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ELLIS & HIRSBERG  
CERTIFIED PUBLIC ACCOUNTANTS, PLLC

219 EAST SECOND STREET - P. O. BOX 400 - CLARKSDALE, MISSISSIPPI 38614  
662-624-4332  
FAX 662-624-4335

December 22, 2016

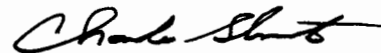
Office of the State Auditor  
P. O. Box 956  
Jackson, MS 39205

In Re: Annual Municipal Audit

Gentlemen:

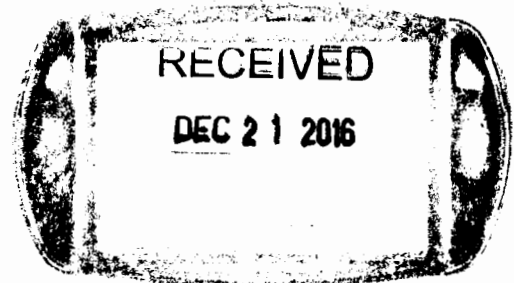
Accompanying this letter is a copy of the annual compilation of the Town of Lyon, Mississippi, for the fiscal year ended September 30, 2016. A separate management letter was not written to the town in accordance with this compilation.

Sincerely,



Charles P. Sbravati, CPA

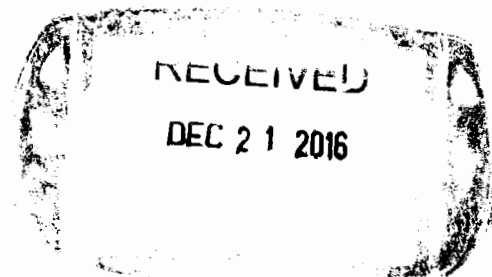
CPS:jwp  
Enclosure





**Town of Lyon**  
**Financial Statements**  
**September 30, 2016**

**Ellis & Hirsberg**  
Certified Public Accountants, PLLC  
Clarksdale, Mississippi





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**TOWN OF LYON, MISSISSIPPI  
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## ACCOUNTANTS' COMPILATION REPORT

Honorable Mayor and Board of Aldermen  
Town of Lyon  
Lyon, Mississippi

We have compiled the accompanying Statement of Cash Receipts and Disbursements - Governmental and Business-type Activities of the Town of Lyon as of September 30, 2016, and for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The Town's policy is to prepare its financial statements on the basis of cash receipts and disbursements; consequently, certain revenue is recognized when received rather than when measurable and available, and certain expenditures are recognized when paid rather than when the obligation is incurred. Accordingly, the combined Statement of Cash Receipts and Disbursements - Governmental and Business-type Activities is not intended to present results of operations, in conformity with generally accepted accounting principles.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements. If the omitted disclosures were included, they might influence the user's conclusions about the Town's cash receipts and disbursements. Accordingly, the financial statement is not designed for those who are not informed about such matters.



The supplementary information contained in Schedules 1, 2 and 3 is presented for purposes of additional analysis and has been compiled by us from information that is the representation of management of the Town of Lyon, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on such supplementary information.

*Ellis & Hickey CPA*

December 19, 2016

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**TOWN OF LYON, MISSISSIPPI**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Governmental Activities			Business-type Activities
General Fund	Special Revenue Fund	Total	Proprietary Fund

Revenue Receipts

Ad Valorem Taxes - Current	114,146.79	114,146.79	
Prior Ad Valorem Taxes, Penalties & Interest		0.00	
Franchise Tax - Utilities	13,298.80	13,298.80	
Privilege License	150.00	150.00	
Shared Taxes	1,737.78	1,737.78	

Intergovernmental Revenues:

State Shared Revenues:

Sales Tax	24,515.19	24,515.19	
Gasoline Tax	1,028.16	1,028.16	
Municipal Aid	174.54	174.54	
Fire Aid		2,244.74	2,244.74
Grants - Others	158.97	158.97	
Homestead Exemption	6,864.02	6,864.02	

Charges for Service:

Water Fees	0.00	50,717.73
Sewer Fees	0.00	38,278.50





**TOWN OF LYON, MISSISSIPPI  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Governmental Activities			Business-type Activities
	General Fund	Special Revenue Fund	Total	Proprietary Fund
Other Receipts:				
Public Works Revenue	41,400.00		41,400.00	
Mosquito Control Revenue	5,030.00		5,030.00	
Rents	6,180.00		6,180.00	
Interest Earned	1,321.51		1,321.51	597.50
Miscellaneous - Law Enforcement	10,250.00		10,250.00	
Transfers - Proprietary Funds	29,907.68		29,907.68	13,702.92
<u>Total Receipts</u>	256,163.44	2,244.74	258,408.18	103,296.65
Cash: Beginning of Year	425,302.26		425,302.26	138,991.28
<u>Total Amount Accounted For</u>	<u>681,465.70</u>	<u>2,244.74</u>	<u>683,710.44</u>	<u>242,287.93</u>
<u>Disbursements</u>				
Financial & Administrative				
Salaries & Wages	51,040.00		51,040.00	
Other Services & Charges	187,885.06		187,885.06	

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**TOWN OF LYON, MISSISSIPPI**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Governmental Activities			Business-type Activities
	General Fund	Special Revenue Fund	Total	Proprietary Fund
Public Safety - Police				
Salaries & Wages	12,480.00		12,480.00	
Other Services & Charges	9,558.44		9,558.44	
Public Safety - Fire				
Other Services & Charges		2,244.74	2,244.74	
Public Works Department				
Salaries & Wages	45,293.07		45,293.07	
Other Services & Charges	30,365.80		30,365.80	
Animal Control				
Salaries & Wages	2,325.00		2,325.00	
Other Services & Charges	766.38		766.38	
Water & Sewer Department				
Salaries & Wages			0.00	8,640.00
Other Services & Charges			0.00	45,799.77



**TOWN OF LYON, MISSISSIPPI**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Governmental Activities			Business-type Activities
	General Fund	Special Revenue Fund	Total	Proprietary Fund
Other				
Loan Repayment			0.00	18,513.32
Transfer - Proprietary Fund	13,702.92		13,702.92	29,907.68
<u>    Total Disbursements</u>	353,416.67	2,244.74	355,661.41	102,860.77
Cash: End of Year	328,049.03		328,049.03	139,427.16
<u>Total Amount Accounted For</u>	<u>681,465.70</u>	<u>2,244.74</u>	<u>683,710.44</u>	<u>242,287.93</u>

See the accompanying notes to the financial statements

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**TOWN OF LYON, MISSISSIPPI  
SELECTED DISCLOSURES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**Note 1 - Significant Accounting Policies**

**A. Reporting Entity**

In evaluating and defining the Town's government it was found that the Town has no component units and therefore was considered as one unit.

**B. Accounting**

The Town uses funds to report its cash receipts and disbursements. Fund accounting is used to demonstrate legal compliance by segregating transactions related to specific government functions.

The Town uses three fund classifications of funds: general fund, special revenue fund and proprietary fund. Each fund has a separate balanced set of accounts.

The general government funds are used to account for all the Town's general governmental activities and includes the accounting for fixed assets and general long-term debt.

The special revenue fund is used to account for specific revenues that are restricted to expenditures for specific purposes.

The proprietary funds are used to account for activities where net income or net loss is determined as if operated as a business-type activity.

**C. Basis of Accounting**

The financial statements are prepared using the cash receipts and disbursements method of accounting as prescribed by the Office of the State Auditor. Revenues are recognized when received rather than when earned and expenses are recognized when paid rather than when incurred.

**D. Cash Deposits**

The Town deposits all its funds in financial institutions selected by the Board of Aldermen that are insured by the Federal Deposit Insurance Corporation (FDIC).

**E. The total column in this financial statement is presented for overview information purposes and is not meant to present fairly the cash receipts and disbursements on a consolidated basis.**





**TOWN OF LYON, MISSISSIPPI  
SELECTED DISCLOSURES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**Note 2 - Ad Valorem Tax**

The Town uses the county tax rolls for the assessment of its ad valorem tax. Property is assessed in January of each year and the millage is set in September of each year. The Town clerk bills property owner for the ad valorem tax in December of each year. They are due on January 1 and become delinquent after February 1. The taxes levied for the year ending September 30, 2016 was 53.1 mills.

Auto taxes are collected and remitted to the Town by the Coahoma County tax collector.

**Note 3 - Long-Term Debt**

The Town has two interest bearing notes payable as reflected on Schedule 2. These notes and interest are paid annually from water and sewer revenues.

**Note 4 - Cash and Other Deposits**

The collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

The carrying amount of the Town's deposits with financial institutions was \$467,476.19 and the bank balance was \$470,981.79.

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**TOWN OF LYON, MISSISSIPPI  
SCHEDULE OF INVESTMENTS  
SEPTEMBER 30, 2016**

<u>General Fund</u>	<u>Amount</u>
<u>General Revenue Funds - First National</u>	
<u>Bank of Clarksdale</u>	
.50% Certificate of Deposit, #74468	
Dated August 23, 2016, due August 23, 2017	303,103.79
<u>Proprietary Funds</u>	
<u>Water System Fund - First National</u>	
<u>Bank of Clarksdale</u>	
.50% Certificate of Deposit, #74566	
Dated June 12, 2016, due December 3, 2016	30,592.99
.50% Certificate of Deposit, #74567	
Dated June 12, 2016, due December 3, 2016	11,891.32
<u>Sewer System Fund - First National</u>	
<u>Bank of Clarksdale</u>	
.50% Certificate of Deposit, #74565	
Dated June 12, 2016, due December 3, 2016	29,342.81
.50% Certificate of Deposit, #74568	
Dated June 12, 2016, due December 3, 2016	17,728.88
<u>Total Investments</u>	<u>392,659.79</u>

See accountants' compilation report.



TOWN OF LYON, MISSISSIPPI  
SCHEDULE OF LONG-TERM DEBT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

<u>Definition &amp; Purpose</u>	Balance	Transactions		Balance
	Outstanding 10/1/15	During Fiscal Year		Outstanding 9/30/16
		Issued	Redeemed	
<u>Other Long-Term Debt</u>				
MS Dept. Environmental Quality	142,373.59		9,787.65	132,585.94
United States Department of Agriculture	<u>247,523.16</u>		<u>8,725.67</u>	<u>238,797.49</u>
	<u>389,896.75</u>	<u>0.00</u>	<u>18,513.32</u>	<u>371,383.43</u>

See accountants' compilation report.



TOWN OF LYON, MISSISSIPPI  
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS  
SEPTEMBER 30, 2015

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Amount</u>
John R. Sawyer	Mayor	Travelers Casualty & Surety Co.	10,000.00
Jennifer Cummins	Town Clerk	Fidelity & Deposit	50,000.00
James Gaston	Alderman	Travelers Casualty & Surety Co.	10,000.00
Donald W. Sewell	Alderman	Travelers Casualty & Surety Co.	10,000.00
Gary Alan Foster	Alderman	Travelers Casualty & Surety Co.	10,000.00
Lee Sturdivant	Alderman	Travelers Casualty & Surety Co.	10,000.00
G. Paul Tedford	Alderman	Travelers Casualty & Surety Co.	10,000.00
Raney Reece	Commissioner	Western Surety Co.	50,000.00

See accountants' compilation report.

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**SPECIAL REPORT ON AGREED UPON PROCEDURES FOR  
SMALL MUNICIPALITIES (TOWNS)**

Honorable Mayor and  
Board of Alderman  
Town of Lyon  
Lyon, Mississippi

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Lyon, Mississippi, as of September 30, 2016, and for the year then ended, as required by the Office of the State Auditors, under the provisions of Section 21-35-31, Miss. Code Ann. (1972). It is understood the report is solely for the use of the governing body of the Town of Lyon, Mississippi, and the Office of the State Auditor and should not be used for any other purposes. Our procedures and findings are as follows:

1. We reconciled cash on deposit with the following bank to balances in the respective general ledger accounts and obtained confirmation of the related balances from the bank:

<u>Bank</u>	<u>Fund</u>	<u>Balance Per General Ledger</u>
First National Bank	General	24,945.24
First National Bank - Certificates of Deposit	General	<u>303,103.79</u>
<u>Total Governmental Activities</u>		<u>328,049.03</u>
First National Bank	Proprietary	49,871.16
First National Bank - Certificates of Deposit	Proprietary	<u>89,556.00</u>
<u>Total Proprietary</u>		<u>139,427.16</u>
<u>Total All Funds</u>		<u><u>467,476.19</u></u>

**1**

2. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year.
  - A. Verify use of certified county assessment rolls and trace levies to governing body minutes;
  - B. Determined that sales of property for delinquent taxes were conducted;
  - C. Traced settlements to the proper funds; and
  - D. Determined that increase in ad valorem taxes were within the growth limitations allowed by law Sections 27-39-320 through 27-39-323, Miss. Code Ann. (1972).

The distribution of taxes to funds was found to be in accordance with prescribed tax levies, and uncollected taxes were determined to be properly handled.

3. We obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated were traced to deposit in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

<u>Payment Purpose</u>	<u>Ledger Amount</u>
Sales Tax Allocation	24,515.19
Fire Protection Allocation	2,244.74
General Municipal Aid	174.54
Gasoline Tax	1,028.16
Homestead Exemption Reimbursement	6,864.02
Payments - Nuclear Plant	158.97
Law Enforcement Reimbursement	645.80
<u>Total</u>	<u>35,631.42</u>

4. We selected a sample of purposes made by the municipality during the fiscal year. Each sample item was evaluated for compliance with purchasing requirements set forth in Title 31, Chapter 7, Miss. Code Ann. (1972), as applicable.

The sample consisted of the following:

Number of Sample Items	55
Total Dollar Value of Sample	\$139,600.10

We found the municipality's purchasing procedures to be in agreement with the requirements of the above-mentioned sections.



5. We have read the Municipal Compliance Questionnaire completed by the municipality. The completed survey indicated no instances of noncompliance with state requirements.

Because the above procedures do not constitute an audit in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts or classes of transactions referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe the items specified in Paragraphs 1 and 2 should be adjusted. Had we performed additional procedures or had we conducted an audit of the financial statements in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to you. This report should not be associated with the financial statements of the Town of Lyon, Mississippi, for the year ended September 30, 2016.

*Elho's Hinchey CPA*

December 19, 2016

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
STATE LAWS AND REGULATIONS**

Honorable Mayor and Board of Aldermen  
Town of Lyon  
Lyon, Mississippi

We have compiled the accompanying combined Statement of Cash Receipts and Disbursements - Governmental and Business-type Activities of the Town of Lyon for the year ended September 30, 2016, and have issued our report thereon dated December 19, 2016, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

We have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our compilation engagement and, accordingly, we do not express such an opinion.

In connection with our compilation report, nothing came to our attention that caused us to believe that the Town of Lyon, Mississippi had not complied with the requirements of the Office of the State Auditor as set forth in the Municipal Compliance Questionnaire and other state laws and regulations.

This report is intended for the information of the Town's management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Ellis & Hirsberg CPA*

December 19, 2016

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