CITY OF LYONS, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

DECEMBER 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the City Council
Lyons, Georgia 30436

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Lyons, Georgia, as of December 31, 2015, and the related notes to the financial statements, which collectively comprise the City'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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our 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 we 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 risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our 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 City of Lyons, Georgia, as of December 31, 2015, 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.

Emphasis of Matter

As described in Note 17, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions- an amendment of GASB No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB statement No. 68*, as of January 1, 2015. These standards significantly changed the accounting for the City's net pension liability and the related disclosures. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, Schedule of Changes in the City's Net Pension Liability and Related Ratio's and Schedule of City Contributions on pages 37 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate, operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lyons, Georgia's basic financial statements. The schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare 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 States of America. In our opinion, the schedules listed in the table of contents are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 12, 2015, on our consideration of the City of Lyons, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Lyons, Georgia's internal control over financial reporting and compliance.

McLain, Calhoun, McCullough, Clark & Co., P.C.

Vidalia, Georgia

June 17, 2016

BASIC FINANCIAL STATEMENTS

CITY OF LYONS, GEORGIA
GOVERNMENT – WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 939,142	$ 174,988	$ 1,114,130
Certificates of deposit	4,006,441	-	4,006,441
Receivables:			
Accounts	215,525	214,815	430,340
Property tax	76,627	-	76,627
Fees for services	10,054	-	10,054
Other receivables	-	-	-
Due from other governments	299,283	-	299,283
Prepaid expenses	2,313	18,461	20,774
Capital Assets:			
Nondepreciable	1,575,187	148,920	1,724,107
Machinery, equipment and vehicles	2,462,556	2,323,758	4,786,314
Buildings and improvements	2,299,221	1,432,351	3,731,572
Infrastructure	7,350,328	5,807,259	13,157,587
Accumulated depreciation	(3,651,911)	(5,189,805)	(8,841,716)
Capital assets, net of depreciation	10,035,381	4,522,483	14,557,864
Total Assets	15,584,766	4,930,747	20,515,513
Deferred Outflows of Resources			
Deferred outflows related to pensions	88,144	-	88,144
Liabilities			
Accounts payable	99,361	63,535	162,896
Customer deposits	-	117,063	117,063
Internal balances	108,349	(108,349)	-
Noncurrent liabilites:			
Due within one year:			
Note payable - other	13,001	-	13,001
Due in more that one year:			
Net pension liability	455,432	-	455,432
Total Liabilities	676,143	72,249	748,392
			-
Deferred Inflows of Resources			
Deferred inflows related to pensions	54,024	-	54,024
Unearned revenue - LMIG grant	74,906	-	74,906
Total Deferred Inflows	128,930	-	128,930
Net Position			
Net investment in capital assets	10,022,380	4,522,483	14,544,863
Restricted for:			
Recreation	6,500	-	6,500
Capital projects	3,607,215	-	3,607,215
TSPLOST - capital projects	35,184	-	35,184
General fund (debt repayment)	4,023	-	4,023
Unrestricted	1,192,535	336,015	1,528,550
Total Net Position	$ 14,867,837	$ 4,858,498	$ 19,726,335

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

CITY OF LYONS, GEORGIA
GOVERNMENT – WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

Function/Program	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants, Contributions, and Interest	Program Revenues: Capital Grants, Contributions, and Interest
Governmental Activities				
General Government				
Legislative and Executive	$ 531,879	$ 114,287	$ 11,350	$ -
Judicial	57,923	231,605	-	-
Public Safety	1,214,716	40,262	50,954	-
Public Works	684,135	-	-	934,418
Community Development	96,760	-	-	147,793
Recreation and Culture	535,882	233,030	67,010	29,717
Total Governmental Activities	3,121,295	619,184	129,314	1,111,928
Business-Type Activities				
Water and Sewer	1,439,537	1,379,779	-	-
Sanitation	590,477	501,135	-	-
Total Business-Type Activities	2,030,014	1,880,914	-	-
Total Primary Government	$ 5,151,309	$ 2,500,098	$ 129,314	$ 1,111,928
General Revenues				
Property Taxes				
Motor Vehicle Taxes				
TSPLOST Tax				
Sales Tax				
Insurance Premium Taxes				
Alcoholic Beverage Taxes				
Real Estate Transfer Taxes				
Franchise Tax				
Other Taxes				
Interest				
Other Revenues				
Total General Revenues				
Transfers				
Change in Net Position				
Net Position, Beginning - Restated				
Net Position, Ending				

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (406,242)	$ -	$ (406,242)
173,682	-	173,682
(1,123,500)	-	(1,123,500)
250,283	-	250,283
51,033	-	51,033
(206,125)	-	(206,125)
(1,260,869)	-	(1,260,869)
-	(59,758)	(59,758)
-	(89,342)	(89,342)
-	(149,100)	(149,100)
$ (1,260,869)	$ (149,100)	$ (1,409,969)
$ 252,396	$ -	$ 252,396
114,005	-	114,005
48,541	-	48,541
661,642	-	661,642
251,628	-	251,628
76,552	-	76,552
3,150	-	3,150
369,531	-	369,531
6,260	-	6,260
9,381	539	9,920
23,143	-	23,143
1,816,229	539	1,816,768
(321,256)	321,256	-
234,104	172,695	406,799
14,633,733	4,685,803	19,319,536
$ 14,867,837	$ 4,858,498	$ 19,726,335

CITY OF LYONS, GEORGIA
FUND FINANCIAL STATEMENTS
BALANCE SHEET – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	General	Special Local Option Sales Tax Fund	Recreation Department	Community Development Block Grant	Other Governmental Funds	Total
Assets						
Cash	$ 303,477	$ 539,559	$ 61,287	$ 23	$ 30,773	$ 935,119
Certificates of deposit	1,021,559	2,984,882	-	-	-	4,006,441
Receivables:						-
Property taxes	76,627	-	-	-	-	76,627
Fees for services	10,054	-	-	-	-	10,054
Other receivables	215,525	-	-	-	-	215,525
Interfund receivables	152,102	-	1,605	-	-	153,707
Due from other governments	110,096	184,776	-	-	4,411	299,283
Prepaid expenditures	2,313	-	-	-	-	2,313
Restricted assets:						
Cash and cash equivalents	4,023	-	-	-	-	4,023
Total assets	$ 1,895,776	$ 3,709,217	$ 62,892	$ 23	$ 35,184	$ 5,703,092
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	$ 93,238	$ -	$ 6,123	$ -	$ -	$ 99,361
Interfund payable	109,762	102,025	50,269	-	-	262,056
Total liabilities	203,000	102,025	56,392	-	-	361,417
Deferred Inflows of Resources						
Unavailable Revenue:						
Property Taxes	44,286	-	-	-	-	44,286
Grant - LMIG	74,906	-	-	-	-	74,906
Total Deferred Inflows of Resources	119,192	-	-	-	-	119,192
Fund Balances						
Nonspendable	2,313	-	-	-	-	2,313
Restricted	4,023	3,607,192	6,500	23	35,184	3,652,922
Unassigned	1,567,248	-	-	-	-	1,567,248
Total fund balance:	1,573,584	3,607,192	6,500	23	35,184	5,222,483
Total Liabilities, Deferred Inflows of Resources & Fund Balances	$ 1,895,776	$ 3,709,217	$ 62,892	$ 23	$ 35,184	$ 5,703,092

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

CITY OF LYONS, GEORGIA
RECONCILIATION OF NET POSITION – GOVERNMENTAL FUNDS IN THE STATEMENT OF NET POSITION TO TOTAL FUND BALANCE – GOVERNMENTAL FUNDS ON THE BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2015

Total Governmental Fund Balances		$	5,222,483
Amounts reported for governmental activities on the statement of net position are different because of the following:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds			10,035,381
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the funds			
Property tax revenue			44,286
Deferred outflows of resources are not due and payable in the current period and are not reported in the funds. These deferred outflows consist of pension related experience differences, assumptions changes and contributions			88,144
Deferred inflows of resources are not available to pay for current expenditures and therefore are not reported in the funds. These deferred inflows of resources consist of pension related differences betwee projected and actual earnings on benefit plans			(54,024)
Some liablities are not due and payable in the current period and, therefore, are not reported in the funds:			
Net pension liability	(455,432)		
Loans payable	(13,001)		(468,433)
Net Position of Governmental Activities		$	14,867,837

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

CITY OF LYONS, GEORGIA
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	General	Special Local Option Sales Tax Fund	Recreation Department	Community Development Block Grant	Other Governmental Funds	Total
Revenues:						
Taxes	$ 1,765,558	$ -	$ -	$ -	$ 54,801	$ 1,820,359
Grants	238,580	-	-	147,793		386,373
Licenses and permits	63,693	-	-	-	-	63,693
Intergovernmental	-	722,121	63,500	-	-	785,621
Charges for services	57,175	-	214,228	-	18,802	290,205
Fines and court costs	231,605	-	-	-	-	231,605
Miscellaneous	52,499	-	1,124	-	-	53,623
Donations	-	-	33,227	-	-	33,227
Interest	9,103	24,671	278	-	-	34,052
Total revenues	2,418,213	746,792	312,357	147,793	73,603	3,698,758
Expenditures:						
Current operating:						
General government	530,637	-	-	-		530,637
Public safety	1,311,424	-	-	-	-	1,311,424
Street department	449,577	-	-	-	58,104	507,681
Culture and recreation	193,754	-	330,758	-	36,456	560,968
Community development	91,167	-	-	-	5,593	96,760
Capital outlay	-	373,452	-	147,794	-	521,246
Debt service:						
Principal retirement	16,808	-	-	-	-	16,808
Interest	784	-	-	-	-	784
Total expenditures	2,594,151	373,452	330,758	147,794	100,153	3,546,308
Excess revenues(expenditures):	(175,938)	373,340	(18,401)	(1)	(26,550)	152,450
Other financing sources(uses):						
Transfers	667	(321,256)	-	-	(667)	(321,256)
Total other financing sources(uses)	667	(321,256)	-	-	(667)	(321,256)
Net change in fund balances	(175,271)	52,084	(18,401)	(1)	(27,217)	(168,806)
Fund balance, beginning of year	1,748,855	3,555,108	24,901	24	62,401	5,391,289
Fund balance, end of year	$ 1,573,584	$ 3,607,192	$ 6,500	$ 23	$ 35,184	$ 5,222,483

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

CITY OF LYONS, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITITES
DECEMBER 31, 2015

Net change in fund balances - total governmental funds		$ (168,806)
Amounts reported for governmental activities on the statement of activities are different because of the following:		
Governmental funds report capital outlay as expenditures. However, on the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year:		
General fund	$ 206,746	
Recreation department	29,717	
Capital projects	502,126	
Other government funds	-	
Total	738,589	
Depreciation expense	(428,713)	
	309,876	309,876
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:		
Property taxes	(22,103)	(22,103)
Some expenses reported in the statement of activities do no require the use of financial resources and therefore are not reported as expenditures in the governmental funds:		
Change in net pension liability	98,329	98,329
Repayment of principal is an expenditure in the governmental funds, but the repayement reduces long-term liabilities on the statement of net position		
Principal retirement	16,808	16,808
Change in Net Position of Governmental Activities		$ 234,104

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

CITY OF LYONS, GEORGIA
PROPRIETARY FUND FINANCIAL STATEMENTS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
DECEMBER 31, 2015

	Water and Sewer	Sanitation	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 123,714	$ 51,274	$ 174,988
Accounts receivable-net	168,951	45,864	214,815
Prepaid expenses	18,461	-	18,461
Due from other funds	1,929	108,025	109,954
Total current assets	313,055	205,163	518,218
Noncurrent Assets			
Capital Assets:			
Nondepreciable	10,265	-	10,265
Machinery, equipment and vehicles	1,769,793	553,965	2,323,758
Water system	5,807,259	-	5,807,259
Buildings and improvements	1,432,351	-	1,432,351
Construction in progress	138,655	-	138,655
Accumulated depreciation	(4,652,466)	(537,339)	(5,189,805)
Total non-current assets	4,505,857	16,626	4,522,483
Total Assets	4,818,912	221,789	5,040,701
Liabilities			
Current Liabilities			
Accounts payable	28,487	35,048	63,535
Due to other funds	1,605	-	1,605
Customer deposits	117,063	-	117,063
Total Current Liabilities	147,155	35,048	182,203
Net Position			
Investment in capital assets	4,505,857	16,626	4,522,483
Unrestricted	165,900	170,115	336,015
Total Net Position	$ 4,671,757	$ 186,741	$ 4,858,498

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

CITY OF LYONS, GEORGIA
PROPRIETARY FUND FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN NET POSITION – PROPRIETARY FUNDS
DECEMBER 31, 2015

	Water and Sewer	Sanitation	Total
Operating Revenues			
Current use charges	$ 1,346,324	$ 460,769	$ 1,807,093
Other charges	33,455	40,366	73,821
Total operating revenues	1,379,779	501,135	1,880,914
Operating Expenses			
Personal Services	635,456	152,320	787,776
Repairs and maintenance	211,687	51,478	263,165
Bad debts	-	49,294	49,294
Utilities	246,949	-	246,949
Materials and supplies	106,226	21,688	127,914
Drinking water fees	11,091	-	11,091
Landfill fees	-	75,537	75,537
Outside contractor fees	-	234,380	234,380
Other	14,417	1,888	16,305
Depreciation	208,706	3,892	212,598
Total Operating Expenses	1,434,532	590,477	2,025,009
Operating Income (Loss)	(54,753)	(89,342)	(144,095)
Non-Operating Revenue (Expenses)			
Interest revenue	292	247	539
Loss on disposal of assets	(5,005)	-	(5,005)
Total Non-Operating Revenues (Expenses)	(4,713)	247	(4,466)
Loss before transfers	(59,466)	(89,095)	(148,561)
Transfers	321,256	-	321,256
Change in Net Position	261,790	(89,095)	172,695
Net Position Beginning of Year	4,409,967	275,836	4,685,803
Net Position End of Year	$ 4,671,757	$ 186,741	$ 4,858,498

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

CITY OF LYONS, GEORGIA
PROPRIETARY FUND FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
DECEMBER 31, 2015

	Water and Sewer	Sanitation	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from customers	$ 1,217,156	$ 500,294	$ 1,717,450
Cash received from others	33,455	40,366	73,821
Cash payments for personal services	(653,917)	(152,320)	(806,237)
Cash payments for repairs and maintenance	(211,687)	(51,478)	(263,165)
Cash payments for other operating expenses	(272,457)	(361,100)	(633,557)
Cash payments for materials and supplies	(114,044)	(26,386)	(140,430)
Net Cash Provided by (Used for) Operating Activities	(1,494)	(50,624)	(52,118)
Cash Flows from Noncapital Financing Activities			
Loan to other funds	(45,986)	(794)	(46,780)
Loan from other funds	8,280	-	8,280
Transfers out	-	-	-
Transfers in	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(37,706)	(794)	(38,500)
Cash Flows from Capital and Related Financing Activities			
Transfers in - Special Local Option Sales Tax Fund	321,256	-	321,256
Cash payments to purchase capital assets	(321,256)	-	(321,256)
Net Cash Provided by Capital and Related Financing Activities	-	-	-
Cash Flows from Investing Activities			
Cash received from interest	292	247	539
Net Cash Flows Provided by Investing Activities	292	247	539
Net Increase(Decrease) in Cash and Cash Equivalents	(38,908)	(51,171)	(90,079)
Cash and Cash Equivalents at Beginning of Year	162,622	102,445	265,067
Cash and Cash Equivalents at End of Year	$ 123,714	$ 51,274	$ 174,988

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

CITY OF LYONS, GEORGIA
PROPRIETARY FUND FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
DECEMBER 31, 2015

	Water and Sewer	Sanitation	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income(loss)	$ (54,753)	$ (89,342)	$ (144,095)
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities			
Depreciation	208,706	3,892	212,598
Changes in Assets and Liabilities:			
(Increase)decrease in accounts receivable	(113,495)	39,525	(73,970)
(Increase)decrease in prepaid expenses	(18,461)	-	(18,461)
Increase(decrease) in accounts payable	(7,818)	(4,699)	(12,517)
Increase in customer deposits	(15,673)	-	(15,673)
Net cash provided by operating activities	$ (1,494)	$ (50,624)	$ (52,118)

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

The City of Lyons, Georgia operates a Mayor and Council form of government. The City provides the following services: public safety (police, fire and animal control), streets, culture and recreation, public improvements, and general administrative services. Other services include the sanitation system and water distribution and sewer retrieval systems.

These financial statements present all fund types and account groups of the City and its component units. In conformity with generally accepted accounting principles, as set forth in GASB Statement No. 14, The Financial Reporting Entity, the financial statements of component units have been included either as blended or discretely presented component units. Blended component units, although legally separate entities, are, in substance, part of the City's operations. The Downtown Development Authority meets the requirements of being reported as a discretely presented component unit but is immaterial to the financial statements and is therefore, not presented. There are no other discretely presented component units.

Although the Lyons Housing Authority is not a discretely presented component unit, it is a related organization to the City. There is no financial relationship between the Lyons Housing Authority and the City. The City council approves appointments to the Lyons Housing Authority's Board.

Blended Component Units

The Lyons Recreation Department is governed by a committee of six people appointed by the mayor and approved by the City Council and includes one Council member. The City provides funding to the Recreation Department. The Director and the Assistant Director are employees of the City of Lyons. The Recreation Department operates under the legal authority of the City. The Lyons Recreation Department is reported as a special revenue fund in accordance with GASB. Separate financial statements can be obtained from the Lyons Recreation Department, 1 South Washington Street, Lyons, Georgia, 30436.

Expenditures to the Ohoopee Regional Library, the Toombs County Chamber of Commerce, the Vidalia Tourism Council, Lyons Boys and Girls Club, the Lyons Merchant Association, Southeastern Technical College, and the Family Intervention Center are by contractual agreement and are expended as a part of the regular operations of the City.

A. Basis of Presentation

The City's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except the fiduciary funds or component units that are fiduciary in nature. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are two categories of funds used by the City: governmental and proprietary.

Governmental Funds

Governmental funds are those through which most functions of the government are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows/outflows of resources are reported as fund balance. The following are the City's fund types:

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Fund

The General Fund is the general operating fund of City of Lyons, Georgia. It is used to account for all revenues and expenditures of the general Government, which are not required to be accounted for in other funds. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Georgia. The General Fund is considered a major fund.

Special Revenue Funds

Special Revenue Funds are generally used to account for certain specific revenue sources, including special services districts, grants, and similar funds that are legally restricted to expenditures for specified purposes.

Recreation Department – The fund accounts for recreation fees, tournament fees and other specific grants and donations to be used specifically for recreation purposes. Recreation Department is considered a major fund.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds, special assessment funds, and trust funds.

Special Purpose Local Option Sales Tax – The fund accounts for special purpose local option sales tax collected and used for street improvements, water/sewer construction and improvements, recreation construction, public facility construction and capital outlay projects. Special Purpose Local Option Sales Tax is considered a major fund.

Community Development Block Grant – This fund accounts for financial resources to be used for specific construction projects as designated by the grant agreement. Community Development Block Grant is considered a major fund.

Proprietary Fund

Proprietary fund reporting focuses on the determination of operating income changes in net position, financial position, and cash flows. The City's enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's enterprise funds:

Water/Sewer Fund - The fund accounts for fees collected in connection with the furnishing of water and sewerage service to the citizens. The Water/Sewer Fund is considered a major fund.

Sanitation Fund – The fund accounts for the operations of the citywide garbage collection system. The Sanitation Fund is considered a major fund.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund (cont)

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Proprietary Funds. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities and result from non-exchange transactions. Operating expenses consist of services, supplies and maintenance required to operate the system.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance" and fund equity for all other reporting is classified as "net position".

Fund balance generally represents the difference between the assets and deferred outflows and liabilities and deferred inflows under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Non-spendable – Fund balances are reported as non-spendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use whether through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the approval of a motion. Only the City Council may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – Fund balances are reported as unassigned when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position – Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has not spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities, deferred inflows/outflows of resources associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and deferred inflows/outflows are generally included on the balance sheet. The statement of revenues, expenditures and change in fund balance reflect the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, includes a reconciliation with brief explanations to better identify the relationship between the government–wide financial statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in revenues, expenses, and changes in fund net position presents increases (i.e. revenues) & decreases (i.e., expenses) in total net position. The statement of cash flows reflects how the City finances and meets the cash flow needs of its enterprise activities.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The City currently has one item that qualifies for reporting in this category, which relates to pensions. Contributions made by the City to the pension plans before year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of these items which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable* revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

In addition, the City has two items under the full-accrual basis of accounting that qualify for reporting in the category. One item is unearned revenue form a grant in the government-wide statement of net position, recognized as an inflow of resources in the period that the amount becomes available.

The City also has deferred inflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains and losses result from periodic studies by the City's actuaries which adjust the net pension liability for actual experiences for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred inflows of resources and are amortized into pension expense over the expected remaining services lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds us the modified accrual basis of accounting; enterprises and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources, and the presentation of expenses versus expenditures.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues- Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which the party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recognized in the year in which the resources are measurable and become available. Available means the resources will be collected within the year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within one year of the balance sheet date.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, sales taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from sales tax is recognized in the period in which the sales are made. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide resources to be used for specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: sales taxes, property taxes, franchise taxes, insurance premium taxes, charges for services, fines and forfeitures, grants, interest and rent.

Modified Accrual Basis of Accounting

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are generally recognized when they become measurable and available as net, current assets. Revenues, which are susceptible to accrual, are property taxes, sales taxes, and grants from other governments. Property tax revenues are considered measurable and available to the extent they are collected within the current period or collected within sixty days after the end of the period. Property taxes not collected within sixty days after the end of the period are recorded as deferred inflows of resources and recognized when collected.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) inventory type items, which are, expensed when purchased; (2) principal and interest on general long-term debt which is recognized when due; and (3) prepaid items which are expensed when purchased.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrual Basis of Accounting

The proprietary fund and fiduciary funds are accounted for on an economic resources measurement focus using the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

Budgetary Process

As set forth in the City Charter, the City Council adopts an annual budget for the General Fund and Enterprise Funds. The annual budget for the General Fund is prepared in accordance with the basis of accounting utilized by the fund. The budget for the Enterprise Funds is prepared under the basis consistent with GAAP, except that depreciation, certain capital expenses, non-operating income and certain non-operating expense items are not considered. Any revisions that alter the total expenditures/expenses must be approved by the City Council. The legal level of control is at the department level. All annual appropriations lapse at fiscal year-end. The City budgets for Capital Project Funds on a project basis since budgetary control is maintained on an individual project basis. Since project periods may differ from the City's fiscal year, a comparison of budgetary information for the combined Capital Project Funds would not be meaningful and has not been presented in the accompanying financial statement.

The Lyons Recreation Department ordinance requires an annual budget be adopted and submitted to the City Council for approval on an annual basis. The Recreation Department did adopt a budget for 2015 and it is presented in the accompanying financial statements as required supplementary information.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments

Cash includes amounts in demand deposits and short-term certificates of deposit. Statutes authorize the city to invest in U.S. Government obligations, U.S. Government Agency obligations, State of Georgia obligations, obligations fully insured or guaranteed by the U.S. Government, obligations of any U.S. Government corporation, obligations of other political subdivisions of the State of Georgia and certificates of deposit issued by banks.

Eliminations

GASB 34 eliminated the presentation of Account Groups, but provides for these records to be maintained and used to account for capital assets and long-term liabilities that are not reflected on the balance sheet of Governmental-type funds due to the current financial resources measurement focus that they use.

The effect of interfund activity has been removed from the government-wide financial statements. Due to/from other funds have been eliminated as well as transfers between funds.

Interfund Receivables and Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "Interfund Receivables and Payables." Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position.

The only interfund balances which remain on the government-wide statement of net position are those between governmental and business-type activities. These amounts are reflected as "Internal Balances."

Inventories

Inventory consists of expendable supplies held for consumption. The costs of these supplies on hand are considered immaterial to the balance sheets of the various funds and are not shown as assets of the funds nor is any portion of the fund balance reported as restricted for inventories. Inventory type items are recorded as expenditure when purchased.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2015, are reported as prepaid expenses using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which the services are consumed.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental columns in the governmental-wide financial statements. All purchased capital assets are valued at historical cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. General infrastructure assets acquired prior to January 1, 2004 are not reported in the government-wide financial statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Major outlays for capital assets and improvements are capitalized as projects are constructed. GASB statement 34 prohibits the capitalization of interest for assets constructed for use in governmental activities. However, interest from debt not considered to be a general long-term debt may be included as part of the cost of assets constructed for business – type activities. In 2015, there were no interest expenses incurred by the City included as part of the cost of capital assets under construction in connection with public building construction projects.

Property, plant, equipment and infrastructure of the primary government as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Buildings	40 -50 years
Vehicles	5 years
Machinery and Equipment	5 -20 years
Infrastructure, Water/Sewer System and Sanitation	40 -50 years

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to restrict that portion of the applicable appropriation, is not employed. Accordingly, encumbrances outstanding at year-end are not reported as restrictions of fund balances, nor do they constitute expenditures or liabilities. Generally accepted accounting principles do not require encumbrance accounting.

Compensated Absences and Other Employee Benefits

Accumulated unpaid vacation, sick pay and other fringe benefits are not accrued since the amounts do not exceed a normal year's accumulation. These expenses are recorded as incurred.

Application of FASB Pronouncements

Proprietary activities apply all FASB statements and interpretations issued after November 30, 1989 except for those that conflict with or contradict GASB pronouncements.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means.

NOTE 2- CONTINGENCIES

Litigation

City management believes that potential claims from pending litigation would not materially affect the financial position of the City.

Grants

The City participates in both federal-assisted and state-assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

NOTE 3- PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are generally levied by October 20, due by December 20 and considered delinquent with interest accruing after January 20 of the following year. Tax liens are recorded in the sixth year. Property tax revenues are recognized when levied to the extent they result in current receivables. Taxes not collected within sixty days after the year end are reported as deferred inflows of resources. The deferred inflows of resources are combined with property tax revenue on the statement of activities and the deferred inflows of resources on the statement of net position are eliminated.

NOTE 4- DUE FROM OTHER GOVERNMENTS

Amounts due from other governmental entities at December 31, 2015 are as follows:

	General Fund	Capital Projects	Special Revenue TSPLOST	Total
State of Georgia Sales Tax	$ 110,096	$ 184,776	$ 4,411	$ 299,283

NOTE 5- CHANGES IN CAPITAL ASSETS

Primary government

Capital asset activity for the year ended December 31, 2015 was as follows:

	Primary Government			
	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
Governmental activities				
Capital assets:				
Non-depreciable:				
Land	$ 1,166,307	$ -	$ -	$ 1,166,307
Construction in progress	672,427	459,963	(723,510)	408,880
Depreciable:				
Buildings	2,241,457	57,764	-	2,299,221
Machinery, equipment and vehicles	2,296,210	166,346	-	2,462,556
Infrastructure	6,572,302	778,026	-	7,350,328
Total capital assets	12,948,703	1,462,099	(723,510)	13,687,292
Less: accumulated depreciation				
Buildings	(634,647)	(63,176)	-	(697,823)
Machinery, equipment and vehicles	(1,459,725)	(205,995)	-	(1,665,720)
Infrastructure	(1,128,826)	(159,542)	-	(1,288,368)
Total accumulated depreciation	(3,223,198)	(428,713)	-	(3,651,911)
Governmental activites capital assets, net	$ 9,725,505	$ 1,033,386	$ (723,510)	$ 10,035,381

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

Governmental Activities:	
General Government	$ 118,927
Public Safety	94,089
Public Works	156,550
Recreation and Culture	59,147
Total governmental activities depreciation expense	$ 428,713

NOTE 5- CHANGES IN CAPITAL ASSETS (CONTINUED)

Business –Type Activity

A summary of proprietary fund type capital asset activity for the year ended December 31, 2015 was as follows:

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
Water/Sewer Enterprise Fund				
Capital assets:				
Non-depreciable:				
Land	$ 10,265	$ -	$ -	$ 10,265
Construction in progress	5,005	138,655	(5,005)	138,655
Depreciable:				
Buildings	1,432,351	-	-	1,432,351
Water and sewer system in service	5,637,157	170,102	-	5,807,259
Machinery, equipment and vehicles	1,757,293	12,500	-	1,769,793
Less accumulated depreciation:				
Buildings	(405,838)	(35,809)	-	(441,647)
Water and sewer system in service	(2,481,972)	(144,330)	-	(2,626,302)
Machinery, equipment and vehicles	(1,555,950)	(28,567)	-	(1,584,517)
Total accumulated depreciation	(4,443,760)	(208,706)	-	(4,652,466)
Total water/sewer capital assets, net	4,398,311	112,551	(5,005)	4,505,857
Sanitation Enterprise Fund				
Machinery and equipment	553,965	-	-	553,965
Less accumulated depreciation:				
Machinery and equipment	(533,447)	(3,892)	-	(537,339)
Total accumulated depreciation	(533,447)	(3,892)	-	(537,339)
Total sanitation capital assets, net	20,518	(3,892)	-	16,626
Total	$ 4,418,829	$ 108,659	$ (5,005)	$ 4,522,483

NOTE 6- DEFINED BENEFIT PENSION PLAN

PLAN DESCRIPTION

The City's defined benefit pension plan, the City of Lyons Retirement Plan (the Plan), provides retirement and disability benefits and death benefits to plan members and beneficiaries. The Plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple- employer public employee retirement system that acts as a common investment and administrative agent for cities in the State of Georgia. The City is assigned the authority to establish and amend benefit provisions of the Plan. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information. The report can be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303, or by calling (404) 688-0472.

Employees Covered Under the Plan

Effective January 1, 2015, the Plan was amended to provide for immediate participation for employees. At June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	26
Inactive employees entitled to but not yet receiving benefits	12
Active employees	50
Total covered employees	88

Funding Policy

Employees are not required to contribute to the Plan. The Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code section 47-20-10). The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the Plan. If the City contributes the recommended contribution developed under the actuarial funding policy each year, the Plan will meet applicable state funding standards. The City contributed $114,768 to the Plan for the year ended December 31, 2015.

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

At December 31, 2015, the City reported a liability of $455,432 as its net pension liability. The net pension liability was determined by an actuarial valuation as July 1, 2015. The City's net pension liability was based on the projection of the City's long-term contributions to the pension plan, actuarially determined at July 1, 2015.

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

The following is a schedule that reconciles the differences between the beginning and ending net pension liability for the year ended December 31, 2015:

Changes in Net Pension Liability	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a)-(b)
Balances at March 31, 2014*	$ 2,340,325	$ 1,821,496	$ 518,829
Changes for the year:			
Service Cost	68,103	-	68,103
Interest	176,009	-	176,009
Differences between expected and actual experience	(19,199)	-	(19,199)
Contributions- employer	-	106,728	(106,728)
Contributions- employee	-	-	-
Net investment income	-	175,007	(175,007)
Benefit payments, including refunds of employee contributions	(138,479)	(138,479)	-
Administrative Expense	-	(6,435)	6,435
Other	(13,010)	-	(13,010)
Net Changes	73,424	136,821	(63,397)
Balances at March 31, 2015**	$ 2,413,749	$ 1,958,317	$ 455,432

**Entry Age Normal liabilities calculated using ages and service amounts as of July 1, 2014 are used to measure TPL as of March 31, 2014. The balances as of March 31, 2014 constitute measurements of the NPL for the fiscal year ending December 31, 2014.*

*** Entry Age Normal liabilities calculated using ages and service amounts as of July 1, 2015 are used to measure TPL as of March 31, 2015. The balances as of March 31, 2015 constitute measurements of the NPL for the fiscal year ending December 31, 2015.*

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report.

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended December 31, 2015, the City recognized pension expense of $16,439. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial assumptions or methods, and plan benefits. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (15,360)
Changes of assumptions	-	(10,408)
Net difference between projected and actual earnings on pension plan investments	-	(28,256)
City contributions subsequent to the measurement date	88,144	-
Total	$ 88,144	$ (54,024)

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to the net pension liability to be recognized in future periods in a systematic and rational manner, as detailed below.

$88,144 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December, 31. 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense in future years as follows:

Year Ending December 31,	Deferred Outflows/ (Inflows) of Resources
2016	$ (13,506)
2017	(13,506)
2018	(13,506)
2019	(13,506)
2020	-
Thereafter	-
Total	$ (54,024)

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions

The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

Acturial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaing unfunded liability
Remaining Amortization Period	Varies for the bases, with a net effective amortization period of 10 years
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial Assumptions:	
Inflation	3.25%
Net Investment Rate of Return	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost of Living Adjustments	0.00%
Retirement Age:	
Officials	Age 62 with no minimum years
Employees	Age 65 with 5 years
Early	Age 55 with 10 years
Department Heads	Age 62 with 5 years
Mortality:	
Healthy	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.
Disabled	RP-2000 Disabled Retiree Mortality Table with sex-distinct rates
Plan termination basis (all lives)	1994 Group Annuity Reserving Unisex Table

The mortality and economic actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for period January 1, 2010 through June 30, 2014.

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

The 7.75% long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target allocation as of March 31, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Nominal Real Rate of Return
Domestic equity	50%	5.95%	9.20%
International equity	15%	6.45%	9.70%
Fixed income	25%	1.55%	4.80%
Real estate	10%	3.75%	7.00%
Cash	0%		
Total	100%		

Discount Rate

The discount rate used to measure the total pension liability was 7.75%, which is the same as the long-term expected rate of return. The projection of cash flows used to determine the discount rate assumed that contributions from the City will continue to be made at the recommended rates each year, actuarially determined. Based on that assumption, the pension fund's fiduciary net position was projected to be available to make all projected future benefit payments. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension plan investments, it was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the City's net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point higher or lower than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net pension liability	$ 733,257	$ 455,432	$ 219,615

NOTE 7- CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

It is the City's policy for deposits to be 110% secured by collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation insurance. The City's deposits are categorized to give an indication of the level of risk assumed by the City at December 31, 2015.

The categories are described as follows:

Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3 - Uncollateralized

		Category			
Description	Bank Balance	1	2	3	Carrying Amount
Total Deposits	$ 5,171,667	$ 2,520,000	2,651,667	$ -	$ 5,119,171

NOTE 8- CHANGES IN LONG-TERM DEBT

The General Fund has one 36 month installment note obligation with the United States Department of Agriculture (USDA) dated September 26, 2013 for $50,000 at 3.54% interest. The promissory note, in conjunction with matching grant, is for the purpose of purchasing computer equipment for the City. The note is to be repaid by general fund revenues.

Transactions for 2015 related to this note were as follows:

	Amount at 12/31/2014	Additions	Payments	Amount at 12/31/2015	Amount Due In One Year
Principal	$ 29,809	-	16,808	13,001	13,001
Interest	977	-	784	193	193
	$ 30,786	-	17,592	13,194	13,194

Amounts due in the succeeding years are as follows:

	USDA Loan	
Year	Interest	Principal
2016	$ 193	$ 13,001

NOTE 9 - RISK MANAGEMENT

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The City has joined together with other municipalities in the state of Georgia Interlocal Risk Management Agency (GIRMA) for property and liability insurance and Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the findings being required to pay any claim of loss. The City is also to allow the pools' agents and attorneys to represent the city in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of the state of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the other members, all interest accruing after entry of judgment, and all expenses for investigations, negotiation or defense.

NOTE 10-EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The individual funds, which had expenditures in excess of appropriates are as follows:

General Fund	Expenditures	Appropriations	Expenditures Over Appropriations
Current Operating Expenditures:			
Judicial	$ 57,923	$ 44,800	$ (13,123)
General Administration	318,686	258,620	(60,066)
Police Department	1,196,187	1,036,025	(160,162)
Animal Control Facility	53,063	51,400	(1,663)
Street Department	449,577	264,100	(185,477)
Economic Development	91,167	82,250	(8,917)
Debt Service	17,592	2,300	(15,292)
Total Current Operating Expenditures	$ 2,184,195	$ 1,739,495	$ (444,700)
Recreation Department			
Culture and Recreation	$ 330,758	$ 289,695	$ (41,063)

The General Fund and Recreation Department had excess expenditures over appropriations for the year ended December 31, 2015. All expenditures were approved either by City Council or the Recreation Department Board. The excess was funded by the prior year's fund balance.

NOTE 11-OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosure, as part of the Combined Statements, certain information concerning individual funds including:

A. Summary disclosure of changes in general capital assets by major asset class. This requirement has been met by Note 5.

B. Summary of disclosure of debt service requirements to maturity for all types of outstanding debt. The requirement has been met in Note 8.

C. Summary disclosure of changes in general long-term debt. The requirement has been met in Note 8.

D. Excess of expenditures over appropriations in individual funds. This requirement has been met by Note 10.

E. Deficit fund balances of individual funds. At December 31, 2015 there are no funds with deficit balances.

F. Segment information for certain individual Enterprise Funds. The Enterprise Fund combining statements can be found on pages 9, 10, 11, and 12. The City maintains two Enterprise Funds.

G. At December 31, 2015 the following amounts were due between funds:

Due to	Due From	Amount	Purpose
General Fund	SPLOST	$ 101,925	Operating expenses
General Fund	Recreation Department	$ 50,000	Capital project
General Fund	Recreation Department	$ 177	Operating expenses
Sanitation Fund	General Fund	$ 107,933	Operating expenses
Sanitation Fund	Recreation Department	$ 92	Operating expenses
Water/Sewer	General Fund	$ 1,829	Operating expenses
Water/Sewer	SPLOST	$ 100	Operating expenses
Recreation Department	Water/Sewer	$ 1,605	Operating expenses

NOTE 12-CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows for proprietary funds, demand deposits and certificates of deposit are considered cash. All certificates of deposit maturing within a three month period are considered cash.

NOTE 13-EXCISE TAX ON LODGING

The City levies an excise tax on lodging at the rate of five percent. The City is required to spend the lesser of $5,000, or 100% of the amount collected, promoting tourism. In 2015 the City collected $6,260 and expended $5,593.

NOTE 14-RESTRICTED NET POSITION

Restricted net position is used to indicate that a portion of the net position is not appropriable for expenditure or is legally segregated for a specific future use. The following restricted net position is used by the City of Lyons.

Primary Government

General, Special Revenue and Capital Projects Funds:		
Restricted by ordinance - Recreation and TSPLOST	$	41,684
Restricted by creditors - General government		4,023
Restricted for Capital Projects		3,607,215
Total Restricted Net Postiton	$	3,652,922

NOTE 15-JOINT VENTURE

The City, in conjunction with cities and counties in the fifteen (15) county Southeast Georgia area are members of the Heart of Georgia Altamaha Regional Commission (RC). Membership in an RC is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RC's. Each municipality and county in the state is required by law to pay minimum annual dues to the RC. The City paid annual dues in the amount of $4,367 to the RC for the year ended December 31, 2015. The RC Board membership includes the chief elected official of each municipality and the chief elected official of each county. The City Council members and the county board members from the same county elect one member of the Board, who is a resident (but not elected or appointed official or employee of the City or county) to serve as the non-public Board member from a City.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RC's as "public agencies and instrumentalities of their members." Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond its resources. (O.C.G.A. 50-8-39.1)

Separate financial statements can be obtained from Heart of Georgia Altamaha Regional Commission, 5405 Oak Street, Eastman, Georgia, 31023.

NOTE 16-INTERFUND TRANSFERS

Transferred from:	Amount	Transferred to:	Purpose
Spec. Local Op. Sales Tax	321,256	Water/Sewer Prop. Fund	Capital Outlay
Hotel/Motel Spl. Rev Fund	667	General Fund	Operations
Total Transferred	$ 321,923		

NOTE 17-PRIOR PERIOD ADJUSTMENT

The City has determined that a restatement to the January 1, 2015 beginning net position was required to recognize the change in accounting principle for implementation of Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27* as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date- An Amendment of GASB Statement No. 68*, through which accounting for pension plans and related disclosure requirements were modified. This adjustment resulted in a change to the beginning net position of the City's Government-wide governmental net position as follows:

	Government-Wide Governmental Activities
Net position, December 31, 2014 as previously reported	$ 15,412,867
Implementation of GASBs 68 and 71 for pensions	(779,134)
Net position, December 31, 2014, restated	$ 14,633,733

NOTE 18-SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 17, 2016, the date that the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LYONS, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Original and Final Budget	Actual	Variance Over(Under)
Taxes			
Property taxes	$ 217,000	$ 274,499	$ 57,499
Prior taxes & penalties	4,000	3,201	(799)
Vehicle tags & taxes	66,300	111,808	45,508
Mobile home taxes	3,100	2,197	(903)
Transfer tax	7,600	3,150	(4,450)
GPC franchise tax	400,000	299,862	(100,138)
Atlanta Gas franchise tax	10,700	30,542	19,842
Northland Cable franchise tax	26,800	27,071	271
Bell South franchise tax	15,000	12,056	(2,944)
Housing Authority tax	11,350	11,350	-
Local option sales tax	710,800	661,642	(49,158)
Alcoholic beverage tax	75,700	76,552	852
Insurance premium tax	225,000	251,628	26,628
Total	1,773,350	1,765,558	(7,792)
Intergovernmental			
DOT Funds - LMIG	-	35,198	35,198
TIA Grant	-	152,428	152,428
Police Grants	-	50,954	50,954
Total	-	238,580	238,580
Licenses and Permits			
Business licenses	58,200	63,393	5,193
Building and wiring permits	500	300	(200)
Total	58,700	63,693	4,993
Charges for Services			
City payment - fire protection	24,700	36,118	11,418
County payment - fire protection	9,000	250	(8,750)
Debris charge	25,300	16,625	(8,675)
Animal control revenue	16,200	3,894	(12,306)
Election qualifying fees	400	288	(112)
Total	75,600	57,175	(18,425)
Subtotal	$ 1,907,650	$ 2,125,006	$ 217,356

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

CITY OF LYONS, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Original and Final Budget	Actual	Variance Over(Under)
Subtotal carryforward	$ 1,907,650	$ 2,125,006	$ 217,356
Fines and forfeits:			
Fees & court costs	279,000	224,164	(54,836)
Other police reciepts	5,500	7,441	1,941
Total	284,500	231,605	(52,895)
Miscellaneous:			
Interest earned	10,000	9,103	(897)
Rent - miscellaneous	30,000	33,681	3,681
AT&T	3,200	496	(2,704)
Southern Linc	8,000	7,935	(65)
Georgia Power Company	3,600	-	(3,600)
Beautification	1,000	-	(1,000)
Miscellaneous	4,150	10,387	6,237
Total	59,950	61,602	1,652
Total General Fund Revenues	$ 2,252,100	$ 2,418,213	$ 166,113

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

CITY OF LYONS, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Original and Final Budget	Actual	Variance (Over)Under
General Government			
Legislative and Executive:			
Personal services	$ 144,500	$ 132,983	$ 11,517
Operating expenditures	16,150	21,045	(4,895)
Total	160,650	154,028	6,622
Judicial:			
Personal services	7,800	8,187	(387)
Operating expenditures	37,000	49,736	(12,736)
Total	44,800	57,923	(13,123)
General Administration:			
Personal services	23,600	24,934	(1,334)
Operating expenditures	235,020	293,752	(58,732)
Total	258,620	318,686	(60,066)
Total General Government	464,070	530,637	(66,567)
Public Safety			
Police Department:			
Personal services	786,700	986,774	(200,074)
Operating expenditures	249,325	209,413	39,912
Total	1,036,025	1,196,187	(160,162)
Fire Department:			
Personal services	38,150	19,046	19,104
Operating expenditures	48,600	43,128	5,472
Total	86,750	62,174	24,576
Total Public Safety	1,122,775	1,258,361	(135,586)
Animal Control Facility:			
Personal services	40,000	46,981	(6,981)
Operating expenditures	11,400	6,082	5,318
Total	$ 51,400	$ 53,063	$ (1,663)

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

CITY OF LYONS, GEORGIA
BUDGETARY COMPARISON SCHEDULE
RECREATION DEPARTMENT
FOR THE YEAR ENDED DECEMBER 31, 2015

	Original and Final Budget	Actual	Variance (Over)Under
Street Department:			
Personal services	$ 48,400	$ 54,170	$ (5,770)
Operating expenditures	215,700	395,407	(179,707)
Total	264,100	449,577	(185,477)
Culture & Recreation:			
Personal services	203,000	190,445	12,555
Operating expenditures	7,600	3,309	4,291
Total	210,600	193,754	16,846
Economic Development:			
Personal services	65,750	70,934	(5,184)
Operating expenditures	16,500	20,233	(3,733)
Total	82,250	91,167	(8,917)
Debt Service:			
Principal retirement	-	16,808	(16,808)
Interest expense	2,300	784	1,516
Total	2,300	17,592	(15,292)
Total General Fund Expenditures before Other financing sources/uses:	2,197,495	2,594,151	(387,739)
Other financing (sources)uses:			
Transfer from hotel/motel	-	(667)	667
Total	-	(667)	667
Total General Fund Expenditures	$ 2,197,495	$ 2,593,484	$ (387,072)

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

CITY OF LYONS, GEORGIA
BUDGETARY COMPARISON SCHEDULE
RECREATION DEPARTMENT
FOR THE YEAR ENDED DECEMBER 31, 2015

	Original and Final Budget	Actual	Variance Over(Under)
Intergovernmental:			
Toombs County	$ 68,000	$ 63,500	$ (4,500)
Total	68,000	63,500	(4,500)
Charges for Services:			
Sports and tournament fees	43,000	74,348	31,348
Concessions	133,000	69,641	(63,359)
Insurance fees	200	60	(140)
Picture fees	-	1,038	1,038
Building fee income	94,000	69,141	(24,859)
Total	270,200	214,228	(55,972)
Miscellaneous:			
Interest earned	250	278	28
Donations	10,100	33,227	23,127
Miscellaneous	20,550	1,124	(19,426)
Total	30,900	34,629	3,729
Total Recreation Dept Revenues	$ 369,100	$ 312,357	$ (56,743)

	Original and Final Budget	Actual	Variance (Over)Under
Culture and Recreation:			
Operating expenditures	$ 286,395	$ 330,725	$ (44,330)
Personal Services	3,300	33	3,267
Total	289,695	330,758	(41,063)
Total Recreation Dept Expenditures before Other financing sources/uses	289,695	330,758	(41,063)
Other financing (sources)uses:			
Transfer from General Fund	-	-	-
Total	-	-	-
Total Recreation Dept Expenditures	$ 289,695	$ 330,758	$ (41,063)

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Budget for the General Fund and Recreation Department are adopted on a basis consistent with generally accepted accounting principles.

NOTE 2 -EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The individual funds, which had expenditures in excess of appropriates are as follows:

General Fund	Expenditures	Appropriations	Expenditures Over Appropriations
Current Operating Expenditures:			
Judicial	$ 57,923	$ 44,800	$ (13,123)
General Administration	318,686	258,620	(60,066)
Police Department	1,196,187	1,036,025	(160,162)
Animal Control Facility	53,063	51,400	(1,663)
Street Department	449,577	264,100	(185,477)
Economic Development	91,167	82,250	(8,917)
Debt Service	17,592	2,300	(15,292)
Total Current Operating Expenditures	$ 2,184,195	$ 1,739,495	$ (444,700)
Recreation Department			
Culture and Recreation	$ 330,758	$ 289,695	$ (41,063)

The General Fund and Recreation Department had excess expenditures over appropriations for the year ended December 31, 2015. All expenditures were approved by either City Council or the Recreation Department Board. The excess was funded by the prior year's fund balance.

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

	2015
Total pension liability	
Service cost	$ 68,103
Interest on total pension liability	176,009
Differences between expected and actual experience	(19,199)
Changes of assumptions	(13,010)
Benefit payments, including refunds of employee contributions	(138,479)
Net change in total pension liability	73,424
Total Pension Liability- beginning	2,340,325
Total Pension Liability- ending (a)	$ 2,413,749
Plan Fiduciary net position	
Contributions- employer	$ 106,728
Contributions- employee	-
Net investment income	175,007
Benefit payments, including refunds of member contributions	(138,479)
Administrative expenses	(6,435)
Net change in plan fiduciary net position	136,821
Plan Fiduciary net position- beginning	1,821,496
Plan Fiduciary net position- ending (b)	$ 1,958,317
City's net pension liability- ending (a) - (b)	$ 455,432
Plan Fiduciary net position as a percentage of the total pension liability	81.13%
Covered-employee payroll	$ 1,362,415
City's net pension liability as a percentage of covered-employee payroll	33.43%

Notes to the Schedule:

The schdule will present 10 years of information once it is accumulated.

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

SCHEDULE OF CITY CONTRIBUTIONS

		2015
Actuarially determined contribution	$	101,323
Contributions in relation to the actuarially determined contribution		114,768
Contribution deficiency (excess)	$	(13,445)
Covered-employee payroll	$	1,706,176
Contributions as a percentage of covered employee payroll		6.73%

Notes to the Schedule

(1) Actuarial Assumptions:

Valuation Date	July 1, 2015
Cost Method	Projected Unit Credit
Acturial Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% . of market value
Assumed Rate of Return on Investments	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost-of-living Adjustment	N/A
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	Varies for the bases, with a net effective period of 10 years

(2) The Schedule will present 10 years of information once it accumulated

SUPPLEMENTARY INFORMATION

CITY OF LYONS, GEORGIA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Hotel Motel Tourism	TSPLOST	Soap Box Derby	Total Nonmajor Governmental Funds
Assets				
Cash	$ -	$ 30,773	$ -	$ 30,773
Due from other government	-	4,411	-	4,411
Total assets	-	35,184	-	35,184
Liabilities and Fund Balances				
Liabilities				
Fund Balances				
Fund balance:				
Total Restricted	-	35,184	-	35,184
Total fund balances	-	35,184	-	35,184
Total Liabilities and Fund Balances	$ -	$ 35,184	$ -	$ 35,184

CITY OF LYONS, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Hotel Motel Tourism	TSPLOST	Soap Box Derby	Total Nonmajor Governmental Funds
Revenues:				
Taxes	$ 6,260	$ 48,541	$ -	$ 54,801
Charges for services	-	-	18,802	18,802
Grants	-	-	-	-
				-
Total revenues	6,260	48,541	18,802	73,603
Expenditures:				
Current operating:				
Street department	-	58,104	-	58,104
Culture and recreation	-	-	36,456	36,456
Community development	5,593	-	-	5,593
Total expenditures	5,593	58,104	36,456	100,153
Other financing sources (uses):				
Transfers	(667)	-	-	(667)
Total other financing sources (uses)	(667)	-	-	(667)
				-
Excess revenues(expenditures):	-	(9,563)	(17,654)	(27,217)
				-
Net change in fund balances	-	(9,563)	- (17,654)	- (27,217)
Fund balance - beginning of year	-	44,747	17,654	62,401
Fund balance - end of year	$ -	$ 35,184	$ -	$ 35,184

McLain, Calhoun, McCullough, Clark & Co., P.C.
Certified Public Accountants
Business Consultants

William H. McLain, C.P.A.
Michael R. Calhoun, C.P.A.
Robin L. McCullough, C.P.A.
Tracy C. Clark, C.P.A.
Nicole A. Eason, C.P.A.

INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX

To the City Council
Lyons, Georgia

We have audited the accompanying Schedule of Special Local Option Sales Tax for the City of Lyons, Georgia, for the year ended December 31, 2015. This schedule is the responsibility of the City of Lyon's management. Our responsibility is to express an opinion on the Schedule of Special Purpose Local Option Sales Tax based on our audit.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Special Purpose Local Option Sales Tax is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Special Purpose Local Option Sales Tax. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule of Special Purpose Local Option Sales Tax was prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 on the modified accrual basis of accounting and is not intended to be a complete presentation of City of Lyons' revenues and expenditures.

In our opinion, the Schedule of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project in City of Lyons' resolution or ordinance calling for the tax for the year ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

Mclain, Calhoun, McCullough, Clark & Co., P.C.

Vidalia, Georgia
June 17, 2016

CITY OF LYONS, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE ONE (1) PERCENT LOCAL OPTION SALES AND USE TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2015

Project Years	Projects	Original Estimated Cost	Amended Estimated Cost	Expenditures: Prior Years	Expenditures: Current Year	Total	Percentage of Completion
1998-2003	Public buildings	$ 100,000	100,000	131,546	-	$ 131,546	
1998-2003	Roads and streets: Drainage	150,532	150,532	201,832	-	201,832	
1998-2003	Roads and streets: Paving	650,000	650,000	650,000	-	650,000	
1998-2003	Water and Sewer	1,000,000	1,000,000	1,000,000	-	1,000,000	
1998-2003	Industrial Park	750,000	750,000	611,325	-	611,325	
1998-2003	Recreation: Paving	20,000	20,000	20,000	-	20,000	
Total		2,670,532	2,670,532	2,614,703	-	2,614,703	97.91%
2004-2008	Public buildings	650,000	1,350,000	1,350,000	-	1,350,000	
2004-2008	Roads and streets	1,000,000	800,000	801,646	-	801,646	
2004-2008	Water and Sewer	1,430,000	672,019	325,040	321,256	646,296	
2004-2008	Equipment acq: Public Safety	200,000	300,000	300,000	-	300,000	
2004-2008	Equipment acq: Sanitation	300,000	400,000	400,000	-	400,000	
2004-2008	Equipment acq: Streets	100,000	100,000	100,000	-	100,000	
Total		3,680,000	3,622,019	3,276,686	321,256	3,597,942	97.77%
2009-2014	Public buildings	313,000	500,000	487,744	12,255	499,999	
2009-2014	Roads and streets	2,304,667	1,200,000	802,296	124,657	926,953	
2009-2014	Water and Sewer	2,416,000	1,739,315	-	-	-	
2009-2014	Equipment acq: Public Safety	368,333	650,700	515,959	134,740	650,699	
2009-2014	Equipment acq: Sanitation	483,000	290,000	268,205	5,240	273,445	
2009-2014	Recreation	195,000	50,000	27,851	22,150	50,001	
Total		6,080,000	4,430,015	2,102,055	299,042	2,401,097	39.49%
2015-2020	Public Facilities	600,000	600,000	-	42,044	42,044	
2015-2020	Road, bridges and streets	1,200,000	1,200,000	-	-	-	
2015-2020	Water and Sewer	3,000,000	3,000,000	-	-	-	
2015-2020	Other capital outlay	600,000	600,000	-	-	-	
2015-2020	Recreation and equipment	680,000	680,000	-	32,366	32,366	
Total		$ 6,080,000	6,080,000	-	74,410	$ 74,410	1.22%

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

McLain, Calhoun, McCullough, Clark & Co., P.C.
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council
Lyons, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lyons as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise City of Lyons' basic financial statements and have issued our report thereon dated June 17, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Lyons, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Lyons, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Lyons' 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified 06-02 as a certain deficiency in internal control that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Lyons, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses on page 51 as items 06-01.

We also noted certain other matters involving the internal control over financial reporting that we have reported to the management of City of Lyons, Georgia in a separate letter dated June 17, 2016.

City of Lyons' Response to Findings

City of Lyons, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Lyons, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

McLain, Calhoun, McCullough, Clark & Co., P.C.

Vidalia, Georgia

June 17, 2016

CURRENT YEAR FINDINGS AND RESPONSES – FINANCIAL STATEMENT AUDIT

06-01 EXPENDITURES OVER APPROPRIATIONS:

Condition: The City was in violation of State budget statutes for the year ended December 31, 2015 because certain departmental expenditures exceeded their budget at the legal level of control. The Georgia Statutes define the legal level of control at a minimum to be at the department level.

Criteria: O.C.G.A. 36-81 establishes the budgetary requirements.

Recommendation: Emphasize to management excess expenditures and importance of periodic comparison to enacted budget and amend budget if deemed necessary.

Response: Concur

06-02 SEGREGATION OF DUTIES

Condition: There is a lack of segregation of duties in the clerk's office and the recreation department offices.

Criteria: There should be segregation of duties in financial functions to reduce the risk of asset misappropriation and to ensure fiduciary responsibility to the public.

Recommendation: Close supervision by management and reduction of incompatible duties by the same personnel.

Response: Concur