115, 2022, interest At 2.95%, secured by a garbage truck	10,676
\$27,961 capital lease due in annual installments of \$404 Beginning April 2018 through April 2026, interest 2.75% secured by a tractor	20,847
Compensated absences	<u>20,135</u>
	<u>\$ 56,116</u>

Business-Type Activities

Long-term debt activity for the year ended September 30, 2021, is presented as follows:

TOWN OF FAYETTE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Beginnning			Ending	Due Within	
	Balance	Additions	Reductions	Balance	One Year	
Business Activities:						
Drinking Water Loan	637,054	-	(6,000)	631,054	\$	-
Revenue bonds payable	\$ 395,461	\$ -	\$ (38,466)	\$ 356,995	\$	40,232
Capital leases payable	\$ 50,389	\$ -	\$ (10,578)	\$ 39,811	\$	-
Compensated absences	\$ 3,341	\$ 4,589	\$ -	\$ 7,930	\$	-
Total	\$ 1,086,245	\$ 4,589	\$ (55,044)	\$ 1,035,790	\$	40,232

Revenue Bond

1. On November 2, 1995, the Town of Fayette issued a combined water and sewer system revenue bond (the Bond) of the Town of Fayette, Mississippi (the Municipality) in the principal amount of \$994,000, dated the date of delivery thereof, November 2, 1995. The water revenue bond consisted of an issue in the amount of \$140,000 bearing interest at a rate of 4.50% per annum and issued in the amount of \$804,000 bearing interest at a rate of 5.0% per annum, each being payable of interest only on the first and second-anniversary dates of the bond. Principal payments with interest on the unpaid principal balance from the date thereof, and paid in equal monthly installments of principal and interest in the amount of \$686 for the \$140,000 bond issue, and \$3,937 monthly payments for the \$804,000 bond issue.

The payments will begin on the third anniversary date of the bond and continuing through the 35th anniversary date of the bond; provided that the final payment of the entire indebtedness, if no sooner paid, shall be due and payable 35 years from the date thereof.

The bonds were issued for the purpose of improving, repairing, and extending the combined water and sewer system of the Municipality, under the authorization of the Constitution and statutes of the State of Mississippi, including sections 21-27-11 to 21-21-69 Miss. Code Ann. Of 1972 and further authority of resolutions duly adopted and proceedings regularly had by the Mayor and Board of Aldermen of the Town of Fayette, Mississippi.

The bonds were purchased by the U.S. Department of Agriculture and the Rural Economic and Community Development.

The annual requirement to amortize the bonded debt outstanding as of September 30, 2021 is as follows for the Enterprise Fund:

TOWN OF FAYETTE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Year Ended September 30	Water Bond		Sewer Bond	
	Principal	Interest	Principal	Interest
2022	34,345	12,899	5,887	2,345
2023	35,923	11,321	6,158	2,074
2024	37,573	9,671	6,440	1,792
2025	42,179	5,065	6,347	1,885
2026	44,117	3,127	6,639	1,593
2027-2030	108,074	20,979	23,313	4,238
	<u>\$ 302,211</u>	<u>\$ 63,062</u>	<u>\$ 54,784</u>	<u>\$ 13,927</u>

NOTE 9 – GASB 54 FUND BALANCE PRESENTATION – CLASSIFICATION TOTAL

The Town adopted GASB Statement 54 during the year ended September 30, 2016; as such, the fund balance of the governmental funds is classified by specific purpose as follows:

Restricted – amounts that can be spent for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributions, or the laws or regulations of other governments.

Unassigned – amounts that have not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

	General Fund	Nonmajor Funds	Total
Fund Balances:			
Restricted for:			
Encumbrances and other	\$ 238,028		238,028
Unassigned:			
Other purposes	362,394	-	362,394
Total fund balances	<u>\$ 362,394</u>	<u>238,028</u>	<u>600,422</u>

**TOWN OF FAYETTE, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

NOTE 10 – DEFINED BENEFIT PENSION PLANS

The Town does not offer its employees any type of retirement or pension plan.

NOTE 11 – RESERVED FUND BALANCES AND RETAINED EARNINGS

Various bond covenants require the Town to maintain cash reserves that can only be used under specific circumstances. Since these funds are available only under specific circumstances, the amounts are presented as restricted.

NOTE 12 – 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. These risks of loss are covered by participation in a public entity risk pool that operates as a common insurance program and by acquiring commercial insurance coverage. Claims resulting from these risks have historically not exceeded insurance coverage.

NOTE 14 – PROPERTY TAXES RECEIVABLE AND PROPERTY TAX CALENDAR

Property taxes receivable are recorded in the general fund after the general fund budget is approved by the Board of Aldermen/Alderwomen. At fiscal year-end, the receivables represent delinquent taxes.

Property taxes on real, personal, and public utilities are attached as an enforceable lien on the levy date or January 1 for the preceding calendar year. Jefferson County bills and collects the real, personal, and ad valorem taxes for the Town of Fayette, Mississippi. The taxes are remitted to the Town on a monthly basis.

The Taxes are due on or before February 1; however, installment payments can be made one-half of the balance due February 1 and one-fourth each on May 1 and August 1. Major tax payments are received from February through May, and are recognized as revenue in the year received. Delinquent tax payments received throughout the year are recognized as revenue in the year received.

NOTE 15 – MANAGEMENT’S REVIEW AND SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 27, 2026 the date these financial statements were available for distribution.

TOWN OF FAYETTE, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts			Variance With Final Budget Positive(Negative)	
	Original	Final	Actual		
REVENUES					
Property taxes	\$ 167,000	\$ 167,000	\$ 316,440	\$ 149,440	
Privilege licenses and permits	2,000	2,000	6,309	4,309	
Charges for services	-	-	69,944	69,944	
Intergovernmental	260,000	260,000	258,852	(1,148)	
Franchise taxes			24,287	24,287	
Rent			16,167	16,167	
Fines and report fees	17,000	17,000	-	(17,000)	
Interest			-	-	
Miscellaneous	50,000	50,000	216,969	166,969	
Total Revenues	\$ 496,000	\$ 496,000	\$ 908,968	\$ 412,968	
EXPENDITURES					
General government:					
Administration	\$ 607,902	\$ 607,902	\$ 1,226,826	\$ 618,924	
Judicial					
Public Safety:					
Police and fire protection	405,846	405,846	35	(405,811)	
Public works:					
Street improvements	123,227	123,227	47,423	(75,804)	
Total Expenditures	\$ 1,136,975	\$ 1,136,975	\$ 1,274,284	\$ 137,309	
Revenues(Under)/Over expenditures	\$ (640,975)	\$ (640,975)	\$ (365,316)	\$ (275,659)	
Other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	
Loan proceeds					
Operating transfers - In	500,000	500,000	382,972	(117,028)	
Operating transfers - Out					
Total other financing sources(uses)	\$ 500,000	\$ 500,000	\$ 382,972	\$ (117,028)	
Excess revenues and other sources under expenditures and other uses	\$ (140,975)	\$ (140,975)	\$ 17,656	\$ (158,631)	
Fund balance - beginning of year	\$ 854,874	\$ 854,874	\$ 388,499	\$ 466,375	
Fund balance - end of year	\$ 713,899	\$ 713,899	\$ 406,155	\$ 307,744	

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

Carolyn DuPre'

**Certified Public
Accountant**

**INDEPENDENT AUDITOR'S 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**

Mayor and Board of Aldermen/Alderwomen
Town of Fayette, MS

I 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 financial statement of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fayette, MS, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Fayette, MS's basic financial statements, and have issued my report thereon dated January 27, 2026.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town of Fayette, MS's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Fayette, MS's internal control.

Accordingly, I do not express an opinion on the effectiveness of the Town of Fayette, MS's internal control.

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

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. No significant deficiencies were identified during our audit.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Durant, MS's financial statements are free from material misstatement, I 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, I do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under Government Auditing Standards, 2021-01.

Purpose of this Report

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

Carolyn Dupre

Jackson MS
January 27, 2026

Carolyn DuPre'

**Certified Public
Accountant**

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

Honorable Mayor and Board of Aldermen
Town of Fayette, MS

I have audited the basic financial statement of the Town of Fayette, MS as of and for the year ended September 30, 2021 and have issued my report dated January 27, 2026. I have conducted my audit in accordance with 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.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, I 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 my audit, and accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under Governmental Auditing Standards.

This report is intended for the information of the Town of Fayette, MS's management and the 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.

Carolyn Dupre

Jackson MS
January 27, 2026

Town of Fayette, MS
September 30, 2021
Schedule of Findings

2021-1 Financial Statements Timely Submission

Condition: The Town's audited financial statements were not completed and submitted to the MS State Auditor's office by the statutory date of September 30, 2021.

Cause: The Town's management did not prepare the financial records for audit in a timely manner.

Recommendation: Management set a schedule to have financial tasks accomplished in order to prepare and submit financial statements to the auditors in a timely manner.

Response: Management is working to establish a schedule to complete financial statements for timely submission to the State Auditor's Office. The corrective action will take place with the audit for fiscal year 2025.

TOWN OF FAYETTE, MS
SCHEDULE OF INVESTMENTS
SEPTEMBER 30, 2021

The Town of Fayette, MS did not have any investments for the year ended September 30, 2021.

TOWN OF FAYETTE, MS
SCHEDULE OF LONG TERM DEBT
SEPTEMBER 30, 2021

Proprietary:	Balance			Balance Outstanding 9/30/2021	
	During Fiscal Year		Outstanding October 1, 2020		
	Issued	Retired			
Revenue Bonds					
92-03 Revenue Bond	335,049	(32,838)	302,211		
91-05 Revenue Bond	60,413	(5,629)	54,784		
Total Revenue Bonds	395,462	(38,467)	356,995		
Governmental:					
Capital Lease - fire truck	48,690	(48,690)	-		
Capital lease - police cars	14,931	(10,472)	4,459		
Capital lease - garbage truck	35,646	(24,971)	10,675		
Capital lease -tractor	24,456	(3,610)	20,846		
Total governmental	123,723	(87,743)	35,980		
Total long-term debt	519,185	(126,210)	392,975		

TOWN OF FAYETTE, MS
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
SEPTEMBER 30, 2021

Official Name	Position	Insured By	Bond Amount	
Londell Eanochs	Mayor	Western Surety Co.	\$	50,000
Kenneth Coffie	Alderman	Western Surety Co.	\$	50,000
Cedric Doss	Alderman	Western Surety Co.	\$	50,000
DeAdriana Jackson	Alderwoman	Western Surety Co.	\$	50,000
Deliquin D. James, Sr.	Alderman	Western Surety Co.	\$	50,000
Fredrick Washington	Alderman	Western Surety Co.	\$	50,000
Deborah Donaldson	City Clerk	Western Surety Co.	\$	50,000
Denise Wilson	Deputy Clerk	Western Surety Co.	\$	50,000
Litricia King	Deputy Clerk	Western Surety Co.	\$	50,000
LaShawn McMiller	Police Chief	Western Surety Co.	\$	50,000

TOWN OF FAYETTE, MS
STATEMENT OF LEGAL DEBT LIMIT
SEPTEMBER 30, 2021

Authorized Debt Limit Percent Rule

	10%	15%
Authorized debt limit percent	\$ 5,541,544	\$ 5,541,544
2021 tax roll estimation	(28,425)	(28,425)
Less: Homestead exemption		
Net 2021 tax roll estimation	\$ 5,513,119	\$ 5,513,119
Assessed valuation under respective debt limit	\$ 551,312	\$ 826,968
Less: all bonded indebtedness		
Deduct: authorized exemptions		
Water/sewer revenue bonds	356,995	356,995
Margin for further debt under respective debt limits	\$ 908,307	\$ 1,183,963

Section 21-33-303 of Mississippi Code of Ordinances 1972 Annotated - Limitation of indebtedness as amended April 8, 1995; March 30, 1987, October 1, 1989; March 1, 1992; and July 1, 1995.

No municipality shall hereafter issue bonds secured by a pledged of its full faith and credit for the purposes authorized by law in an amount which, when added to the then outstanding bonded indebtedness of such municipality, shall exceed either; a) 15% until September 30, 1999, and then 10% thereafter of the assessed value of the taxable property within such municipality, according to the last completed assessment for taxation, or b) 10% of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. In computing such indebtedness, there may be deducted all bonds or other evidences of indebtedness, heretofore or hereafter issued, for school, water, sewerage, systems, gas, and light and power purposes, and for the construction of special improvement primarily chargeable to the property benefitted, or for the purpose of paying the municipality contract and indebtedness which, when added to all of the outstanding general obligation indebtedness, both bonded and floating, shall exceed either; a) 20% until September 30, 1999, and 15% thereafter of the assed value of all taxable property within such municipality according to the last completed assessment of taxation, or b) 15% of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. Nothing herein contained shall be construed to apply to contract obligations in any form heretofore or hereafter incurred by any municipality which are subject to annual appropriations therefore or to bonds heretofore issued by any municipality for school purposes or to contract obligations in any form heretofore or hereafter incurred by any municipality which are payable exclusively from the revenues of any municipality-owned utility, or to bonds issued by any municipality under the provisions of Sections 57-1-1 through 57-1-51, or any special assessment improvement bonds issued by any municipality under the provisions of Sections 21-41-1 through 21-41-53.

TOWN OF FAYETTE, MISSISSIPPI
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
RESERVE ACCOUNTS REQUIRED BY RURAL DEVELOPMENT
ENTERPRISE FUND

YEAR ENDED SEPTEMBER 30, 2021

	Depreciation Fund	Contingency Fund	Bond Cushion Fund	Total
Cash and investment at beginning of year	\$ 8,324	\$ 8,324	\$ 15,443	\$ 32,091
 Cash Receipts				
Transfer from operating account	0	0	0	0
Interest Income				
Total receipts	\$ -	\$ -	\$ -	\$ -
 Total cash and investments available	\$ 8,324	\$ 8,324	\$ 15,443	\$ 32,091
 Cash disbursements	0	0	0	0
Cahs and investment at end of year	<u>\$ 8,324</u>	<u>\$ 8,324</u>	<u>\$ 15,443</u>	<u>\$ 32,091</u>

See Independent Auditor's Report