CITY OF LYONS, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2022

Prepared by:
Lyons Finance Department

CITY OF LYONS, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022

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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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Recreation Department Fund, and the American Rescue Plan Act ("ARPA") Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *("Government Auditing Standards").* Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

The City implemented the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*, as of January 1, 2022, which significantly changed the financial accounting and reporting for the City's leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 (Asset)/Liability and Related Ratios (on pages 48 and 49), and the Schedule of City Contributions (on pages 50 and 51) be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 reports 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.

Supplementary 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 accompanying 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 schedules of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia Annotated ("O.C.G.A.") §48-8-121, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 and the schedules of expenditures of Special Purpose Local Option Sales Tax Proceeds 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 13, 2023, 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

Savannah, Georgia
June 13, 2023

CITY OF LYONS, GEORGIA

STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities	Business-type Activities	Total	City of Lyons Development Authority
ASSETS				
Cash and cash equivalents	$ 3,130,726	$ 700,978	$ 3,831,704	$ 150,000
Investments	1,800,000	720,000	2,520,000	-
Receivables, net:				
Accounts	-	357,745	357,745	-
Property tax	79,143	-	79,143	-
Other receivables	5,740	-	5,740	-
Due from other governments	326,659	-	326,659	-
Inventory	-	64,301	64,301	-
Restricted cash	-	700,000	700,000	-
Leased assets, net	103,705	61,288	164,993	-
Net pension asset	30,928	12,632	43,560	
Capital assets:				
Non-depreciable	933,045	26,957	960,002	-
Depreciable, net of accumulated depreciation	9,914,307	13,360,020	23,274,327	-
Total assets	16,324,253	16,003,921	32,328,174	150,000
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	125,689	51,338	177,027	-
Total deferred outflows of resources	125,689	51,338	177,027	-
LIABILITIES				
Accounts payable	60,616	59,726	120,342	-
Accrued salaries and related liabilities	54,890	22,801	77,691	-
Unearned revenue	1,474,156	-	1,474,156	-
Customer deposits	-	130,983	130,983	-
Accrued interest payable	8,472	19,097	27,569	-
Non-current liabilities:				
Due within one year	110,473	268,403	378,876	-
Due in more than one year	497,257	8,839,237	9,336,494	-
Total liabilities	2,205,864	9,340,247	11,546,111	-
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	404,526	165,229	569,755	-
Total deferred inflows of resources	404,526	165,229	569,755	-
NET POSITION				
Net investment in capital assets	10,343,327	5,040,625	15,383,952	-
Restricted for:				
Tourism	480	-	480	-
Capital projects	1,872,650	-	1,872,650	-
Unrestricted	1,623,095	1,509,158	3,132,253	150,000
Total net position	$ 13,839,552	$ 6,549,783	$ 20,389,335	$ 150,000

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

CITY OF LYONS, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities:				
General government	$ 953,070	$ 81,712	$ -	$ 121,138
Public safety	1,650,660	262,510	-	121,912
Public works	1,125,129	-	-	864,529
Community development	797,858	-	1,093,227	-
Recreation and culture	624,497	333,632	63,500	141,517
Interest and fiscal charges	8,378	-	-	-
Total governmental activities	$ 5,159,592	$ 677,854	$ 1,156,727	$ 1,249,096
Business-type activities:				
Water and sewer	$ 2,443,702	$ 1,978,252	$ -	$ 55,742
Sanitation	496,915	600,018	-	-
Total business-type activities	$ 2,940,617	$ 2,578,270	$ -	$ 55,742
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	Lyon's Development Authority
$ (750,220)	$ -	$ (750,220)	$ -
(1,266,238)	-	(1,266,238)	-
(260,600)	-	(260,600)	-
295,369	-	295,369	-
(85,848)	-	(85,848)	-
(8,378)	-	(8,378)	
(2,075,915)	-	(2,075,915)	-
-	(409,708)	(409,708)	-
-	103,103	103,103	-
-	(306,605)	(306,605)	-
445,363	-	445,363	-
128,617	-	128,617	-
74,713	-	74,713	-
1,062,665	-	1,062,665	-
345,061	-	345,061	-
83,480	-	83,480	-
9,678	-	9,678	-
314,314	-	314,314	-
79,128	-	79,128	-
3,556	1,305	4,861	-
8,230	-	8,230	150,000
83,873	-	83,873	-
(102,428)	102,428	-	-
2,536,250	103,733	2,639,983	150,000
460,335	(202,872)	257,463	150,000
13,379,217	6,752,655	20,131,872	-
$ 13,839,552	$ 6,549,783	$ 20,389,335	$ 150,000

CITY OF LYONS, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General Fund	Special Purpose Local Option Sales Tax Fund	Recreation Department Fund	ARPA Fund	Nonmajor Governmental Funds	Total
ASSETS						
Cash and cash equivalents	$ 1,002,268	$ 94,179	$ 78,887	$ 1,474,156	$ 481,236	$ 3,130,726
Investments	691,855	1,108,145	-	-	-	1,800,000
Receivables, net:						
Property taxes	79,143	-	-	-	-	79,143
Other receivables	5,260	-	-	-	480	5,740
Due from governments	180,485	138,813	-	-	7,361	326,659
Due from other funds	1,384	-	-	-	-	1,384
Total assets	$ 1,960,395	$ 1,341,137	$ 78,887	$ 1,474,156	$ 489,077	$ 5,343,652
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 26,029	$ 16,576	$ 10,050	$ -	$ 7,961	$ 60,616
Accrued salaries and related liabilities	54,890	-	-	-	-	54,890
Unearned revenue	-	-	-	1,474,156	-	1,474,156
Due to other funds	-	-	-	-	1,384	1,384
Total liabilities	80,919	16,576	10,050	1,474,156	9,345	1,591,046
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	47,493	-	-	-	-	47,493
Total deferred inflows of resources	47,493	-	-	-	-	47,493
FUND BALANCES						
Restricted for:						
Capital projects	-	1,324,561	68,837	-	479,252	1,872,650
Tourism	-	-	-	-	480	480
Unassigned	1,831,983	-	-	-	-	1,831,983
Total fund balances	1,831,983	1,324,561	68,837	-	479,732	3,705,113
Total liabilities, deferred inflows of resources and fund balances	$ 1,960,395	$ 1,341,137	$ 78,887	$ 1,474,156	$ 489,077	$ 5,343,652

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, 2022

Amounts reported for governmental activities in the statement of net position are different because:		
Fund balances - total governmental funds		$ 3,705,113
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost of assets	$ 15,784,329	
Accumulated depreciation	(4,936,977)	
		10,847,352
Leased assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Leased assets	$ 115,228	
Accumulated amortization	(11,523)	
		103,705
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		47,493
The net pension asset and related deferred inflows and outflows of resources are not financial resources and, therefore, are not reported in the governmental funds.		
Net pension asset	$ 30,928	
Deferred outflows of resources	125,689	
Deferred inflows of resources	(404,526)	
		(247,909)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued interest	$ (8,472)	
Note payable	(186,399)	
Financed purchases	(316,803)	
Leases	(104,528)	
		(616,202)
Net position of governmental activities		$ 13,839,552

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, 2022

	General Fund	Special Purpose Local Option Sales Tax Fund	Recreation Department Fund	ARPA Fund
Revenues				
Local revenues:				
Taxes	$ 2,488,017	$ -	$ -	$ -
Charges for services	126,489	-	333,632	-
Licenses and permits	81,712	-	-	-
Intergovernmental	-	1,220,228	63,500	16,692
Fines and forfeitures	136,021	-	-	-
Contributions and donations	775	-	4,302	-
Interest revenues	2,873	7,099	555	-
Other revenues	83,806	-	67	-
Total revenues	2,919,693	1,227,327	402,056	16,692
Expenditures				
Current:				
General government	555,043	26,228	-	-
Public safety	1,401,852	187,703	-	-
Public works	413,477	57,589	-	-
Culture and recreation	217,366	-	470,089	-
Community development	168,181	-	-	-
Capital outlay	-	1,073,830	-	16,692
Debt service:				
Principal retirement	-	96,499	-	-
Interest	-	20,992	-	-
Total expenditures	2,755,919	1,462,841	470,089	16,692
Excess (deficiency) of revenues over (under) expenditures	163,774	(235,514)	(68,033)	-
Other financing sources (uses)				
Transfers in	5,242	-	219,182	-
Transfers out	(219,182)	(102,428)	-	-
Proceeds from sale of capital assets	8,230	-	-	-
Lease issuance	-	115,228	-	-
Total other financing sources (uses)	(205,710)	12,800	219,182	-
Net change in fund balances	(41,936)	(222,714)	151,149	-
Fund balances (deficit), beginning of year	1,873,919	1,547,275	(82,312)	-
Fund balances, end of year	$ 1,831,983	$ 1,324,561	$ 68,837	$ -

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

Nonmajor Governmental Funds	Total
$ 82,674	$ 2,570,691
-	460,121
-	81,712
1,093,227	2,393,647
-	136,021
-	5,077
128	10,655
-	83,873
1,176,029	5,741,797
-	581,271
-	1,589,555
457,893	928,959
-	687,455
463,548	631,729
39,947	1,130,469
-	96,499
-	20,992
961,388	5,666,929
214,641	74,868
-	224,424
(5,242)	(326,852)
-	8,230
-	115,228
(5,242)	21,030
209,399	95,898
270,333	3,609,215
$ 479,732	$ 3,705,113

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, 2022

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds		$ 95,898
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	$ 697,549	
Depreciation expense	(544,549)	
		153,000
Governmental funds report leased asset additions as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the shorter of their estimated useful lives or the lease term and reported as amortization expense.		
Lease asset additions	$ 115,228	
Amortization expense	(11,523)	
		103,705
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(27,672)
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.		
Lease issuance	$ (115,228)	
Repayment of Debt	96,499	
		(18,729)
Pension expense related to the net pension (asset)/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 resources (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.		141,519
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 change in accrued interest payable.		12,614
Change in net position of governmental activities		$ 460,335

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, 2022

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 2,215,350	$ 2,215,350	$ 2,488,017	$ 272,667
Charges for services	126,000	126,000	126,489	489
Licenses and permits	66,000	66,000	81,712	15,712
Fines and forfeitures	231,000	231,000	136,021	(94,979)
Contributions and donations	-	-	775	775
Interest revenue	400	400	2,873	2,473
Other revenues	52,060	52,060	83,806	31,746
Total revenues	2,690,810	2,690,810	2,919,693	228,883
Expenditures				
Current:				
General government:				
Legislative and executive	191,600	191,600	204,620	(13,020)
Judicial	69,000	69,000	44,508	24,492
General administration	236,825	236,825	305,915	(69,090)
Total general government	497,425	497,425	555,043	(57,618)
Public safety:				
Police department	1,060,045	1,060,045	1,243,068	(183,023)
Fire department	74,530	74,530	69,469	5,061
Animal control	82,800	82,800	89,315	(6,515)
Total public safety	1,217,375	1,217,375	1,401,852	(184,477)
Public works	460,350	460,350	413,477	46,873
Culture and recreation	220,350	220,350	217,366	2,984
Community development	120,200	120,200	168,181	(47,981)
Total expenditures	2,515,700	2,515,700	2,755,919	(240,219)
Excess of revenues over expenditures	175,110	175,110	163,774	(11,336)
Other financing sources (uses)				
Transfers in	-	-	5,242	5,242
Transfers out	-	-	(219,182)	(219,182)
Sale of capital assets	-	-	8,230	8,230
Total other financing uses, net	-	-	(205,710)	(205,710)
Net change in fund balances	175,110	175,110	(41,936)	(217,046)
Fund balances, beginning of year	1,873,919	1,873,919	1,873,919	-
Fund balances, end of year	$ 2,049,029	$ 2,049,029	$ 1,831,983	$ (217,046)

CITY OF LYONS, GEORGIA

RECREATION DEPARTMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GAAP BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Intergovernmental	$ 60,000	$ 60,000	$ 63,500	$ 3,500
Charges for services	249,050	249,050	333,632	84,582
Contributions and donations	-	-	4,302	4,302
Interest revenues	480	480	555	75
Other revenues	50	50	67	17
Total revenues	309,580	309,580	402,056	92,476
Expenditures				
Current:				
Culture and recreation	334,240	334,240	470,089	(135,849)
Total expenditures	334,240	334,240	470,089	(135,849)
Deficiency of revenues under expenditures	(24,660)	(24,660)	(68,033)	(43,373)
Other financing sources				
Transfers in	24,660	24,660	219,182	194,522
Total other financing sources	24,660	24,660	219,182	194,522
Net change in fund balances	-	-	151,149	151,149
Fund deficit, beginning of year	(82,312)	(82,312)	(82,312)	-
Fund balance (deficit), end of year	$ (82,312)	$ (82,312)	$ 68,837	$ 151,149

CITY OF LYONS, GEORGIA

ARPA FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GAAP BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Intergovernmental	$ -	$ -	$ 16,692	$ 16,692
Total revenues	-	-	16,692	16,692
Expenditures				
Current:				
Public works	-	-	16,692	(16,692)
Total expenditures	-	-	16,692	(16,692)
Net change in fund balances	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ -	$ -

CITY OF LYONS, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022

	Water and Sewer	Sanitation	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 294,372	$ 406,606	$ 700,978
Investments	720,000	-	720,000
Accounts receivable, net	254,773	102,972	357,745
Inventory	64,301	-	64,301
Restricted cash	700,000	-	700,000
Total current assets	2,033,446	509,578	2,543,024
NON-CURRENT ASSETS			
Leased assets, net	61,288	-	61,288
Net pension asset	12,196	436	12,632
Capital assets:			
Non-depreciable	26,957	-	26,957
Depreciable, net of accumulated depreciation	13,249,453	110,567	13,360,020
Total non-current assets	13,349,894	111,003	13,460,897
Total assets	15,383,340	620,581	16,003,921
DEFERRED OUTFLOWS OF RESOURCES			
Pension	49,568	1,770	51,338
Total deferred outflows of resources	49,568	1,770	51,338
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	23,929	35,797	59,726
Accrued salaries and related liabilities	21,716	1,085	22,801
Current portion of notes payable	180,591	-	180,591
Current portion of lease payable	11,181	-	11,181
Current portion of financed purchases	76,631	-	76,631
Accrued interest	19,097	-	19,097
Customer deposits	130,983	-	130,983
Total current liabilities	464,128	36,882	501,010
LONG-TERM LIABILITIES			
Long-term portion of notes payable	7,367,448	-	7,367,448
Long-term portion of lease payable	50,427	-	50,427
Long-term portion of financed purchases	1,421,362	-	1,421,362
Total long-term liabilities	8,839,237	-	8,839,237
Total liabilities	9,303,365	36,882	9,340,247
DEFERRED INFLOWS OF RESOURCES			
Pension	159,531	5,698	165,229
Total deferred inflows of resources	159,531	5,698	165,229
NET POSITION			
Net investment in capital assets	4,930,058	110,567	5,040,625
Unrestricted	1,039,954	469,204	1,509,158
Total net position	$ 5,970,012	$ 579,771	$ 6,549,783

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, 2022

	Water and Sewer	Sanitation	Total
OPERATING REVENUES			
Current use charges	$ 1,978,252	$ 600,018	$ 2,578,270
Total operating revenues	1,978,252	600,018	2,578,270
OPERATING EXPENSES			
Personnel services	691,265	43,724	734,989
Repairs and maintenance	275,930	10,756	286,686
Utilities	235,115	-	235,115
Materials and supplies	212,152	14,335	226,487
Drinking water fees	11,362	-	11,362
Landfill fees	-	35,968	35,968
Outside contractor fees	-	378,565	378,565
Other	213,911	-	213,911
Amortization	2,113	-	2,113
Depreciation	551,409	13,567	564,976
Total operating expenses	2,193,257	496,915	2,690,172
Operating income (loss)	(215,005)	103,103	(111,902)
NON-OPERATING REVENUES (EXPENSES)			
Interest income	585	720	1,305
Interest expense	(250,445)	-	(250,445)
Total non-operating revenues (expenses)	(249,860)	720	(249,140)
Income (loss) before capital contributions and transfers	(464,865)	103,823	(361,042)
CAPITAL CONTRIBUTIONS	55,742	-	55,742
TRANSFERS IN	102,428	-	102,428
Change in net position	(306,695)	103,823	(202,872)
Net position, beginning of year	6,276,707	475,948	6,752,655
Net position, end of year	$ 5,970,012	$ 579,771	$ 6,549,783

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, 2022

	Water and Sewer	Sanitation	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 2,033,455	$ 605,056	$ 2,638,511
Cash paid to suppliers	(914,269)	(439,670)	(1,353,939)
Cash paid to employees	(760,210)	(44,158)	(804,368)
Net cash provided by operating activities	358,976	121,228	480,204
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on financed purchases	(74,183)	-	(74,183)
Principal paid on leases	(1,793)	-	(1,793)
Principal paid on notes payable	(175,926)	-	(175,926)
Payment of interest expense	(250,959)	-	(250,959)
Transfers in	102,428	-	102,428
Net cash used in capital and related financing activities	(400,433)	-	(400,433)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earned on investments	585	720	1,305
Net cash provided by investing activities	585	720	1,305
Change in cash and cash equivalents	(40,872)	121,948	81,076
Cash and cash equivalents at beginning of year	1,035,244	284,658	1,319,902
Cash and cash equivalents at end of year (which include $700,000 in restricted cash)	$ 994,372	$ 406,606	$ 1,400,978

(Continued)

CITY OF LYONS, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Water and Sewer	Sanitation	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	$ (215,005)	$ 103,103	$ (111,902)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	551,409	13,567	564,976
Amortization	2,113	-	2,113
(Increase) decrease in:			
Accounts receivable	55,203	5,038	60,241
Inventory	31,759	-	31,759
Net pension asset	(12,196)	(436)	(12,632)
Deferred outflows	11,619	270	11,889
Increase (decrease) in:			
Accounts payable	1,523	1,670	3,193
Customer deposits	2,442	-	2,442
Accrued liabilities	1,082	2	1,084
Net pension liability	(88,527)	(2,951)	(91,478)
Deferred inflows	17,554	965	18,519
Net cash provided by operating activities	$ 358,976	$ 121,228	$ 480,204
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Contributed capital assets	$ 55,742	$ -	$ 55,742

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

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, as amended, 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.

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.

Discretely Presented Component Unit

The Downtown Development Authority of Lyons (the "DDA") is governed by a five-member board, the majority of which are appointed by the City Council. The City is able to impose its will on the DDA, as it is funded by the City. The DDA is presented as a governmental fund-type component unit. Separate financial statements are not prepared for the DDA.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

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.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The ***General Fund*** is the general operating fund of the City. 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 ("SPLOST") Fund*** accounts for special purpose local option sales tax collected and used for street improvements, water/sewer construction and improvements, recreation construction, public facility construction and capital outlay projects.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The ***American Rescue Plan Act ("ARPA") Fund*** accounts for American Rescue Plan Act funds, used by the City to aid public health and economic recovery from the COVID-19 pandemic.

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.

Amounts reported as *program revenues* include: 1) charges for services 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 enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, depreciation on capital assets and amortization on leased assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 2022 and it is presented in the accompanying basic financial statements.

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 government-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.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

Capital assets and right to use leased assets of the primary government are depreciated/amortized 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
Right to use leased machinery, equipment and vehicles	5 – 20 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. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Bond issuance costs are expensed in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Leases

The City is a lessee for noncancellable leases of vehicles and noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements and the proprietary fund level financial statements. The City recognizes lease liabilities with an initial, individual value of $5,000 or more.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Leases (Continued)

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines: 1) the discount rate it uses to discount the expected lease payments to present value, 2) lease term, and 3) lease payments:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease liabilities are reported with long-term liabilities on the statement of net position.

N. 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)

N. 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)

O. 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.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets 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 statements report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets 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 the 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 asset. Certain changes in the net pension asset 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 asset 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 asset 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)

P. 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 asset are reported as deferred outflows of resources. This amount will reduce the net pension asset in the next fiscal year.

Q. Pensions

For purposes of measuring the net pension asset, 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, 2022 are summarized as follows:

As reported in the Statement of Net Position:		
Cash and cash equivalents	$	3,831,704
Investments		2,520,000
Restricted assets:		
Cash and cash equivalents		700,000
	$	7,051,704
Cash deposited with financial institutions	$	4,531,704
Certificates of deposit		2,520,000
	$	7,051,704

Total DDA cash deposited with financial institutions as of December 31, 2022 was $150,000.

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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, 2022, the City had the following investments:

Investment	Maturities	Fair Value
Certificates of deposit	Less than 12 months	$ 2,520,000

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 are investments which do 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, 2022, 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, 2022, 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	$ 88,455	$ -	$ -	$ 88,455
Accounts	5,260	-	480	5,740
Intergovernmental	180,485	138,813	7,361	326,659
Gross receivables	274,200	138,813	7,841	420,854
Less: allowance for uncollectibles	(9,312)	-	-	(9,312)
Net total receivables	$ 264,888	$ 138,813	$ 7,841	$ 411,542

	Water and Sewer	Sanitation	Total Business-type Activities
Receivables:			
Accounts	$ 288,102	$ 119,846	$ 407,948
Gross receivables	288,102	119,846	407,948
Less: allowance for uncollectibles	(33,329)	(16,874)	(50,203)
Net total receivables	$ 254,773	$ 102,972	$ 357,745

Property taxes attach as an enforceable lien on property as of January 1. Taxes were levied on August 16, 2022, and due by December 20, 2022, 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, 2022 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	747,054	492,616	-	(687,240)	552,430
Total capital assets, not being depreciated	1,127,669	492,616	-	(687,240)	933,045
Capital assets, being depreciated:					
Buildings	2,705,264	35,500	-	-	2,740,764
Machinery, equipment, and vehicles	2,293,240	169,433	(67,001)	-	2,395,672
Infrastructure	9,036,602	-	(8,994)	687,240	9,714,848
Total capital assets, being depreciated	14,035,106	204,933	(75,995)	687,240	14,851,284
Less accumulated depreciation for:					
Buildings	(895,231)	(108,343)	-	-	(1,003,574)
Machinery, equipment, and vehicles	(1,146,810)	(222,217)	67,001	-	(1,302,026)
Infrastructure	(2,426,382)	(213,989)	8,994	-	(2,631,377)
Total accumulated depreciation	(4,468,423)	(544,549)	75,995	-	(4,936,977)
Total capital assets, being depreciated, net	9,566,683	(339,616)	-	687,240	9,914,307
Governmental activities capital assets, net	$ 10,694,352	$ 153,000	$ -	$ -	$ 10,847,352

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Water and Sewer Fund					
Capital assets, not being depreciated:					
Land	$ 10,265	$ -	$ -	$ -	$ 10,265
Construction in progress	-	16,692	-	-	16,692
Total capital assets, not being depreciated	10,265	16,692	-	-	26,957
Capital assets, being depreciated:					
Building	1,439,259	-	-	-	1,439,259
Water and sewer system in service	16,791,719	-	-	-	16,791,719
Machinery, equipment and vehicles	1,925,436	39,050	(1,500)	-	1,962,986
Total capital assets, being depreciated	20,156,414	39,050	(1,500)	-	20,193,964
Less accumulated depreciation for:					
Water and sewer system in service	(761,355)	(200,865)	-	-	(962,220)
Infrastructure	(3,899,922)	(270,495)	-	-	(4,170,417)
Machinery, equipment and vehicles	(1,733,325)	(80,049)	1,500	-	(1,811,874)
Total accumulated depreciation	(6,394,602)	(551,409)	1,500	-	(6,944,511)
Total capital assets, being depreciated, net	13,761,812	(512,359)	-	-	13,249,453
Water and Sewer Fund capital assets, net	$ 13,772,077	$ (495,667)	$ -	$ -	$ 13,276,410

NOTE 4. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Sanitation Fund					
Capital assets, being depreciated:					
Machinery, equipment and vehicles	$ 211,635	$ -	$ -	$ -	$ 211,635
Total capital assets, being depreciated	211,635	-	-	-	211,635
Less accumulated depreciation for:					
Machinery, equipment and vehicles	(87,501)	(13,567)	-	-	(101,068)
Total accumulated depreciation	(87,501)	(13,567)	-	-	(101,068)
Total capital assets, being depreciated, net	124,134	(13,567)	-	-	110,567
Sanitation Fund capital assets, net	$ 124,134	$ (13,567)	$ -	$ -	$ 110,567

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

Governmental activities:	
General government	$ 70,264
Public safety	139,857
Public works	208,107
Culture and recreation	126,321
Total depreciation expense - governmental activities	$ 544,549
Business-type activities:	
Water and sewer	$ 551,409
Sanitation	13,567
Total depreciation expense - business-type activities	$ 564,976

NOTE 5. LEGAL COMPLIANCE – BUDGETS

Excess Expenditures over Appropriations

For the year ended December 31, 2022, expenditures exceeded budget in the following department or function as follows:

Department	Excess
General Fund - legislative and executive	$ 13,020
General Fund - police department	183,023
General Fund - general administration	69,090
General Fund - animal control	6,515
General Fund - community development	47,981
ARPA - public works	16,692
Recreation Department Fund - culture and recreation	135,849

These over expenditures were funded by additional unanticipated revenues, transfers, and fund balance.

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, 2022, pension plan membership consisted of the following:

Retirees and beneficiaries receiving benefits	23
Terminated plan members entitled to, but not receiving, benefits	28
Active plan members	51
Total	102

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 §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 $149,121 to the Plan for the year ended December 31, 2022.

NOTE 6. PENSION PLAN (CONTINUED)

B. Net Pension Asset

Contributions (Continued). The City's net pension asset was measured as of March 31, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2021, with update procedures performed by the actuary to roll forward to the total pension liability measured as of March 31, 2022.

Actuarial assumptions. The total pension liability in the July 1, 2022, 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, 2022, 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, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	45%	6.55%
International equity	20%	7.30%
Domestic fixed income	20%	0.40%
Real estate	10%	3.65%
Global fixed income	5%	0.50%
Cash	- %	
Total	100%	

NOTE 6. PENSION PLAN (CONTINUED)

B. Net Pension Asset (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 Asset. The changes in the components of the net pension asset of the City for the year ended December 31, 2022 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Beginning Balance	$ 3,382,566	$ 3,087,477	$ 295,089
Changes for the year:			
Service cost	69,475	-	69,475
Interest	246,292	-	246,292
Differences between expected and actual experience	(345,702)	-	(345,702)
Contributions – employer	-	128,111	(128,111)
Net investment income	-	190,772	(190,772)
Benefit payments, including refunds of employee contributions	(224,972)	(224,972)	-
Administrative expense	-	(10,169)	10,169
Net changes	(254,907)	83,742	(338,649)
Ending Balance	$ 3,127,659	$ 3,171,219	$ (43,560)

The required schedule of changes in the City's net pension asset 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 Asset (Continued)

Sensitivity of the net pension (asset)/liability to changes in the discount rate. The following presents the net pension (asset)/liability of the City, calculated using the discount rate of 7.375%, as well as what the City's net pension asset 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%)
$ 324,978	$ (43,560)	$ (355,782)

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, 2022, 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, 2022, the City recognized pension expense of $53,343. At December 31, 2022, 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	$ 65,185	$ (259,278)
Changes in actuarial assumptions	-	(3,902)
Net difference between projected and actual investment earnings		(306,575)
Contributions subsequent to the measurement date	111,842	-
Total	$ 177,027	$ (569,755)

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 $111,842 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, 2023. 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,	
2023	$ (123,024)
2024	(146,907)
2025	(241,236)
2026	6,597
Total	$ (504,570)

NOTE 7. LONG-TERM LIABILITIES

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, 2022 is $186,399.

Annual installments of principal and interest are required as follows:

Year ending December 31,	Principal	Interest	Total
2023	$ 24,007	$ 6,142	$ 30,149
2024	24,783	5,366	30,149
2025	25,615	4,534	30,149
2026	26,459	3,690	30,149
2027	27,330	2,819	30,149
2028 and 2029	58,205	2,911	61,116
	$ 186,399	$ 25,462	$ 211,861

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued):

Financed Purchases:

On August 25, 2020, the City entered into a financed purchase 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 will be $13,357. Interest on the loan will be calculated at 2.25% of the yearly payment.

Annual installments of principal and interest are required as follows:

Year ending December 31,	Principal	Interest	Total
2023	$ 12,495	$ 862	$ 13,357
2024	12,776	581	13,357
2025	13,059	294	13,353
	$ 38,330	$ 1,737	$ 40,067

The City entered into a multi-year financed purchase on July 1, 2020 with the Georgia Municipal Association for the amount of $377,500. The financed purchase is to replace out of date lighting at Partin Park Field. The financed purchase requires seven annual payments of $61,485. The interest rate is 3.39%.

Annual installments of principal and interest are required as follows:

Year ending December 31,	Principal	Interest	Total
2023	$ 52,044	$ 9,441	$ 61,485
2024	53,809	7,676	61,485
2025	55,633	5,852	61,485
2026	57,519	3,966	61,485
2027	59,468	2,017	61,485
	$ 278,473	$ 28,952	$ 307,425

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued):

Leases:

On June 27, 2022, the City entered into a lease agreement with the Flock Group Inc. as lessee for financing equipment. The lease has been recorded at the present value of the future minimum lease payments as of the date the equipment was received. The City uses the incremental borrowing rate to compute the net present value, which is 3.25%. Lease term on the lease is 5 years.

Annual installments of principal and interest are required as follows:

Year ending December 31,	Principal	Interest	Total
2023	$ 21,927	$ 3,073	$ 25,000
2024	22,651	2,349	25,000
2025	23,398	1,602	25,000
2026	24,170	830	25,000
2027	12,382	118	12,500
	$ 104,528	$ 7,972	$ 112,500

Business-type Activities:

Notes Payable:

The Water and Sewer Fund incurred debt to the Georgia Environmental Finance Authority for water system infrastructure improvements. The loan is to be repaid in annual installments of $31,349 including interest at 3.25%, beginning July 1, 2021. The outstanding balance as of December 31, 2022 is $7,548,039.

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

Business-type Activities (Continued):

Notes Payable (Continued):

Annual installments of principal and interest are required as follows:

Year ending December 31,	Principal	Interest	Total
2023	$ 180,591	$ 195,600	$ 376,191
2024	185,380	190,812	376,192
2025	190,296	185,896	376,192
2026	195,342	180,850	376,192
2027	200,522	175,670	376,192
2028 – 2032	1,085,243	795,715	1,880,958
2033 – 2037	1,236,965	643,992	1,880,957
2038 – 2042	1,409,899	471,059	1,880,958
2043 – 2047	1,607,010	273,948	1,880,958
2048 – 2051	1,256,791	59,875	1,316,666
	$ 7,548,039	$ 3,173,417	$ 10,721,456

Financed Purchases:

The City entered into a multi-year finance purchase on September 09, 2017 with Georgia Power Company for the amount $1,780,812. The financed purchase is to acquire residential meters around the City. The financed purchase requires fifteen annual payments of $124,181. The interest rate is 3.25%.

Annual installments of principal and interest are required as follows:

Year ending December 31,	Principal	Interest	Total
2023	$ 76,631	$ 47,550	$ 124,181
2024	79,159	45,022	124,181
2025	81,770	42,411	124,181
2026	84,467	39,714	124,181
2027	87,254	36,927	124,181
2028 – 2032	481,391	139,512	620,903
2033 – 2038	607,321	54,974	662,295
	$ 1,497,993	$ 406,110	$ 1,904,103

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

Business-type Activities (Continued):

Leases:

On November 1, 2022, the City entered into a lease agreement with the enterprise fleet management as lessee for financing vehicles. The lease has been recorded at the present value of the future minimum lease payments as of the date the vehicle was received. The City uses the implicit rate to compute the net present value which is 6.325%. Lease term on the lease is five years.

Annual installments of principal and interest are required as follows:

Year ending December 31,	Principal	Interest	Total
2023	$ 11,181	$ 3,756	$ 14,937
2024	11,947	2,990	14,937
2025	12,765	2,172	14,937
2026	13,639	1,298	14,937
2027	12,076	371	12,447
	$ 61,608	$ 10,587	$ 72,195

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, 2022:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	$ 209,640	$ -	$ 23,241	$ 186,399	$ 24,007
Financed purchases	379,361	-	62,558	316,803	64,539
Leases	-	115,228	10,700	104,528	21,927
	$ 589,001	$ 115,228	$ 96,499	$ 607,730	$ 110,473

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

Business-type Activities (Continued):

Changes in Long-Term Liabilities (Continued):

The following is a summary of long-term debt activity of the City's business-type activities for the year ended December 31, 2022:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business-type activities:					
Notes payable	$ 7,723,965	$ -	$ 175,926	$ 7,548,039	$ 180,591
Financed purchases	1,572,176	-	74,183	1,497,993	76,631
Leases	-	63,401	1,793	61,608	11,181
	$ 9,296,141	$ 63,401	$ 251,902	$ 9,107,640	$ 268,403

NOTE 8. LEASED ASSETS

Leased asset activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Remeasurements	Ending Balance
Governmental activities					
Leased assets, being amortized:					
Machinery and equipment	$ -	$ 115,228	$ -	$ -	$ 115,228
Total	-	115,228	-	-	115,228
Less accumulated amortization for:					
Machinery and equipment	-	(11,523)	-	-	(11,523)
Total	-	(11,523)	-	-	(11,523)
Total leased assets, being amortized, net	-	103,705	-	-	103,705
Governmental activities leased assets, net	$ -	$ 103,705	$ -	$ -	$ 103,705

NOTE 8. LEASED ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Remeasurements	Ending Balance
Business-type activities					
Leased assets, being amortized:					
Machinery and equipment	$ -	$ 63,401	$ -	$ -	$ 63,401
Total	-	63,401	-	-	63,401
Less accumulated amortization for:					
Machinery and equipment	-	(2,113)	-	-	(2,113)
Total	-	(2,113)	-	-	(2,113)
Total leased assets, being amortized, net	-	61,288	-	-	61,288
Business-type activities leased assets, net	$ -	$ 61,288	$ -	$ -	$ 61,288

The City implemented the provisions of GASB Statement No. 87, *Leases*, as of January 1, 2022.

NOTE 9. INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances as of December 31, 2022 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 1,384

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

Interfund transfers for the year ended December 31, 2022 consisted of the following:

Transfer To	Transfer From	Amount
General Fund	Nonmajor Governmental Funds	$ 5,242
Water and Sewer Fund	SPLOST Fund	102,428
Recreation Department Fund	General Fund	219,182
		$ 326,852

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 10. 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, 2022, the City collected $7,961 and expended $3,184.

NOTE 11. 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 Annotated (“O.C.G.A.”) §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 $4,303 to the RC for the year ended December 31, 2022. The RC Board membership includes the chief elected official of each municipality and the chief elected official of each county. The City Council members and the county board members from the same county elect one member of the Board, who is a resident (but not elected or appointed official or employee of the City or county) to serve as the non-public Board member from a City.

The Georgia Planning Act of 1989 (O.C.G.A. §50-8-34) defines 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. §50-8-39.1).

Separate financial statements can be obtained from:

Heart of Georgia Altamaha Regional Commission
5405 Oak Street
Eastman, Georgia, 31023

NOTE 12. COMMITMENTS AND CONTINGENCIES

Litigation

The City participates 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.

NOTE 12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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, 2022, the City has contractual commitments on uncompleted contracts of approximately $68,031.

NOTE 13. 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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LYONS, GEORGIA

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

	2022	2021	2020
Total pension liability			
Service cost	**$ 69,475**	$ 67,750	$ 82,866
Interest on total pension liability	**246,292**	229,522	221,889
Differences between expected and actual experience	**(345,702)**	110,136	23,595
Changes of assumptions	**-**	-	(15,609)
Benefit payments, including refunds of employee contributions	**(224,972)**	(138,505)	(149,470)
Net change in total pension liability	**(254,907)**	268,903	163,271
Total pension liability - beginning	**3,382,566**	3,113,663	2,950,392
Total pension liability - ending (a)	**3,127,659**	3,382,566	3,113,663
Plan fiduciary net position			
Contributions - employer	**128,111**	140,169	139,360
Net investment income	**190,772**	963,960	(161,188)
Benefit payments, including refunds of employee contributions	**(224,972)**	(138,505)	(149,470)
Administrative expenses	**(10,169)**	(10,159)	(11,138)
Net change in fiduciary net position	**83,742**	955,465	(182,436)
Plan fiduciary net position - beginning	**3,087,477**	2,132,012	2,314,448
Plan fiduciary net position - ending (b)	**3,171,219**	3,087,477	2,132,012
City's net pension (asset)/liability - ending (a) - (b)	**$ (43,560)**	$ 295,089	$ 981,651
Plan fiduciary net position as a percentage of total pension liability	**101.4%**	91.3%	68.5%
Covered payroll	**$ 1,730,784**	$ 1,549,167	$ 1,560,168
City's net pension (asset)/liability as a percentage of covered payroll	**-2.5%**	18.9%	62.9%

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

2019	2018	2017	2016	2015
$ 77,027	$ 86,476	$ 82,622	$ 68,328	$ 68,103
209,890	192,821	200,156	180,941	176,009
21,092	80,325	(216,282)	156,937	(19,199)
-	34,902	-	-	(13,010)
(158,253)	(163,797)	(158,481)	(158,061)	(138,479)
149,756	230,727	(91,985)	248,145	73,424
2,800,636	2,569,909	2,661,894	2,413,749	2,340,325
2,950,392	2,800,636	2,569,909	2,661,894	2,413,749
105,293	125,885	108,568	113,475	106,728
81,508	257,378	235,785	5,019	175,007
(158,253)	(163,797)	(158,481)	(158,061)	(138,479)
(10,452)	(10,194)	(10,397)	(7,145)	(6,435)
18,096	209,272	175,475	(46,712)	136,821
2,296,352	2,087,080	1,911,605	1,958,317	1,821,496
2,314,448	2,296,352	2,087,080	1,911,605	1,958,317
$ 635,944	$ 504,284	$ 482,829	$ 750,289	$ 455,432
78.4%	82.0%	81.2%	71.8%	81.1%
$ 1,690,279	$ 1,612,440	$ 1,599,399	$ 1,537,315	$ 1,362,415
37.6%	31.3%	30.2%	48.8%	33.4%

CITY OF LYONS, GEORGIA

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

	2022	2021	2020
Actuarially determined contribution	**$ 149,121**	$ 104,100	$ 106,686
Contributions in relation to the actuarially determined contribution	**149,121**	104,100	106,686
Contribution deficiency (excess)	**$ -**	$ -	$ -
Covered payroll	**$ 1,868,118**	$ 1,549,167	$ 1,560,168
Contributions as a percentage of covered payroll	**8.0%**	6.7%	6.8%

Notes to the Schedule:

Valuation Date	July 1, 2022
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 value.
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

2019	2018	2017	2016	2015
$ 124,932	$ 112,628	$ 130,303	$ 101,323	$ 105,867
124,932	112,628	130,303	101,323	105,867
$ -	$ -	$ -	$ -	$ -
$ 1,687,824	$ 1,613,623	$ 1,599,399	$ 1,537,315	$ 1,362,415
7.4%	7.0%	8.1%	6.6%	7.8%

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 **Transportation Special Purpose Local Option Sales Tax** ("**TSPLOST") Fund** was established to account for the receipts and disbursements of projects funded by the TSPLOST.

The **Community Development Block Grant ("CDBG") 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, 2022

	Special Revenue Funds				
	Hotel/ Motel Tourism	TSPLOST	Community Development Block Grant	Multiple Grants	Total Nonmajor Governmental Funds
ASSETS					
Cash	$ -	$ 79,687	$ 23	$ 401,526	$ 481,236
Other receivables	480	-	-	-	480
Due from other governments	-	7,361	-	-	7,361
Total assets	$ 480	$ 87,048	$ 23	$ 401,526	$ 489,077
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ -	$ 7,961	$ -	$ -	$ 7,961
Due to other funds	-	-	-	1,384	1,384
Total liabilities	-	7,961	-	1,384	9,345
FUND BALANCES					
Restricted	480	79,087	23	400,142	479,732
Total fund balances	480	79,087	23	400,142	479,732
Total liabilities and fund balances	$ 480	$ 87,048	$ 23	$ 401,526	$ 489,077

CITY OF LYONS, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Special Revenue Funds				
	Hotel/ Motel Tourism	TSPLOST	Community Development Block Grant	Multiple Grants	Total Nonmajor Governmental Funds
Revenues					
Taxes	$ 7,961	$ 74,713	$ -	$ -	$ 82,674
Intergovernmental	-	424,066	460,364	208,797	1,093,227
Interest revenues	-	128	-	-	128
Total revenues	7,961	498,907	460,364	208,797	1,176,029
Expenditures					
Current:					
Public works	-	457,893	-	-	457,893
Community development	3,184	-	460,364	-	463,548
Capital outlay	-	-	-	39,947	39,947
Total expenditures	3,184	457,893	460,364	39,947	961,388
Excess of revenues over expenditures	4,777	41,014	-	168,850	214,641
Other financing uses					
Transfers out	(5,242)	-	-	-	(5,242)
Total other financing uses	(5,242)	-	-	-	(5,242)
Net change in fund balances	(465)	41,014	-	168,850	209,399
Fund balances, beginning of year	945	38,073	23	231,292	270,333
Fund balances, end of year	$ 480	$ 79,087	$ 23	$ 400,142	$ 479,732

CITY OF LYONS, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE YEAR ENDED DECEMBER 31, 2022

Project Years	Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
				Prior Years	Current Year	Total
2015-2020	Public facilities	$ 600,000	$ 600,000	$ 534,785	$ 181,927	$ 716,712
2015-2020	Roads, bridges and streets	1,200,000	1,233,406	1,482,849	115,608	1,598,457
2015-2020	Water and sewer	3,000,000	3,000,000	818,015	395,023	1,213,038
2015-2020	Other capital outlay	600,000	605,064	809,564	298,741	1,108,305
2015-2020	Recreation and equipment	680,000	1,166,312	1,282,113	40,845	1,322,958
		$ 6,080,000	$ 6,604,782	$ 4,927,326	1,032,144	$ 5,959,470
Total Amount to be Paid to City of Lyons		$ 4,552,400	$ 4,552,400	$ -	$ -	$ -
2020-2025	Public facilities	-	-	-	-	-
2020-2025	Roads, bridges and streets	-	-	-	-	-
2020-2025	Water and sewer	-	-	-	-	-
2020-2025	Other capital outlay	-	-	-	-	-
2020-2025	Recreation and equipment	-	-	-	-	-
		$ 4,552,400	$ 4,552,400	$ -	$ -	$ -
	Total	$ 10,632,400	$ 11,157,182	$ 4,927,326	$ 1,032,144	$ 14,000,508
Reconciling item:						
Expenditures paid from SPLOST fund that were reimbursed by OneGeorgia Equity Grant		-	-	-	430,697	430,697
	Total	$ 10,632,400	$ 11,157,182	$ 4,927,326	$ 1,462,841	$ 14,431,205

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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2022, 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 13, 2023. Our report includes a reference to an emphasis of matter relative to the change in accounting principle resulting from the implementation of GASB Statement No. 87, *Leases*.

Report on 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 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 weaknesses or significant deficiencies may exist that were not identified.

Report on 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Savannah, Georgia
June 13, 2023

CITY OF LYONS, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial Statements audited were prepared in accordance with GAAP:	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?	___Yes __X__ No

Federal Awards

There was not an audit of major federal award programs due to the total amount expended on federal programs being less than $750,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None noted.

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, 2022

STATUS OF PRIOR YEAR AUDIT FINDINGS

2021-001 – 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, 2021, as certain departmental expenditures exceeded budgeted amounts at the legal level of control and an annual balanced budget was not adopted.

Status: Partially resolved. Budgets were appropriately adopted; however, state law compliance for actual expenditures exceeding appropriations remained, but were properly disclosed in the footnotes to the financial statements.