CITY OF LYONS, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2020

Prepared by:
Lyons Finance Department

CITY OF LYONS, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020

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CITY OF LYONS, GEORGIA

ANNUAL FINANCIAL REPORT
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FINANCIAL SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members
of the City Council
City of Lyons, Georgia
Lyons, Georgia

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** (the "City"), as of and for the year ended December 31, 2020, 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 risk 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 as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the Recreation Department Fund 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 Schedule of Changes in the City's Net Pension Liability and Related Ratios (on pages 42 and 43), and the Schedule of City Contributions (on pages 44 and 45) 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 the 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's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of special purpose local option sales tax proceeds is presented for purposes of additional analysis as required by the Official Code of Georgia Annotated §48-8-121, and is also not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the schedule of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards 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 combining and individual nonmajor fund financial statements, the schedule of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2021, on our consideration of the City'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
June 2, 2021

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CITY OF LYONS, GEORGIA

STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 1,222,775	$ 505,454	$ 1,728,229
Investments	1,800,000	1,020,000	2,820,000
Receivables, net			
Accounts	-	307,684	307,684
Property tax	97,648	-	97,648
Other receivables	6,157	-	6,157
Due from other governments	393,490	585,452	978,942
Inventory	-	61,731	61,731
Restricted cash	-	700,000	700,000
Capital assets:			
Non-depreciable	866,701	8,199,187	9,065,888
Depreciable, net of accumulated depreciation	9,477,615	6,054,213	15,531,828
Total assets	13,864,386	17,433,721	31,298,107
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	312,998	132,805	445,803
Total deferred outflows of resources	312,998	132,805	445,803
LIABILITIES			
Accounts payable	206,235	669,497	875,732
Retainage payable	-	662,101	662,101
Accrued salaries and related liabilities	18,497	7,129	25,626
Customer deposits	-	126,166	126,166
Accrued interest payable	11,226	2,873	14,099
Non-current liabilities			
Due within one year	84,545	71,814	156,359
Due in more than one year	587,595	8,760,100	9,347,695
Net pension liability - due in more than one year	689,217	292,434	981,651
Total liabilities	1,597,315	10,592,114	12,189,429
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	58,836	24,964	83,800
Total deferred inflows of resources	58,836	24,964	83,800
NET POSITION			
Net investment in capital assets	9,672,176	6,121,486	15,793,662
Restricted for:			
Tourism	400	-	400
Capital projects	1,809,165	-	1,809,165
Unrestricted	1,039,492	827,962	1,867,454
Total net position	$ 12,521,233	$ 6,949,448	$ 19,470,681

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

CITY OF LYONS, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities:				
General government	$ 655,483	$ 73,075	$ -	$ 107,406
Public safety	1,388,419	284,439	221,588	107,636
Public works	791,439	-	-	751,731
Community development	537,976	-	280,453	-
Recreation and culture	294,012	107,485	63,500	131,275
Total governmental activities	$ 3,667,329	$ 464,999	$ 565,541	$ 1,098,048
Business-type activities:				
Water and sewer	$ 1,975,356	$ 1,469,347	$ -	$ 178,772
Sanitation	487,834	572,207	-	148,000
Total business-type activities	$ 2,463,190	$ 2,041,554	$ -	$ 326,772
General revenues:				
Taxes				
Property taxes				
Motor vehicle taxes				
TSPLOST taxes				
Sales taxes				
Insurance premium taxes				
Alcoholic beverage taxes				
Real estate transfer taxes				
Franchise taxes				
Other taxes				
Interest				
Gain on sale of assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

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

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (475,002)	$ -	$ (475,002)
(774,756)	-	(774,756)
(39,708)	-	(39,708)
(257,523)	-	(257,523)
8,248	-	8,248
(1,538,741)	-	(1,538,741)
-	(327,237)	(327,237)
-	232,373	232,373
-	(94,864)	(94,864)
405,197	-	405,197
94,291	-	94,291
65,072	-	65,072
916,737	-	916,737
348,872	-	348,872
89,049	-	89,049
16,632	-	16,632
307,574	-	307,574
32,073	-	32,073
2,411	10,208	12,619
30,623	-	30,623
49,663	-	49,663
(124,181)	124,181	-
2,234,013	134,389	2,368,402
695,272	39,525	734,797
11,825,961	6,909,923	18,735,884
$ 12,521,233	$ 6,949,448	$ 19,470,681

CITY OF LYONS, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General Fund	Special Purpose Local Option Sales Tax Fund	Recreation Department Fund	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	$ 535,031	$ 373,156	$ 71,614	$ 242,974	$ 1,222,775
Investments	691,855	1,108,145	-	-	1,800,000
Receivables, net					
Property taxes	97,648	-	-	-	97,648
Other receivables	5,756	-	-	401	6,157
Due from governments	147,846	239,624	-	6,020	393,490
Due from other funds	154,974	-	-	-	154,974
Total assets	$ 1,633,110	$ 1,720,925	$ 71,614	$ 249,395	$ 3,675,044
LIABILITIES					
Accounts payable	$ 33,735	$ 160,463	$ 12,037	$ -	$ 206,235
Accrued salaries and related liabilities	14,302	-	-	-	14,302
Due to other funds	-	-	154,682	292	154,974
Total liabilities	48,037	160,463	166,719	292	375,511
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	75,947	-	-	-	75,947
Total deferred inflows of resources	75,947	-	-	-	75,947
FUND BALANCES (DEFICIT)					
Restricted for:					
Capital projects	-	1,560,462	-	248,703	1,809,165
Tourism	-	-	-	400	400
Unassigned	1,509,126	-	(95,105)	-	1,414,021
Total fund balances (deficit)	1,509,126	1,560,462	(95,105)	249,103	3,223,586
Total liabilities, deferred inflows of resources, and fund balances (deficit)	$ 1,633,110	$ 1,720,925	$ 71,614	$ 249,395	$ 3,675,044

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

CITY OF LYONS, GEORGIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2020

Amounts reported for governmental activities in the statement of net position are different because:		
Fund balances - total governmental funds		$ 3,223,586
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost of assets	$ 14,592,996	
Accumulated depreciation	(4,248,680)	
		10,344,316
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		75,947
The net pension liability and related deferred inflows and outflows of resources are not financial resources and, therefore, are not reported in the governmental funds.		(435,055)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(687,561)
Net position of governmental activities		$ 12,521,233

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

CITY OF LYONS, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Special Purpose Local Option Sales Tax Fund	Recreation Department Fund	Nonmajor Governmental Funds	Total
Revenues					
Local revenues:					
Taxes	$ 2,185,607	$ -	$ -	$ 69,704	$ 2,255,311
Charges for services	114,485	-	107,485	-	221,970
Licenses and permits	73,075	-	-	-	73,075
Intergovernmental	221,588	1,052,703	63,500	280,453	1,618,244
Fines and forfeitures	169,954	-	-	-	169,954
Contributions and donations	230	-	9,614	-	9,844
Interest revenues	1,406	35,501	632	373	37,912
Other revenues	48,700	-	963	-	49,663
Total revenues	2,815,045	1,088,204	182,194	350,530	4,435,973
Expenditures					
Current:					
General government	447,348	27,879	-	-	475,227
Public safety	1,207,345	16,538	-	-	1,223,883
Public works	395,298	14,048	-	41,835	451,181
Culture and recreation	187,087	-	275,838	-	462,925
Community development	104,075	-	-	186,137	290,212
Capital outlay	-	1,184,032	-	1,904	1,185,936
Debt service:					
Principal retirement	-	21,760	-	-	21,760
Interest	-	8,389	-	-	8,389
Total expenditures	2,341,153	1,272,646	275,838	229,876	4,119,513
Excess (deficiency) of revenues over (under) expenditures	473,892	(184,442)	(93,644)	120,654	316,460
Other financing sources (uses)					
Transfers in	2,718	-	164,500	-	167,218
Transfers out	(164,500)	(124,181)	-	(2,718)	(291,399)
Proceeds from sale of capital assets	30,623	-	-	-	30,623
Proceeds from issuance of debt	-	440,000	-	-	440,000
Total other financing sources (uses)	(131,159)	315,819	164,500	(2,718)	346,442
Net change in fund balances	342,733	131,377	70,856	117,936	662,902
Fund balances (deficit), beginning of year	1,166,393	1,429,085	(165,961)	131,167	2,560,684
Fund balances (deficit), end of year	$ 1,509,126	$ 1,560,462	$ (95,105)	$ 249,103	$ 3,223,586

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

CITY OF LYONS, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 662,902
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.		
Capital outlay	$ 1,088,016	
Depreciation expense	(411,238)	
		676,778
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(147,120)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		20,186
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		(418,240)
Pension expense related to the net pension liability as recorded in the statement of activities is based on the City's proportionate share of pension expense of the retirement system as a whole, whereas pension expenditures recorded in the funds are based on the use of financial resource (e.g., required contributions). Thus, the change in net position differs from the change in fund balance by the amount in which the City's proportionate share of pension expense exceeds actual contributions.		(88,008)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This amount represents the decrease in compensated absences payable.		(11,226)
Change in net position of governmental activities		$ 695,272

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

CITY OF LYONS, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 2,044,050	$ 2,044,050	$ 2,185,607	$ 141,557
Charges for services	112,000	112,000	114,485	2,485
Licenses and permits	68,100	68,100	73,075	4,975
Intergovernmental	-	-	221,588	221,588
Fines and forfeitures	241,000	241,000	169,954	(71,046)
Contributions and donations	1,500	1,500	230	(1,270)
Interest revenue	400	400	1,406	1,006
Other revenues	53,860	53,860	48,700	(5,160)
Total revenues	2,520,910	2,520,910	2,815,045	294,135
Expenditures				
Current:				
General government:				
Legislative and executive	187,100	187,100	163,061	24,039
Judicial	69,000	69,000	53,918	15,082
General administration	191,825	191,825	230,369	(38,544)
Total general government	447,925	447,925	447,348	577
Public safety				
Police department	1,018,700	1,018,700	1,068,014	(49,314)
Fire department	74,232	74,232	82,731	(8,499)
Animal control	86,600	86,600	56,600	30,000
Total public safety	1,179,532	1,179,532	1,207,345	(27,813)
Public works	373,650	373,650	395,298	(21,648)
Culture and recreation	190,650	190,650	187,087	3,563
Community development	118,300	118,300	104,075	14,225
Total expenditures	2,310,057	2,310,057	2,341,153	(31,096)
Excess of revenues over expenditures	210,853	210,853	473,892	263,039
Other financing sources (uses)				
Transfers in	-	-	2,718	2,718
Transfers out	-	-	(164,500)	(164,500)
Proceeds from sale of capital assets	-	-	30,623	30,623
Total other financing uses, net	-	-	(131,159)	(131,159)
Net change in fund balances	210,853	210,853	342,733	131,880
Fund balances, beginning of year	1,166,393	1,166,393	1,166,393	-
Fund balances, end of year	$ 1,377,246	$ 1,377,246	$ 1,509,126	$ 131,880

CITY OF LYONS, GEORGIA

RECREATION DEPARTMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND DEFICIT - BUDGET AND ACTUAL - GAAP BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Intergovernmental	$ 60,000	$ 60,000	$ 63,500	$ 3,500
Charges for services	255,600	255,600	107,485	(148,115)
Contributions and donations	8,000	8,000	9,614	1,614
Interest revenues	480	480	632	152
Other revenues	750	750	963	213
Total revenues	324,830	324,830	182,194	(142,636)
Expenditures				
Current:				
Culture and recreation	347,800	347,800	275,838	71,962
Total expenditures	347,800	347,800	275,838	71,962
Deficiency of revenues under expenditures	(22,970)	(22,970)	(93,644)	(70,674)
Other financing sources				
Transfers in	-	-	164,500	164,500
Total other financing sources	-	-	164,500	164,500
Net change in fund balances	(22,970)	(22,970)	70,856	93,826
Fund deficit, beginning of year	(165,961)	(165,961)	(165,961)	-
Fund deficit, end of year	$ (188,931)	$ (188,931)	$ (95,105)	$ 93,826

CITY OF LYONS, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020

	Water and Sewer	Sanitation	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 330,464	$ 174,990	$ 505,454
Investments	1,020,000	-	1,020,000
Accounts receivable, net	213,214	94,470	307,684
Inventory	61,731	-	61,731
Due from other governments	585,452	-	585,452
Restricted cash	700,000	-	700,000
Total current assets	2,910,861	269,460	3,180,321
NON-CURRENT ASSETS			
Capital assets:			
Non-depreciable	8,199,187	-	8,199,187
Depreciable, net of accumulated depreciation	5,916,512	137,701	6,054,213
Total non-current assets	14,115,699	137,701	14,253,400
Total assets	17,026,560	407,161	17,433,721
DEFERRED OUTFLOWS OF RESOURCES			
Pension	126,608	6,197	132,805
Total deferred outflows of resources	126,608	6,197	132,805
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	636,472	33,025	669,497
Retainage payable	662,101	-	662,101
Accrued salaries and related liabilities	6,760	369	7,129
Current portion of lease payable	71,814	-	71,814
Accrued interest	2,873	-	2,873
Customer deposits	126,166	-	126,166
Total current liabilities	1,506,186	33,394	1,539,580
LONG-TERM LIABILITIES			
Net pension liability	278,789	13,645	292,434
Long-term portion of notes payable	7,187,924	-	7,187,924
Long-term portion of lease payable	1,572,176	-	1,572,176
Total long-term liabilities	9,038,889	13,645	9,052,534
Total liabilities	10,545,075	47,039	10,592,114
DEFERRED INFLOWS OF RESOURCES			
Pension	23,799	1,165	24,964
Total deferred inflows of resources	23,799	1,165	24,964
NET POSITION			
Net investment in capital assets	5,983,785	137,701	6,121,486
Unrestricted	600,509	227,453	827,962
Total net position	$ 6,584,294	$ 365,154	$ 6,949,448

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

CITY OF LYONS, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Water and Sewer	Sanitation	Total
OPERATING REVENUES			
Current use charges	$ 1,421,134	$ 559,575	$ 1,980,709
Other charges	48,213	12,632	60,845
Total operating revenues	1,469,347	572,207	2,041,554
OPERATING EXPENSES			
Personal services	727,561	41,866	769,427
Repairs and maintenance	292,268	12,340	304,608
Utilities	198,459	-	198,459
Materials and supplies	128,891	7,618	136,509
Drinking water fees	9,121	-	9,121
Landfill fees	-	30,275	30,275
Outside contractor fees	-	371,219	371,219
Other	147,875	12,502	160,377
Depreciation	383,176	12,014	395,190
Total operating expenses	1,887,351	487,834	2,375,185
Operating income (loss)	(418,004)	84,373	(333,631)
NON-OPERATING REVENUES (EXPENSES)			
Interest income	9,704	504	10,208
Interest expense	(88,005)	-	(88,005)
Total non-operating revenues (expenses)	(78,301)	504	(77,797)
Income (loss) before capital contributions and transfers	(496,305)	84,877	(411,428)
CAPITAL CONTRIBUTIONS	178,772	148,000	326,772
TRANSFERS IN	124,181	-	124,181
Change in net position	(193,352)	232,877	39,525
Net position, beginning of year	6,777,646	132,277	6,909,923
Net position, end of year	$ 6,584,294	$ 365,154	$ 6,949,448

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

CITY OF LYONS, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Water and Sewer	Sanitation	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 975,890	$ 573,600	$ 1,549,490
Cash paid to suppliers	(168,338)	(470,295)	(638,633)
Cash paid to employees	(212,638)	(41,866)	(254,504)
Net cash provided by operating activities	594,914	61,439	656,353
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from issuance of notes payable	5,359,921	-	5,359,921
Principal paid on capital leases	(69,521)	-	(69,521)
Payment of interest expense	(88,126)	-	(88,126)
Transfers in	124,181	-	124,181
Acquisition and construction of capital assets	(5,851,458)	-	(5,851,458)
Net cash used in capital and related financing activities	(525,003)	-	(525,003)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earned on investments	9,704	504	10,208
Net cash provided by investing activities	9,704	504	10,208
Increase in cash and cash equivalents	79,615	61,943	141,558
Cash and cash equivalents at beginning of year	950,849	113,047	1,063,896
Cash and cash equivalents at end of year (which include $700,000 in restricted cash)	$ 1,030,464	$ 174,990	$ 1,205,454

(Continued)

CITY OF LYONS, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Water and Sewer	Sanitation	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	$ (418,004)	$ 84,373	$ (333,631)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	383,176	12,014	395,190
(Increase) decrease in:			
Accounts receivable	(493,457)	1,393	(492,064)
Inventory	21,119	-	21,119
Deferred outflows	(54,680)	(3,327)	(58,007)
Increase (decrease) in:			
Accounts payable	492,695	(38,820)	453,875
Customer deposits	5,300	-	5,300
Net pension liability	85,908	5,950	91,858
Deferred inflows	(9,000)	(144)	(9,144)
Net cash provided by (used in) operating activities	$ 13,057	$ 61,439	$ 74,496
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Georgia Environmental Finance Authority loan forgiveness	$ 164,522	$ -	$ 164,522
Contributed capital assets	14,250	148,000	162,250
Net noncash investing, capital, and financing activities	$ 178,772	$ 148,000	$ 326,772

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

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NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Lyons, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. 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, amended by GASB 39 and 61, *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 of 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund 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 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.

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. Nonmajor funds are aggregated and presented in a single column.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation

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.

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 revenues, expenses and changes in fund net position presents increases (i.e. revenues) and 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.

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The City reports the following major governmental funds:

The ***General Fund*** is the general operating fund of the 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. Fund balance of the General Fund 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.

The ***Special Purpose Local Option Sales Tax Fund ("SPLOST")*** 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.

The ***Recreation Department Fund*** is used to account for recreation fees, tournament fees, and other specific grants and donations to be used specifically for recreation purposes.

The City reports the following major proprietary funds:

The ***Water and Sewer Fund*** accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

The ***Sanitation Fund*** accounts for the activities of the City's solid waste management operations. All activities necessary to provide such services are accounted for in this fund.

Additionally, the City reports the following fund types:

The ***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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and wastewater function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

D. Budgets and Budgetary Accounting

As set forth in the City Charter, the City Council adopts an annual budget for the General Fund and the special revenue funds. The annual budgets for the General Fund and the special revenue funds are prepared in accordance with the basis of accounting utilized by the fund. Any revisions that alter the total expenditures 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 SPLOST would not be meaningful and has not been presented in the accompanying financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting (Continued)

The Lyons Recreation Department ordinance requires an annual budget be adopted and submitted to the City Council for approval on an annual basis. The Lyons Recreation Department adopted a budget for 2020 and it is presented in the accompanying financial statements as supplementary information.

E. Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition.

F. Deposits and Investments

State 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.

G. Inventory and Prepaid Items

Inventory in the governmental funds are valued at the average cost using the first in/first out (“FIFO”) method. Inventory in the proprietary funds is valued at the lower of cost or market using the weighted average method. Prepaid expenses are accounted for using the consumption method. A prepaid item is recognized when a cash expenditure is made for goods or services that were purchased for consumption, but not consumed as of December 31.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” in the fund financial statements. Short-term interfund loans are classified as “interfund receivables/payables”. Long-term interfund loans are classified as “advances”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

I. Grants from Other Governments

Federal and state governmental units represent an important source of supplementary funding used to finance housing, business development employment, construction programs, capital asset additions and other activities beneficial to the community. This funding, primarily in the form of grants, is recorded in both governmental and proprietary funds. Grant contributions in the proprietary funds, which are for the purpose of construction activities, land easement or capital asset acquisitions, are recorded as capital contributions within the statement of revenues and expenses. For all funds, a grant receivable is recorded when the City has a right to receive the related grant amounts.

J. 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 acquisition 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

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. During the fiscal year ended December 31, 2020, no interest expenses incurred by the City were 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
Machinery, equipment and vehicles	5 – 20 years
Infrastructure, water/sewer and sanitation system	40 – 50 years

K. Compensated Absences

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.

L. 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 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (Continued)

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

N. Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item, which arises 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Deferred Outflows/Inflows of Resources (Continued)

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.

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the City of Lyons Retirement Plan (the “Plan”) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2. DEPOSITS AND INVESTMENTS

Total deposits and investments as of December 31, 2020, are summarized as follows:

As reported in the Statement of Net Position:		
Cash and cash equivalents	$	1,728,229
Investments		2,820,000
Restricted assets:		
Cash and cash equivalents		700,000
	$	5,248,229
Cash deposited with financial institutions	$	2,428,229
Certificates of deposit		2,820,000
	$	5,248,229

Credit Risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers’ acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. It is the City’s policy to limit its investments to those allowed and authorized by state law.

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

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

At December 31, 2020, the City had the following investments:

Investment	Maturities	Fair Value
Certificates of deposit	Less than 12 months	$ 2,820,000

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The certificates of deposit is an investment which does not meet the criteria of GASB No. 72. As a result, the City does not disclose the certificates of deposit within the fair value hierarchy.

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of December 31, 2020, the City did not have any deposits which were uninsured or under collateralized as defined by GASB pronouncements.

Custodial Credit Risk – Investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

NOTE 3. RECEIVABLES

Accounts Receivable

Receivables as of December 31, 2020, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Special Purpose Local Option Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Activities
Receivables:				
Taxes	$ 109,694	$ -	$ -	$ 109,694
Accounts	5,756	-	401	6,157
Intergovernmental	147,846	239,624	6,020	393,490
Gross receivables	263,296	239,624	6,421	509,341
Less: allowance for uncollectibles	(12,046)	-	-	(12,046)
Net total receivables	$ 251,250	$ 239,624	$ 6,421	$ 497,295

	Water and Sewer	Sanitation	Total Business-type Activities
Receivables:			
Accounts	$ 241,321	$ 107,090	$ 348,411
Gross receivables	241,321	107,090	348,411
Less: allowance for uncollectibles	(28,107)	(12,620)	(40,727)
Net total receivables	$ 213,214	$ 94,470	$ 307,684

Property taxes attach as an enforceable lien on property as of January 1. Taxes were levied on October 8, 2020, and due by December 31, 2020, and considered delinquent with interest accruing after January 31st of the following year. Tax liens are recorded in the second year. Property tax revenues are recognized when levied to the extent they result in current receivables. Taxes not collected within 60 days after the year-end are reported as deferred inflows of resources.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	$ 380,615	$ -	$ -	$ -	$ 380,615
Construction in progress	147,516	485,690	(147,120)	-	486,086
Total capital assets, not being depreciated	528,131	485,690	(147,120)	-	866,701
Capital assets, being depreciated:					
Buildings	2,278,978	57,876	(2,155)	-	2,334,699
Machinery, equipment, and vehicles	2,085,543	423,503	(154,052)	-	2,354,994
Infrastructure	8,915,655	120,947	-	-	9,036,602
Total capital assets, being depreciated	13,280,176	602,326	(156,207)	-	13,726,295
Less accumulated depreciation for:					
Buildings	(732,939)	(76,835)	2,155	-	(807,619)
Machinery, equipment, and vehicles	(1,244,565)	(138,155)	154,052	-	(1,228,668)
Infrastructure	(2,016,145)	(196,248)	-	-	(2,212,393)
Total accumulated depreciation	(3,993,649)	(411,238)	156,207	-	(4,248,680)
Total capital assets, being depreciated, net	9,286,527	191,088	-	-	9,477,615
Governmental activities capital assets, net	$ 9,814,658	$ 676,778	$ (147,120)	$ -	$ 10,344,316

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Water and Sewer Fund					
Capital assets, not being depreciated:					
Land	$ 10,265	$ -	$ -	$ -	$ 10,265
Construction in progress	2,337,464	5,851,458	-		8,188,922
Total capital assets, not being depreciated	2,347,729	5,851,458	-	-	8,199,187
Capital assets, being depreciated:					
Building	1,439,259	-	-	-	1,439,259
Water and sewer system in service	8,498,387	-	-	-	8,498,387
Machinery, equipment, and vehicles	1,879,256	14,250	-	-	1,893,506
Total capital assets, being depreciated	11,816,902	14,250	-	-	11,831,152
Less accumulated depreciation for:					
Water and sewer system in service	(588,345)	(36,796)	-	-	(625,141)
Infrastructure	(3,358,933)	(270,495)	-	-	(3,629,428)
Machinery, equipment, and vehicles	(1,584,186)	(75,885)	-	-	(1,660,071)
Total accumulated depreciation	(5,531,464)	(383,176)	-	-	(5,914,640)
Total capital assets, being depreciated, net	6,285,438	(368,926)	-	-	5,916,512
Water and Sewer Fund capital assets, net	$ 8,633,167	$ 5,482,532	$ -	$ -	$ 14,115,699

NOTE 4. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Sanitation Fund					
Capital assets, being depreciated:					
Machinery, equipment, and vehicles	$ 141,635	$ 148,000	$ -	$ -	$ 289,635
Total capital assets, being depreciated	141,635	148,000	-	-	289,635
Less accumulated depreciation for:					
Machinery, equipment, and vehicles	(139,920)	(12,014)	-	-	(151,934)
Total accumulated depreciation	(139,920)	(12,014)	-	-	(151,934)
Total capital assets, being depreciated, net	1,715	135,986	-	-	137,701
Sanitation Fund capital assets, net	$ 1,715	$ 135,986	$ -	$ -	$ 137,701

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

Governmental activities:	
General government	$ 71,975
Public safety	88,523
Public works	185,390
Culture and recreation	65,350
Total depreciation expense - governmental activities	$ 411,238
Business-type activities:	
Water and sewer	$ 383,176
Solid waste	12,014
Total depreciation expense - business-type activities	$ 395,190

NOTE 5. LEGAL COMPLIANCE – BUDGETS

Excess Expenditures over Appropriations

For the year ended December 31, 2020, expenditures exceeded budget in the following department or function as follows:

Department	Excess
General Fund - general administration	$ 38,544
General Fund - police department	49,314
General Fund - fire department	8,499
General Fund - public works	21,648

These over expenditures were funded by additional unanticipated revenues.

NOTE 6. PENSION PLAN

A. 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.

Plan membership. As of July 1, 2020, pension plan membership consisted of the following:

Retirees and beneficiaries receiving benefits	27
Terminated plan members entitled to, but not receiving, benefits	23
Active plan members	49
Total	99

Contributions. 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 $106,686 to the Plan for the year ended December 31, 2020.

B. Net Pension Liability

The City's net pension liability was measured as of March 31, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, with update procedures performed by the actuary to roll forward to the total pension liability measured as of March 31, 2020.

NOTE 6. PENSION PLAN (CONTINUED)

B. Net Pension Liability (Continued)

Actuarial assumptions. The total pension liability in the July 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.75%, plus service based merit increases
Investment rate of return	7.375%

Mortality rates were based on the gender-distinct Pri-2012 head-count weighted healthy Retiree Mortality Table with rates multiplied by 1.25.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period January 1, 2015 – June 30, 2019.

The 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. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic equity	45%	6.41%
International equity	20%	6.96%
Domestic fixed income	20%	1.96%
Real estate	10%	4.76%
Global fixed income	5%	3.06%
Cash	- %	
Total	100%	

NOTE 6. PENSION PLAN (CONTINUED)

B. Net Pension Liability (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability. The changes in the components of the net pension liability of the City for the year ended December 31, 2020, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Beginning Balance	$ 2,950,392	$ 2,314,448	$ 635,944
Changes for the year:			
Service cost	82,866	-	82,866
Interest	221,889	-	221,889
Differences between expected and actual experience	23,595	-	23,595
Contributions – employer	-	139,360	(139,360)
Net investment income	-	(161,188)	161,188
Benefit payments, including refunds of employee contributions	(149,470)	(149,470)	-
Administrative expense	-	(11,138)	11,138
Other	(15,609)	-	(15,609)
Net changes	163,271	(182,436)	345,707
Ending Balance	$ 3,113,663	$ 2,132,012	$ 981,651

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

NOTE 6. PENSION PLAN (CONTINUED)

B. Net Pension Liability (Continued)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.375%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
$ 1,339,627	$ 981,651	$ 677,647

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of March 31, 2020, and the current sharing pattern of costs between employer and employee.

C. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2020, the City recognized pension expense of $238,391. At December 31, 2020, the City reported deferred outflows 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	$ 88,637	$ (72,094)
Changes in actuarial assumptions	13,960	(11,706)
Net difference between projected and actual investment earnings	263,191	
Contributions subsequent to the measurement date	80,015	-
Total	$ 445,803	$ (83,800)

NOTE 6. PENSION PLAN (CONTINUED)

C. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

City contributions subsequent to the measurement date of $80,015 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	
2021	$ 66,338
2022	58,177
2023	90,678
2024	66,795
Total	$ 281,988

NOTE 7. LONG-TERM DEBT, CAPITAL LEASES AND OTHER FINANCING ARRANGEMENTS

Governmental Activities:

Notes Payable

On June 27, 2019, the City entered into a loan agreement from the U.S. Department of Agriculture in the amount of $253,900 to finance the purchase of a fire truck. The loan is to be repaid in annual installments of $30,149, including interest at 3.25%, beginning June 27, 2020. The outstanding balance as of December 31, 2020 is $232,141.

Annual installments of principal and interest are required as follows:

Year ending December 31,	Principal	Interest	Total
2021	$ 22,500	$ 7,649	$ 30,149
2022	23,241	6,908	30,149
2023	24,007	6,142	30,149
2024	24,783	5,366	30,149
2025	25,615	4,534	30,149
Thereafter	111,995	9,420	121,415
	$ 232,141	$ 40,019	$ 272,160

Total interest on the loan incurred and expensed for 2020 was $8,389. Accrued interest on this debt as of December 31, 2020 was $3,825.

NOTE 7. LONG-TERM DEBT, CAPITAL LEASES AND OTHER FINANCING ARRANGEMENTS (CONTINUED)

Governmental Activities (Continued):

Capital Leases

On August 25, 2020 the City entered into a loan agreement with the U.S. Department of Agriculture in the amount of $62,500 to purchase a new Knuckle Boom Truck. The annual payback for the loan portion of the project will be $13,357. Interest on the loan will be calculated at 2.25%.

Annual installments of principal and interest are required as follows:

Year ending December 31,	Principal	Interest	Total
2021	$ 13,357	$ 1,406	$ 14,763
2022	13,357	1,106	14,463
2023	13,357	805	14,162
2024	13,357	505	13,862
2025	9,072	204	9,276
	$ 62,500	$ 4,026	$ 66,526

The City entered into a multi-year lease-purchase plan on July 1, 2020 with the Georgia Municipal Association for the amount of $377,500. The lease is to replace out of date lighting at Partin Park Field. The lease requires seven annual lease payments of $61,484.85. The interest rate for the lease-purchase is 3.39%. The City's first payment will be due on July 1, 2021.

Annual installments of principal and interest are required as follows:

Year ending December 31,	Principal	Interest	Total
2021	$ 48,688	$ 12,797	$ 61,485
2022	50,338	11,147	61,485
2023	52,045	9,440	61,485
2024	53,809	7,676	61,485
2025	55,633	5,852	61,485
Thereafter	116,987	5,982	122,969
	$ 377,500	$ 52,894	$ 430,394

NOTE 7. LONG-TERM DEBT, CAPITAL LEASES AND OTHER FINANCING ARRANGEMENTS (CONTINUED)

Business-type Activities:

Notes Payable

The Water and Sewer Fund incurred debt to the Georgia Environmental Finance Authority for water system infrastructure improvements during the year ended December 31, 2019. The construction line of credit agreement is for $14,800,000, of which $7,187,924 has been drawn down as of December 31, 2020. Principal repayment requirements will be determined when construction is complete and all draws have been made.

Capital Lease

The Water and Sewer Fund is obligated under a capital lease to finance the purchase and installation of advanced water metering infrastructure through 2038. Assets under the capital lease are as follows at December 31, 2020:

	Cost	Accumulated Depreciation
Machinery and equipment	$ 1,780,812.00	$ 178,081

Depreciation expense for the year ended December 31, 2020, for assets under capital leases is $89,040. The following is a schedule of future minimum lease payments under the capital lease:

2021	$ 124,181
2022	124,181
2023	124,181
2024	124,181
2025	124,181
2026 – 2030	620,903
2031 – 2035	620,903
2036 – 2038	289,755
Total minimum lease payments	2,152,466
Less amount representing interest	(508,476)
Present value of future minimum lease payments	$ 1,643,990

NOTE 7. LONG-TERM DEBT, CAPITAL LEASES AND OTHER FINANCING ARRANGEMENTS (CONTINUED)

Changes in Long-Term Liabilities

The following is a summary of long-term debt activity of the City's governmental activities for the year ended December 31, 2020:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	$ 253,900	$ -	$ 21,760	$ 232,140	$ 22,500
Capital lease obligations	-	440,000	-	440,000	62,045
	$ 253,900	$ 440,000	$ 21,760	$ 672,140	$ 84,545

The following is a summary of long-term debt activity of the City's business-type activities for the year ended December 31, 2020:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business-type activities:					
Notes payable	$ 1,992,525	$ 5,359,921	$ 164,522	$ 7,187,924	$ -
Capital lease obligations	1,713,511	-	69,521	1,643,990	71,814
	$ 3,706,036	$ 5,359,921	$ 234,043	$ 8,831,914	$ 71,814

NOTE 8. INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances as of December 31, 2020, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 292
General Fund	Recreation Department Fund	154,682
		$ 154,974

Interfund receivables and payables result from timing differences related to payroll and other year-end transactions which normally clear within one to two months.

NOTE 8. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

Interfund transfers for the year ended December 31, 2020, consisted of the following:

Transfer To	Transfer From	Amount
General Fund	Nonmajor Governmental Funds	$ 2,718
Water and Sewer Fund	SPLOST Fund	124,181
Recreation Department Fund	General Fund	164,500
		$ 291,399

Transfers are used to: 1) move revenues from the fund that statute or budget requires collecting them to the fund that the statute or budget requires to expend them, and 2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 9. HOTEL/MOTEL LODGING TAX

The City has imposed a 5% tax on hotel/motel accommodations as defined by Georgia statute, which requires that 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. During the year ended December 31, 2020, the City collected $4,632 and expended $1,853.

NOTE 10. JOINT VENTURES

The City, in conjunction with cities and counties in the 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 (“O.C.G.A.”) Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RCs. 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, 2020. 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. Section 50-8-34) defines RCs 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. Section 50-8-39.1).

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

NOTE 11. COMMITMENTS AND CONTINGENCIES

Litigation

The City is involved in several pending lawsuits. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

Grants from Governments

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.

Contractual Commitments

In addition to the liabilities enumerated in the balance sheet as of December 31, 2020, the City has contractual commitments on uncompleted contracts of approximately $1,329,992.

NOTE 12. 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.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LYONS, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31,

	2020	2019	2018	2017
Total pension liability				
Service cost	**$ 82,866**	$ 77,027	$ 86,476	$ 82,622
Interest on total pension liability	**221,889**	209,890	192,821	200,156
Differences between expected and actual experience	**23,595**	21,092	80,325	(216,282)
Changes of assumptions	**(15,609)**	-	34,902	-
Benefit payments, including refunds of employee contributions	**(149,470)**	(158,253)	(163,797)	(158,481)
Net change in total pension liability	**163,271**	149,756	230,727	(91,985)
Total pension liability - beginning	**2,950,392**	2,800,636	2,569,909	2,661,894
Total pension liability - ending (a)	**3,113,663**	2,950,392	2,800,636	2,569,909
Plan fiduciary net position				
Contributions - employer	**139,360**	105,293	125,885	108,568
Net investment income	**(161,188)**	81,508	257,378	235,785
Benefit payments, including refunds of employee contributions	**(149,470)**	(158,253)	(163,797)	(158,481)
Administrative expenses	**(11,138)**	(10,452)	(10,194)	(10,397)
Net change in fiduciary net position	**(182,436)**	18,096	209,272	175,475
Plan fiduciary net position - beginning	**2,314,448**	2,296,352	2,087,080	1,911,605
Plan fiduciary net position - ending (b)	**2,132,012**	2,314,448	2,296,352	2,087,080
City's net pension liability - ending (a) - (b)	**$ 981,651**	$ 635,944	$ 504,284	$ 482,829
Plan fiduciary net position as a percentage of total pension liability	**68.5%**	78.4%	82.0%	81.2%
Covered payroll	**$ 1,560,168**	$ 1,690,279	$ 1,612,440	$ 1,599,399
City's net pension liability as a percentage of covered payroll	**62.9%**	37.6%	31.3%	30.2%

Notes to the Schedule:
The schedule will present 10 years of information once it is accumulated.

2016	2015
$ 68,328	$ 68,103
180,941	176,009
156,937	(19,199)
-	(13,010)
(158,061)	(138,479)
248,145	73,424
2,413,749	2,340,325
2,661,894	2,413,749
113,475	106,728
5,019	175,007
(158,061)	(138,479)
(7,145)	(6,435)
(46,712)	136,821
1,958,317	1,821,496
1,911,605	1,958,317
$ 750,289	$ 455,432
71.8%	81.1%
$ 1,537,315	$ 1,362,415
48.8%	33.4%

CITY OF LYONS, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31,

	2020	2019	2018	2017
Actuarially determined contribution	**$ 106,686**	**$** 124,932	$ 112,628	$ 130,303
Contributions in relation to the actuarially determined contribution	**106,686**	124,932	112,628	130,303
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -
Covered payroll	**$ 1,560,168**	$ 1,687,824	$ 1,613,623	$ 1,599,399
Contributions as a percentage of covered payroll	**6.8%**	7.4%	7.0%	8.1%

Notes to the Schedule:

Valuation Date	July 1, 2020
Cost Method	Projected unit credit
Actuarial Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market
Assumed Rate of Return on Investments	7.375%
Projected Salary Increases	2.25% plus service based merit increases
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	11 years

2016	2015
$ 101,323	$ 105,867
101,323	105,867
$ -	$ -
$ 1,537,315	$ 1,362,415
6.6%	7.8%

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COMBINING STATEMENTS AND SCHEDULES

CITY OF LYONS, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The **Hotel/Motel Tourism Fund** was established to account for the tax revenues collected from the hotels/motels in the City and to track the expenditures associated with those revenues.

The **TSPLOST Fund** was established to account for the receipts and disbursements of projects funded by the transportation special purpose local option sales and use tax (TSPLOST).

The **Community Development Block Grant Fund** is used to account for the financing and construction of various community development projects. Financing is provided by grants received from the U.S. Department of Housing and Urban Development.

The **Multiple Grants Fund** was established to account for various grant proceeds as well as the expenditures associated with grants.

CITY OF LYONS, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	Special Revenue Funds				
	Hotel/ Motel Tourism	TSPLOST	Community Development Block Grant	Multiple Grants	Total Nonmajor Governmental Funds
ASSETS					
Cash	$ -	$ 84,625	$ 23	$ 158,326	$ 242,974
Other receivables	400	-	-	1	401
Due from other governments	-	6,020	-	-	6,020
Total assets	$ 400	$ 90,645	$ 23	$ 158,327	$ 249,395
LIABILITIES					
Due to other funds	$ -	$ -	$ -	$ 292	$ 292
Total liabilities	-	-	-	292	292
FUND BALANCES					
Restricted:	400	90,645	23	158,035	249,103
Total fund balances	400	90,645	23	158,035	249,103
Total liabilities and fund balances	$ 400	$ 90,645	$ 23	$ 158,327	$ 249,395

CITY OF LYONS, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Special Revenue Funds				
	Hotel/ Motel Tourism	TSPLOST	Community Development Block Grant	Multiple Grants	Total Nonmajor Governmental Funds
Revenues					
Taxes	$ 4,632	$ 65,072	$ -	$ -	$ 69,704
Intergovernmental	-	-	184,284	96,169	280,453
Interest revenues	-	373	-	-	373
Total revenues	4,632	65,445	184,284	96,169	350,530
Expenditures					
Current:					
Public works	-	41,835	-	-	41,835
Community development	1,853	-	184,284	-	186,137
Capital outlay		-	-	1,904	1,904
Total expenditures	1,853	41,835	184,284	1,904	229,876
Excess (deficiency) of revenues over (under) expenditures	2,779	23,610	-	94,265	120,654
Other financing uses					
Transfers out	(2,718)	-	-	-	(2,718)
Total other financing uses	(2,718)	-	-	-	(2,718)
Net change in fund balances	61	23,610	-	94,265	117,936
Fund balances, beginning of year	339	67,035	23	63,770	131,167
Fund balances, end of year	$ 400	$ 90,645	$ 23	$ 158,035	$ 249,103

CITY OF LYONS, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE YEAR ENDED DECEMBER 31, 2020

Project Years	Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures			Percentage of Completion
				Prior Years	Current Year	Total	
2004-2008	Public buildings	$ 650,000	$ 1,350,000	$ 1,350,000	$ -	$ 1,350,000	
2004-2008	Roads and streets	1,000,000	801,646	801,646	-	801,646	
2004-2008	Water and sewer	1,430,000	670,373	670,373	-	670,373	
2004-2008	Equipment acquisition: public safety	200,000	300,000	300,000	-	300,000	
2004-2008	Equipment acquisition: sanitation	300,000	400,000	400,000	-	400,000	
2004-2008	Equipment acquisition: streets	100,000	100,000	100,000	-	100,000	
		$ 3,680,000	$ 3,622,019	$ 3,622,019	$ -	$ 3,622,019	100.00%
2009-2014	Public buildings	$ 313,000	$ 500,000	$ 499,999	$ -	$ 499,999	
2009-2014	Roads and streets	2,304,667	1,200,000	1,200,000	-	1,200,000	
2009-2014	Water and sewer	2,416,000	1,739,315	1,728,320	-	1,728,320	
2009-2014	Equipment acquisition: public safety	368,333	650,700	650,699	-	650,699	
2009-2014	Equipment acquisition: sanitation	483,000	290,000	290,000	-	290,000	
2009-2014	Recreation	195,000	50,000	50,001	-	50,001	
		$ 6,080,000	$ 4,430,015	$ 4,419,019	$ -	$ 4,419,019	99.75%
2015-2020	Public facilities	$ 600,000	$ 600,000	$ 272,682	$ 152,276	$ 424,958	
2015-2020	Roads, bridges, and streets	1,200,000	1,233,406	905,045	328,361	1,233,406	
2015-2020	Water and sewer	3,000,000	3,000,000	375,674	171,835	547,509	
2015-2020	Other capital outlay	600,000	605,064	571,796	33,268	605,064	
2015-2020	Recreation and equipment	680,000	1,166,312	455,225	711,087	1,166,312	
		$ 6,080,000	$ 6,604,782	$ 2,580,422	1,396,827	$ 3,977,249	60.22%
	Transfers from SPLOST funds for principal and interest on Water and Sewer Fund debt.				(124,181)		
	Total	$ 15,840,000	$ 14,656,816	$ 10,621,460	$ 1,272,646	$ 12,018,287	

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COMPLIANCE SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Members
of the City Council
City of Lyons, Georgia
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, Georgia, (the "City") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 2, 2021.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 financial statements. 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2020-001.

City of Lyons, Georgia's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City'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.

Mauldin & Jenkins, LLC

Macon, Georgia
June 2, 2021

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and Members
of the City Council
City of Lyons, Georgia
Lyons, Georgia

Report on Compliance for Each Major Federal Program

We have audited the City of Lyons, Georgia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2020. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Mauldin & Jenkins, LLC

Macon, Georgia
June 2, 2021

CITY OF LYONS, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Grant Program	CFDA #	Grant I.D.	Expenditures
U.S. Department of Agriculture			
Community Facilities Grants	10.766	Boom Truck	$ 48,000
Community Facilities Loans	10.766	Boom Truck	62,500
Total U.S. Department of Agriculture			110,500
U.S. Department of Housing and Urban Development			
Community Development Block Grants	14.228	19p-x-138-2-6108	277,043
Total U.S. Department of Agriculture			277,043
U.S. Department of Transportation			
Passed through Georgia Governor's Office of Highway Safety			
State and Community Highway Safety	20.600	TEN-2020-402 PT-033	9,826
Passed through Georgia Governor's Office of Highway Safety			
State and Community Highway Safety	20.600	TEN-2021-F.A.S.T. 402 PT-012	1,638
Total U.S. Department of Transportation			11,464
U.S. Environmental Protection Agency			
Passed through Georgia Environmental Facilities Authority			
Capitalization Grants for Clean Water State Revolving Funds	66.458	GEFA-CW2016019	5,941,776
Total Clean Water State Revolving Fund Cluster			5,941,776
Total U.S. Environmental Protection Agency			5,941,776
U.S. Department of the Treasury			
Passed through Georgia Governor's Office of Planning and Budget			
Coronavirus Relief	21.019	14477-CRF	221,588
Total U.S. Department of Treasury			221,588
Total Expenditures of Federal Awards			$ 6,562,371

Note 1: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2: There were no federal awards expended in the form of noncash assistance during the year.

Note 3: The City did not use the 10% de minimis indirect cost rate.

Note 4: The City did not pass through any funds to subrecipients during the year ended December 31, 2020.

CITY OF LYONS, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	___Yes __X__ No
Significant deficiencies identified not considered to be material weaknesses?	___Yes __X__ None Reported
Noncompliance material to financial statements noted?	__X__ Yes ___ No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	___Yes __X__ No
Significant deficiencies identified not considered to be material weaknesses?	___Yes __X__ None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	___Yes __X__ No

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
66.458	**U.S. Environmental Protection Agency** Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	___Yes __X__ No

CITY OF LYONS, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

2020-001 – Budgetary Requirements

Criteria: Georgia Statutes (O.C.G.A. §36-81) establish budgetary requirements for governmental entities that there be a legal level of control at a minimum to be at the department level.

Condition: The City was in violation of State budget statutes for the year ended December 31, 2020, as certain departmental expenditures exceeded budgeted amounts at the legal level of control and an annual balanced budget was not adopted for the Recreation Fund.

Context: City expenditures exceeded budgeted amounts at the department level in the General Fund as of December 31, 2020. In addition, the City did not adopt an annual balanced budget for the Recreation Fund for the year ended December 31, 2020.

Effects: The City's expenditures for several departments exceeded the budgeted amounts for the year ended December 31, 2020. The City's budget for the Recreation Fund included expenditures that exceeded revenues while the fund contained a fund deficit.

Cause: The above conditions were caused by the City expending more than the budgeted amounts at certain departmental levels and not adopting a balanced budget in the Recreation Fund.

Recommendation: We recommend City management closely monitor expenditures, periodically compare the adopted budget to actual expenditures, and amend the budget if deemed necessary. We also recommend the City adopt a balanced budget in all funds.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives. We will also review budgets to assure balanced budgets are adopted.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None noted.

CITY OF LYONS, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020

STATUS OF PRIOR YEAR AUDIT FINDINGS

2019-001 – Segregation of Duties

Criteria: Internal controls should be in place which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: There is not appropriate segregation of duties among recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the City.
Further, we noted a general lack of segregation of duties at the Clerk's office and the Lyons Recreation Department office. We noted bank statements were being reconciled by employees of the City with no consistent review of the reconciled statements being performed.

Context: Several instances of overlapping duties were noted during interviews regarding internal control procedures.

Effect: Failure to properly segregate duties among recording, distribution, and reconciliation of accounts can lead to misappropriation of funds that is not detected during the normal course of business.

Cause: The lack of segregation of duties was due to the lack of a properly developed integrated work plan with appropriate controls and an improper allocation of available resources. In addition, in certain circumstances there are a limited number of trained individuals in each office available to perform all of the duties.

Status: The City segregated check writing duties for the Clerk's Office and Recreation Department between the UB Clerk and the AP Clerk. The City also implemented a bank reconciliation review process. The recording, distribution, and reconciliation of cash accounts is now segregated properly. Finding Resolved.

CITY OF LYONS, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020

STATUS OF PRIOR YEAR AUDIT FINDINGS (CONTINUED)

2019-002 – Budgetary Requirements

Criteria: Georgia Statutes (O.C.G.A. §36-81) establish budgetary requirements for governmental entities that there be a legal level of control at a minimum to be at the department level.

Condition: The City was in violation of State budget statutes for the year ended December 31, 2019, as certain departmental expenditures exceeded budgeted amounts at the legal level of control and an annual balanced budget was not adopted.

Context: City expenditures exceeded budgeted amounts at the department level in the General Fund as of December 31, 2019. The City did not adopt an annual balanced budget for the Recreation Fund for the year ended December 31, 2019.

Effects: The City's expenditures for several departments exceeded the budgeted amounts for the year ended December 31, 2019. The City's budget for the Recreation Fund included expenditures that exceeded revenues while the fund contained a fund deficit.

Cause: The above conditions were caused by the City expending more than the budgeted amounts at certain departmental levels and adopting a budget that was not in balance.

Status: Unresolved. See current year finding 2020-001.

CITY OF LYONS

CITY COUNCIL:
LARRY L. GRIGGERS Ward 1
SONJA EASON Ward 2
IVY TOOLE, JR. Ward 3
JOHN MOORE, JR. Ward 4
RICK HARTLEY Ward 5

WILLIS D. NESMITH Jr, Mayor
161 NE Broad Street
Telephone (912) 526-3626
Fax (912) 526-0607
LYONS, GEORGIA 30436

LYNN ROWLAND
City Clerk
TOM A. PETERSON, IV
City Attorney
IVY TOOLE
Mayor Pro-Tem
JASON HALL
City Manager

CITY OF LYONS, GEORGIA

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR THE YEAR ENDED DECEMBER 31, 2020

2020-001 – Expenditures over Appropriations

Name of Contact Person Responsible for the Corrective Action Plan: Jason Hall, City Manager.

***Corrective Action Plan*:** The City will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives. They will also review budgets to assure balanced budgets are adopted.

Anticipated Completion Date: Future fiscal years.