CITY OF LYONS, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

DECEMBER 31, 2016

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT WIDE FINANCIAL STATEMENTS	
Statement of Net Position	3
Statement of Activities	4
FUND FINANCIAL STATEMENTS	
Governmental Fund Financial Statements	
Balance Sheet - Governmental Funds	5
Reconciliation of Net Position -Governmental Funds in the Statement of Net Position to Total Fund Balance - Governmental Funds on the Balance Sheet	6
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8
Proprietary Fund Financial Statements	
Statement of Net Position - Proprietary Fund	9
Statement of Changes in Net Position - Proprietary Fund	10
Statement of Cash Flows - Proprietary Fund	11-12
NOTES TO THE FINANCIAL STATEMENTS	13-36
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	37-40
Budgetary Comparison Schedule - Recreation Department	41
Notes to the Budgetary Comparison Schedule	42
Defined Benefit Pension Plan Required Supplementary Information	43-44

TABLE OF CONTENTS

	Page
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	45
Combining Statement of Revenues, Expenditures and Fund Balances - Nonmajor Governmental Funds	46
Independent Auditors' Report on Special One Percent Sales and Use Tax	47
Schedule of Projects Constructed with Special Sales Tax Proceeds	48
Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	49-50
Schedule of Findings and Responses-Financial Statement Audit	51

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

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, 2016, 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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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 19, 2017, 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 19, 2017

BASIC FINANCIAL STATEMENTS

CITY OF LYONS, GEORGIA
GOVERNMENT – WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 496,099	$ 248,764	$ 744,863
Certificates of deposit	3,750,000	-	3,750,000
Receivables:			
Accounts	-	185,038	185,038
Property tax	101,303	-	101,303
Fees for services	12,704	-	12,704
Other receivables	203,867	-	203,867
Due from other governments	353,688	-	353,688
Due from others	76,386	-	76,386
Inventory	-	38,493	38,493
Prepaid expenses	2,507	18,863	21,370
Capital Assets:			
Nondepreciable	1,595,852	210,105	1,805,957
Machinery, equipment and vehicles	2,580,034	2,323,758	4,903,792
Buildings and improvements	2,538,429	1,439,259	3,977,688
Infrastructure	8,025,744	6,005,621	14,031,365
Accumulated depreciation	(4,111,928)	(5,401,800)	(9,513,728)
Capital assets, net of depreciation	10,628,131	4,576,943	15,205,074
Total Assets	15,624,685	5,068,101	20,692,786
Deferred Outflows of Resources			
Deferred outflows related to pensions	301,373	-	301,373
Liabilities			
Accounts payable	87,680	78,098	165,778
Customer deposits	-	117,201	117,201
Internal balances	108,350	(108,350)	-
Noncurrent liabilites:			
Due in more than one year:			
Net pension liability	750,289	-	750,289
Total Liabilities	946,319	86,949	1,033,268
			-
Deferred Inflows of Resources			
Deferred inflows related to pensions	19,326	-	19,326
Unearned revenue - LMIG grant	74,906	-	74,906
Total Deferred Inflows	94,232	-	94,232
Net Position			
Investment in capital assets	10,628,131	4,576,943	15,205,074
Restricted for:			
Capital projects	3,314,265	-	3,314,265
TSPLOST - capital projects	84,840	-	84,840
Unrestricted	858,271	404,209	1,262,480
Total Net Position	$ 14,885,507	$ 4,981,152	$ 19,866,659

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, 2016

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	$ 585,769	$ 131,270	$ 11,350	$ -
Judicial	66,955	248,072	-	-
Public Safety	1,562,385	70,348	91,442	-
Public Works	559,811	-	-	1,063,823
Community Development	92,077	-	-	5,000
Recreation and Culture	592,521	216,797	66,496	2,227
Total Governmental Activities	3,459,518	666,487	169,288	1,071,050
Business-Type Activities				
Water and Sewer	1,479,975	1,335,351	-	-
Sanitation	543,132	495,370	-	-
Total Business-Type Activities	2,023,107	1,830,721	-	-
Total Primary Government	$ 5,482,625	$ 2,497,208	$ 169,288	$ 1,071,050
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
$ (443,149)	$ -	$ (443,149)
181,117	-	181,117
(1,400,595)	-	(1,400,595)
504,012	-	504,012
(87,077)	-	(87,077)
(307,001)	-	(307,001)
(1,552,693)	-	(1,552,693)
-	(144,624)	(144,624)
-	(47,762)	(47,762)
-	(192,386)	(192,386)
$ (1,552,693)	$ (192,386)	$ (1,745,079)
$ 265,726	$ -	$ 265,726
100,885	-	100,885
47,696	-	47,696
660,487	-	660,487
272,564	-	272,564
79,714	-	79,714
4,471	-	4,471
339,395	-	339,395
4,408	-	4,408
1,318	612	1,930
35,940	-	35,940
1,812,604	612	1,813,216
(314,428)	314,428	-
(54,517)	122,654	68,137
14,940,024	4,858,498	19,798,522
$ 14,885,507	$ 4,981,152	$ 19,866,659

CITY OF LYONS, GEORGIA
FUND FINANCIAL STATEMENTS
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	General	Special Local Option Sales Tax Fund	Recreation Department	Other Governmental Funds	Total
Assets					
Cash	$ 328,540	$ 98,958	$ -	$ 68,601	$ 496,099
Certificates of deposit	765,118	2,984,882	-	-	3,750,000
Receivables:					
Property taxes	101,303	-	-	-	101,303
Fees for services	12,704	-	-	-	12,704
Other receivables	203,867	-	-	-	203,867
Interfund receivables	6,854	-	1,605	-	8,459
Due from other governments	111,898	237,296	-	4,494	353,688
Due from others	63,883	-	-	12,503	76,386
Prepaid expenditures	2,507	-	-	-	2,507
Total assets	$ 1,596,674	$ 3,321,136	$ 1,605	$ 85,598	$ 5,005,013
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	$ 71,098	$ 94	$ 15,730	$ 758	$ 87,680
Interfund payable	109,763	6,777	269	-	116,809
Total liabilities	180,861	6,871	15,999	758	204,489
Deferred Inflows of Resources					
Unavailable Revenue:					
Property Taxes	42,211	-	-	-	42,211
Grant - LMIG	74,906	-	-	-	74,906
Total Deferred Inflows of Resources	117,117	-	-	-	117,117
Fund Balances					
Nonspendable	2,507	-	-	-	2,507
Restricted	-	3,314,265	-	84,840	3,399,105
Unassigned	1,296,189	-	(14,394)	-	1,281,795
Total fund balance:	1,298,696	3,314,265	(14,394)	84,840	4,683,407
Total Liabilities, Deferred Inflows of Resources & Fund Balances	$ 1,596,674	$ 3,321,136	$ 1,605	$ 85,598	$ 5,005,013

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
DECEMBER 31, 2016

Total Governmental Fund Balances		$ 4,683,407
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		10,628,131
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		42,211
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		301,373
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		(19,326)
Some liablities are not due and payable in the current period and, therefore, are not reported in the funds:		
Net pension liability	(750,289)	(750,289)
Net Position of Governmental Activities		$ 14,885,507

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, 2016

	General	Special Local Option Sales Tax Fund	Recreation Department	Other Governmental Funds	Total
Revenues:					
Taxes	$ 1,736,667	$ -	$ -	$ 52,104	$ 1,788,771
Grants	434,014	-	-	5,000	439,014
Licenses and permits	70,956	-	-	-	70,956
Intergovernmental	-	720,329	66,496	-	786,825
Charges for services	95,970	-	216,797	-	312,767
Fines and court costs	245,972	-	-	-	245,972
Miscellaneous	68,442	-	2,191	-	70,633
Donations	2,100	-	2,227	-	4,327
Interest	1,202	922	116	-	2,240
Total revenues	2,655,323	721,251	287,827	57,104	3,721,505
Expenditures:					
Current operating:					
General government	525,303	3,171	-		528,474
Public safety	1,399,674	14,792	-	-	1,414,466
Street department	719,459	11,544	-	3,063	734,066
Culture and recreation	207,099	2,146	358,721	-	567,966
Community development	90,218	-	-	1,859	92,077
Capital outlay	-	668,097	-	-	668,097
Debt service:					-
Principal retirement	13,001	-	-	-	13,001
Interest	193	-	-	-	193
Total expenditures	2,954,947	699,750	358,721	4,922	4,018,340
Excess revenues(expenditures):	(299,624)	21,501	(70,894)	52,182	(296,835)
Other financing sources(uses):					
Transfers	(47,451)	(314,428)	50,000	(2,549)	(314,428)
Total other financing sources(uses)	(47,451)	(314,428)	50,000	(2,549)	(314,428)
Net change in fund balances	(347,075)	(292,927)	(20,894)	49,633	(611,263)
Fund balance - restated at beginning of year	1,645,771	3,607,192	6,500	35,207	5,294,670
Fund balance, end of year	$ 1,298,696	$ 3,314,265	$ (14,394)	$ 84,840	$ 4,683,407

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 FOR THE YEAR ENDED DECEMBER 31, 2016

Net change in fund balances - total governmental funds		$ (611,263)
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	$ 342,572	
Recreation department	42,098	
Capital projects	668,097	
Other government funds	-	
Total	1,052,767	
Depreciation expense	(460,017)	
	592,750	592,750
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:		
Property taxes	(2,077)	(2,077)
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	(46,928)	(46,928)
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	13,001	13,001
Change in Net Position of Governmental Activities		$ (54,517)

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, 2016

	Water and Sewer	Sanitation	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 243,689	$ 5,075	$ 248,764
Accounts receivable-net	137,244	47,794	185,038
Inventory	38,493	-	38,493
Prepaid expenses	18,863	-	18,863
Due from other funds	1,930	108,025	109,955
Total current assets	440,219	160,894	601,113
Noncurrent Assets			
Capital Assets:			
Nondepreciable	10,265	-	10,265
Machinery, equipment and vehicles	1,769,793	553,965	2,323,758
Water system	6,005,621	-	6,005,621
Buildings and improvements	1,439,259	-	1,439,259
Construction in progress	199,840	-	199,840
Accumulated depreciation	(4,861,359)	(540,441)	(5,401,800)
Total non-current assets	4,563,419	13,524	4,576,943
Total Assets	5,003,638	174,418	5,178,056
Liabilities			
Current Liabilities			
Accounts payable	42,701	35,397	78,098
Due to other funds	1,605	-	1,605
Customer deposits	117,201	-	117,201
Total Current Liabilities	161,507	35,397	196,904
Net Position			
Investment in capital assets	4,563,419	13,524	4,576,943
Unrestricted	278,712	125,497	404,209
Total Net Position	$ 4,842,131	$ 139,021	$ 4,981,152

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

CITY OF LYONS, GEORGIA
PROPRIETARY FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION-
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Water and Sewer	Sanitation	Total
Operating Revenues			
Current use charges	$ 1,331,154	$ 495,370	$ 1,826,524
Other charges	4,197	-	4,197
Total operating revenues	1,335,351	495,370	1,830,721
Operating Expenses			
Personal Services	626,194	78,349	704,543
Repairs and maintenance	248,929	27,678	276,607
Bad debts	15,324	8,003	23,327
Utilities	231,990	-	231,990
Materials and supplies	128,017	11,366	139,383
Drinking water fees	11,188	-	11,188
Landfill fees	-	35,320	35,320
Outside contractor fees	-	379,314	379,314
Other	9,440	-	9,440
Depreciation	208,893	3,102	211,995
Total Operating Expenses	1,479,975	543,132	2,023,107
Operating Income (Loss)	(144,624)	(47,762)	(192,386)
Non-Operating Revenue (Expenses)			
Interest revenue	570	42	612
Total Non-Operating Revenues (Expenses)	570	42	612
Loss before transfers	(144,054)	(47,720)	(191,774)
Transfers	314,428	-	314,428
Change in Net Position	170,374	(47,720)	122,654
Net Position Beginning of Year	4,671,757	186,741	4,858,498
Net Position End of Year	$ 4,842,131	$ 139,021	$ 4,981,152

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
FOR THE YEAR ENDED DECEMBER 31, 2016

	Water and Sewer	Sanitation	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from customers	$ 1,362,999	$ 493,440	$ 1,856,439
Cash received from others	4,197	-	4,197
Cash payments for personal services	(626,596)	(78,349)	(704,945)
Cash payments for repairs and maintenance	(248,929)	(27,678)	(276,607)
Cash payments for other operating expenses	(267,942)	(422,637)	(690,579)
Cash payments for materials and supplies	(152,297)	(11,017)	(163,314)
Net Cash Provided by (Used for) Operating Activities	71,432	(46,241)	25,191
Cash Flows from Noncapital Financing Activities			
Loan to other funds	-	-	-
Loan from other funds	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	-	-	-
Cash Flows from Capital and Related Financing Activities			
Transfers in - Special Local Option Sales Tax Fund	314,428	-	314,428
Cash payments to purchase capital assets	(266,455)	-	(266,455)
Net Cash Provided by Capital and Related Financing Activities	47,973	-	47,973
Cash Flows from Investing Activities			
Cash received from interest	570	42	612
Net Cash Flows Provided by Investing Activities	570	42	612
Net Increase(Decrease) in Cash and Cash Equivalents	119,975	(46,199)	73,776
Cash and Cash Equivalents at Beginning of Year	123,714	51,274	174,988
Cash and Cash Equivalents at End of Year	$ 243,689	$ 5,075	$ 248,764

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
FOR THE YEAR ENDED DECEMBER 31, 2016

	Water and Sewer	Sanitation	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income(loss)	$ (144,624)	$ (47,762)	$ (192,386)
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities			
Depreciation	208,893	3,102	211,995
Changes in Assets and Liabilities:			
(Increase)decrease in accounts receivable	31,707	(1,930)	29,777
(Increase) in inventory	(38,493)	-	(38,493)
(Increase) in prepaid expenses	(402)	-	(402)
Increase in accounts payable	14,213	349	14,562
Increase in customer deposits	138	-	138
Net cash provided by operating activities	$ 71,432	$ (46,241)	$ 25,191

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, 168 Miot Drive, Lyons, Georgia, 30436.

Expenditures to the Ohoopee Regional Library, the Toombs County Chamber of Commerce, the Vidalia Tourism Council, Lyons Boys and Girls Club, 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.

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 financial statement 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.

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

The City also has deferred inflows of resources and deferred outflows of resources 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 actuary 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 outflows of resources or 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 outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service 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. Additionally, any contributions made by the City to the pension plan before year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources. This amount will reduce the net pension liability in the next fiscal year.

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 use 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 2016 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 inter-fund activity has been removed from the government-wide financial statements. Due to/from other funds have been eliminated as well as transfers between funds.

Inter-fund Receivables and Payables

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

The only inter-fund 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

Purchases of materials and supplies are recorded as expenditures as incurred except for materials held in storage for the use of the City's water and sewer fund. Inventories held in storage are valued at cost, which approximates market, using the first-in/first-out (FIFO) method are recorded as expenditures when consumed rather than when purchased.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2016, 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 2016, 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 un-collectibles, 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, 2016 are as follows:

	General Fund	Capital Projects	Special Revenue TSPLOST	Total
State of Georgia				
Sales Tax	$ 111,898	$ 185,173	$ 4,494	$ 301,565
Grant Agency	-	52,123	-	52,123
	$ 111,898	$ 237,296	$ 4,494	$ 353,688

NOTE 5- CHANGES IN CAPITAL ASSETS

Primary government

Capital asset activity for the year ended December 31, 2016 was as follows:

	Primary Government			
	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Governmental activities				
Capital assets:				
Non-depreciable:				
Land	$ 1,166,307	$ -	$ -	$ 1,166,307
Construction in progress	408,880	661,240	(640,575)	429,545
Depreciable:				
Buildings	2,299,221	239,208	-	2,538,429
Machinery, equipment and vehicles	2,462,556	117,478	-	2,580,034
Infrastructure	7,350,328	675,416	-	8,025,744
Total capital assets	13,687,292	1,693,342	(640,575)	14,740,059
Less: accumulated depreciation				
Buildings	(697,823)	(77,735)	-	(775,558)
Machinery, equipment and vehicles	(1,665,720)	(213,381)	-	(1,879,101)
Infrastructure	(1,288,368)	(168,901)	-	(1,457,269)
Total accumulated depreciation	(3,651,911)	(460,017)	-	(4,111,928)
Governmental activites capital assets, net	$ 10,035,381	$ 1,233,325	$ (640,575)	$ 10,628,131

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

Governmental Activities:	
General Government	$ 124,251
Public Safety	100,991
Public Works	168,124
Recreation and Culture	66,651
Total governmental activities depreciation expense	$ 460,017

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, 2016 was as follows:

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Water/Sewer Enterprise Fund				
Capital assets:				
Non-depreciable:				
Land	$ 10,265	$ -	$ -	$ 10,265
Construction in progress	138,655	61,185	-	199,840
Depreciable:				
Buildings	1,432,351	6,908	-	1,439,259
Water and sewer system in service	5,807,259	198,362	-	6,005,621
Machinery, equipment and vehicles	1,769,793	-	-	1,769,793
Less accumulated depreciation:				
Buildings	(441,647)	(36,301)	-	(477,948)
Water and sewer system in service	(2,626,302)	(151,529)	-	(2,777,831)
Machinery, equipment and vehicles	(1,584,517)	(21,063)	-	(1,605,580)
Total accumulated depreciation	(4,652,466)	(208,893)	-	(4,861,359)
Total water/sewer capital assets, net	4,505,857	57,562	-	4,563,419
Sanitation Enterprise Fund				
Machinery and equipment	553,965	-	-	553,965
Less accumulated depreciation:				
Machinery and equipment	(537,339)	(3,102)	-	(540,441)
Total accumulated depreciation	(537,339)	(3,102)	-	(540,441)
Total sanitation capital assets, net	16,626	(3,102)	-	13,524
Total	$ 4,522,483	$ 54,460	$ -	$ 4,576,943

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, 2016, the Plan was amended to provide for immediate participation for employees. At June 30, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	27
Inactive employees entitled to but not yet receiving benefits	13
Active employees	51
Total covered employees	91

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 $99,323 to the Plan for the year ended December 31, 2016.

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

At December 31, 2016, the City reported a liability of $750,289 as its net pension liability. The net pension liability was determined by an actuarial valuation as July 1, 2016. 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, 2016.

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, 2016:

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, 2015*	$ 2,413,749	$ 1,958,317	$ 455,432
Changes for the year:			
Service Cost	68,328	-	68,328
Interest	180,941	-	180,941
Differences between expected and actual experience	156,937	-	156,937
Contributions- employer	-	113,475	(113,475)
Contributions- employee	-	-	-
Net investment income	-	5,019	(5,019)
Benefit payments, including refunds of employee contributions	(158,061)	(158,061)	-
Administrative Expense	-	(7,145)	7,145
Other	-	-	-
Net Changes	248,145	(46,712)	294,857
Balances at March 31, 2016**	$ 2,661,894	$ 1,911,605	$ 750,289

**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.*

*** Entry Age Normal liabilities calculated using ages and service amounts as of July 1, 2016 are used to measure TPL as of March 31, 2016. The balances as of March 31, 2016 constitute measurements of the NPL for the fiscal year ending December 31, 2016.*

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, 2016, the City recognized pension expense of $146,251. 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, 2016, 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	$ 130,780	$ (11,520)
Changes of assumptions	-	(7,806)
Net difference between projected and actual earnings on pension plan investments	94,604	-
City contributions subsequent to the measurement date	75,989	-
Total	$ 301,373	$ (19,326)

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.

$75,989 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. 2017. Other amounts reported as deferred (inflows) outflows 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
2017	$ 41,599
2018	41,599
2019	41,599
2020	55,105
2021	26,156
Thereafter	-
Total	$ 206,058

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions

The total pension liability in the July 1, 2016 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 11 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, 2016 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, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.75%
International equity	20%	7.45%
Global fixed income	5%	3.30%
Domestic fixed income	20%	1.75%
Real estate	10%	4.55%
Cash	0%	0.00%
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	$ 1,062,175	$ 750,289	$ 485,084

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, 2016.

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	$ 4,617,076	$ 2,520,000	2,097,076	$ -	$ 4,493,963

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 2016 related to this note were as follows:

	Amount at 12/31/2015	Additions	Payments	Amount at 12/31/2016
Principal	$ 13,001	-	13,001	-
Interest	193	-	193	-
	$ 13,194	-	13,194	-

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:			
Legislative and Executive	$ 159,478	$ 145,500	$ (13,978)
Judicial	66,955	52,060	(14,895)
General Administration	298,869	258,369	(40,500)
Police Department	1,278,431	1,074,837	(203,594)
Fire Department	67,252	60,376	(6,876)
Animal Control Facility	53,991	50,111	(3,880)
Street Department	719,459	333,164	(386,295)
Culture and Recreation	207,099	189,024	(18,075)
Debt Service	13,195	1,000	(12,195)
Total Current Operating Expenditures	$ 2,864,729	$ 2,164,441	$ (700,288)
Recreation Department			
Culture and Recreation	$ 358,721	$ 289,695	$ (69,026)

The General Fund and Recreation Department had excess expenditures over appropriations for the year ended December 31, 2016. All expenditures were approved by either City Council or the Recreation Department Board. The excess was funded by the prior year's fund balance. The excess in the Recreation Department was funded by an operating transfer from the General Fund during 2016.

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, 2016, the Recreation Department had a deficit fund balance of ($14,394).

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, 2016, the following amounts were due between funds:

Due to	Due From	Amount	Purpose
General Fund	SPLOST	$ 6,677	Operating expenses
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 has imposed a five percent tax on hotel/motel accommodations as defined by Georgia statute, which requires that forty percent (40%) of the tax collected for this purpose, less any administrative costs incurred by the City, will be used for the promotion of the tourism in the local area. In 2016 the City collected $4,408 and expended $1,859.

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	$ 79,817
Restricted for Capital Projects	3,319,288
Total Restricted Net Postiton	$ 3,399,105

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, 2016. 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	314,428	Water/Sewer Prop. Fund	Capital Outlay
General Fund	50,000	Recreation Department	Operations
Hotel/Motel Spl. Rev Fund	2,549	General Fund	Operations
Total Transferred	$ 366,977		

NOTE 17-PRIOR PERIOD ADJUSTMENT

The City has determined that a restatement to the January 1, 2016 beginning net position was required to correct prior employee benefit withholding errors that had been expensed in error over the period of several years. This adjustment resulted in a change to the beginning net position of the Government-wide net position and the Governmental fund balance as follows:

	Government-Wide Governmental Activities	Governmental Funds General Fund
As previously reported	$ 14,867,837	$ 1,573,584
Correction of error	72,187	72,187
Net position, January 1, 2016 restated	$ 14,940,024	$ 1,645,771

NOTE 18-SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 19, 2017, 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, 2016

	Original and Final Budget	Actual	Variance Over(Under)
Taxes			
Property taxes	$ 254,000	$ 267,801	$ 13,801
Prior taxes & penalties	-	-	-
Vehicle tags & taxes	80,000	98,763	18,763
Mobile home taxes	2,000	2,122	122
Transfer tax	7,600	4,471	(3,129)
GPC franchise tax	350,000	282,601	(67,399)
Atlanta Gas franchise tax	27,000	14,017	(12,983)
Northland Cable franchise tax	27,000	31,467	4,467
Bell South franchise tax	10,000	11,310	1,310
Housing Authority tax	11,350	11,350	-
Local option sales tax	710,800	660,487	(50,313)
Alcoholic beverage tax	77,400	79,714	2,314
Insurance premium tax	250,000	272,564	22,564
Total	1,807,150	1,736,667	(70,483)
Intergovernmental			
Trails to Rails Grant	-	300,000	300,000
TIA Grant	-	42,572	42,572
Police Grants	45,000	91,442	46,442
Total	45,000	434,014	389,014
Licenses and Permits			
Business licenses	60,000	70,356	10,356
Building and wiring permits	500	600	100
Total	60,500	70,956	10,456
Charges for Services			
City payment - fire protection	53,800	64,449	10,649
County payment - fire protection	500	1,000	500
Debris charge	25,300	25,622	322
Animal control revenue	604	4,899	4,295
Election qualifying fees	-	-	-
Total	80,204	95,970	15,766
Subtotal	$ 1,992,854	$ 2,337,607	$ 344,753

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, 2016

	Original and Final Budget	Actual	Variance Over(Under)
Subtotal carryforward	$ 1,992,854	$ 2,337,607	$ 344,753
Fines and forfeits:			
Fees & court costs	200,000	220,640	20,640
Other police reciepts	18,000	27,432	9,432
Total	218,000	248,072	30,072
Miscellaneous:			
Interest earned	1,000	1,202	202
Rent - miscellaneous	30,000	34,691	4,691
Southern Linc	8,000	7,935	(65)
Miscellaneous	26,000	25,816	(184)
Total	65,000	69,644	4,644
Other financing sources:			
Other revenue	7,000	-	(7,000)
Total General Fund Revenues	$ 2,282,854	$ 2,655,323	$ 372,469

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, 2016

	Original and Final Budget	Actual	Variance (Over)Under
General Government			
Legislative and Executive:			
Personal services	$ 126,000	$ 141,473	$ (15,473)
Operating expenditures	19,500	18,005	1,495
Total	145,500	159,478	(13,978)
Judicial:			
Personal services	7,800	7,800	-
Operating expenditures	44,260	59,155	(14,895)
Total	52,060	66,955	(14,895)
General Administration:			
Personal services	29,970	21,656	8,314
Operating expenditures	228,399	277,213	(48,814)
Total	258,369	298,869	(40,500)
Total General Government	455,929	525,302	(69,373)
Public Safety			
Police Department:			
Personal services	832,037	1,033,717	(201,680)
Operating expenditures	242,800	244,714	(1,914)
Total	1,074,837	1,278,431	(203,594)
Fire Department:			
Personal services	21,796	31,561	(9,765)
Operating expenditures	38,580	35,691	2,889
Total	60,376	67,252	(6,876)
Total Public Safety	1,135,213	1,345,683	(210,470)
Animal Control Facility:			
Personal services	42,011	46,674	(4,663)
Operating expenditures	8,100	7,317	783
Total	$ 50,111	$ 53,991	$ (3,880)

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, 2016

	Original and Final Budget	Actual	Variance (Over)Under
Street Department:			
Personal services	$ 112,164	$ 168,782	$ (56,618)
Operating expenditures	221,000	550,677	(329,677)
Total	333,164	719,459	(386,295)
Culture & Recreation:			
Personal services	174,874	199,245	(24,371)
Operating expenditures	14,150	7,854	6,296
Total	189,024	207,099	(18,075)
Economic Development:			
Personal services	74,400	80,739	(6,339)
Operating expenditures	18,000	9,479	8,521
Total	92,400	90,218	2,182
Debt Service:			
Principal retirement	-	13,001	(13,001)
Interest expense	1,000	194	806
Total	1,000	13,195	(12,195)
Total General Fund Expenditures before Other financing sources/uses:	2,256,841	2,954,947	(698,106)
Other financing (sources)uses:			
Transfers	50,000	47,451	2,549
Total	50,000	47,451	2,549
Total General Fund Expenditures	$ 2,306,841	$ 3,002,398	$ (695,557)

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, 2016

	Original and Final Budget	Actual	Variance Over(Under)
Intergovernmental:			
Toombs County	$ 68,000	$ 66,496	$ (1,504)
Total	68,000	66,496	(1,504)
Charges for Services:			
Sports and tournament fees	72,750	78,968	6,218
Concessions	91,000	66,579	(24,421)
Insurance fees	200	258	58
Picture fees	-	-	-
Building fee income	80,000	70,992	(9,008)
Total	243,950	216,797	(27,153)
Miscellaneous:			
Interest earned	350	116	(234)
Donations	3,500	2,227	(1,273)
Miscellaneous	1,400	2,190	790
Total	5,250	4,533	(717)
Total Recreation Dept Revenues	$ 317,200	$ 287,826	$ (29,374)

	Original and Final Budget	Actual	Variance (Over)Under
Culture and Recreation:			
Operating expenditures	$ 286,395	$ 358,721	$ (72,326)
Personal Services	3,300	-	3,300
Total	289,695	358,721	(69,026)
Total Recreation Dept Expenditures before Other financing sources/uses	289,695	358,721	(69,026)
Other financing (sources)uses:			
Transfers	(50,000)	(50,000)	-
Total	(50,000)	(50,000)	-
Total Recreation Dept Expenditures	$ 239,695	$ 308,721	$ (69,026)

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

CITY OF LYONS, GEORGIA
NOTES TO BUDGETARY COMPARISON SCHEDULE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2016

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 appropriations are as follows:

General Fund	Expenditures	Appropriations	Expenditures Over Appropriations
Current Operating Expenditures:			
Legislative and Executive	$ 159,478	$ 145,500	$ (13,978)
Judicial	66,955	52,060	(14,895)
General Administration	298,869	258,369	(40,500)
Police Department	1,278,431	1,074,837	(203,594)
Fire Department	67,252	60,376	(6,876)
Animal Control Facility	53,991	50,111	(3,880)
Street Department	719,459	333,164	(386,295)
Culture and Recreation	207,099	189,024	(18,075)
Debt Service	13,195	1,000	(12,195)
Total Current Operating Expenditures	$ 2,864,729	$ 2,164,441	$ (700,288)
Recreation Department			
Culture and Recreation	$ 308,721	$ 239,695	$ (69,026)

The General Fund and Recreation Department had excess expenditures over appropriations for the year ended December 31, 2016. All expenditures were approved by either City Council or the Recreation Department Board. The excess was funded by the prior year's fund balance. The excess in the Recreation Department was funded by an operating transfer from the General Fund during 2016.

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

	2016	2015
Total pension liability		
Service cost	$ 68,328	$ 68,103
Interest on total pension liability	180,941	176,009
Differences between expected and actual experience	156,937	(19,199)
Changes of assumptions	-	(13,010)
Benefit payments, including refunds of employee contributions	(158,061)	(138,479)
Net change in total pension liability	248,145	73,424
Total Pension Liability- beginning	2,413,749	2,340,325
Total Pension Liability- ending (a)	$ 2,661,894	$ 2,413,749
Plan Fiduciary net position		
Contributions- employer	$ 113,475	$ 106,728
Contributions- employee	-	-
Net investment income	5,019	175,007
Benefit payments, including refunds of member contributions	(158,061)	(138,479)
Administrative expenses	(7,145)	(6,435)
Net change in plan fiduciary net position	(46,712)	136,821
Plan Fiduciary net position- beginning	1,958,317	1,821,496
Plan Fiduciary net position- ending (b)	$ 1,911,605	$ 1,958,317
City's net pension liability- ending (a) - (b)	$ 750,289	$ 455,432
Plan Fiduciary net position as a percentage of the total pension liability	71.81%	81.13%
Covered-employee payroll	$ 1,537,315	$ 1,362,415
City's net pension liability as a percentage of covered-employee payroll	48.81%	33.43%

Notes to the Schedule:

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

SCHEDULE OF CITY CONTRIBUTIONS

	2016	2015
Actuarially determined contribution	$ 130,304	$ 105,867
Contributions in relation to the actuarially determined contribution	99,323	114,768
Contribution deficiency (excess)	$ 30,981	$ (8,901)
Covered-employee payroll	$ 1,809,461	$ 1,706,176
Contributions as a percentage of covered employee payroll	5.49%	6.73%

Notes to the Schedule

(1) Actuarial Assumptions:

Valuation Date	July 1, 2016
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 11 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
DECEMBER 31, 2016

	Hotel Motel Tourism	TSPLOST	Community Development Block Grant	Total Nonmajor Governmental Funds
Assets				
Cash	$ -	$ 63,578	$ 5,023	$ 68,601
Due from other government		4,494	-	4,494
Due from others	-	12,503	-	12,503
Total assets	-	80,575	5,023	85,598
Liabilities and Fund Balances				
Liabilities				
Accounts payable	-	758	-	758
Fund Balances				
Fund balance:				
Total Restricted	-	79,817	5,023	84,840
Total fund balances	-	79,817	5,023	84,840
Total Liabilities and Fund Balances	$ -	$ 80,575	$ 5,023	$ 85,598

CITY OF LYONS, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Hotel Motel Tourism	TSPLOST	Community Development Block Grant	Total Nonmajor Governmental Funds
Revenues:				
Taxes	$ 4,408	$ 47,696	$ -	$ 52,104
Grants	-	-	5,000	5,000
Total revenues	4,408	47,696	5,000	57,104
Expenditures:				
Current operating:				
Street department	-	3,063	-	3,063
Community development	1,859	-	-	1,859
Total expenditures	1,859	3,063	-	4,922
Other financing sources (uses):				
Transfers	(2,549)	-	-	(2,549)
Total other financing sources (uses)	(2,549)	-	-	(2,549)
Excess revenues(expenditures):	-	44,633	5,000	49,633
Net change in fund balances	-	44,633	5,000	49,633
Fund balance - beginning of year	-	35,184	23	35,207
Fund balance - end of year	$ -	$ 79,817	$ 5,023	$ 84,840

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, 2016. 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, 2016, in conformity with accounting principles generally accepted in the United States of America.

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

Vidalia, Georgia

June 19, 2017

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, 2016

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	131,546	131,546	-	$ 131,546	
1998-2003	Roads and streets: Drainage	150,532	201,832	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	1,138,675	1,000,000	138,675	1,138,675	
1998-2003	Industrial Park	750,000	611,325	611,325	-	611,325	
1998-2003	Recreation: Paving	20,000	20,000	20,000	-	20,000	
Total		2,670,532	2,753,378	2,614,703	138,675	2,753,378	100.00%
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	646,296	-	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	3,597,942	-	3,597,942	97.77%
2009-2014	Public buildings	313,000	500,000	499,999	-	499,999	
2009-2014	Roads and streets	2,304,667	1,200,000	926,953	-	926,953	
2009-2014	Water and Sewer	2,416,000	1,739,315	-	411,781	411,781	
2009-2014	Equipment acq: Public Safety	368,333	650,700	650,699	-	650,699	
2009-2014	Equipment acq: Sanitation	483,000	290,000	273,445	-	273,445	
2009-2014	Recreation	195,000	50,000	50,001	-	50,001	
Total		6,080,000	4,430,015	2,401,097	411,781	2,812,878	46.26%
2015-2020	Public Facilities	600,000	600,000	42,044	150,961	193,005	
2015-2020	Road, bridges and streets	1,200,000	1,200,000	-	129,024	129,024	
2015-2020	Water and Sewer	3,000,000	3,000,000	-	-	-	
2015-2020	Other capital outlay	600,000	600,000	-	129,677	129,677	
2015-2020	Recreation and equipment	680,000	680,000	32,366	54,060	86,426	
Total		$ 6,080,000	6,080,000	74,410	463,722	$ 538,132	8.85%

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

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 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, 2016, 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 19, 2017.

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 19, 2017.

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 19, 2017

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, 2016 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