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Town of Lyon
Financial Statements
September 30, 2020

Ellis & Hirsberg
Certified Public Accountants, PLLC
Clarksdale, Mississippi

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

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

Management is responsible for the accompanying statement of cash receipts and disbursements - governmental and business-type activities of the Town of Lyon, Mississippi, for the year ended September 30, 2020 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents, and for determining that the cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the statement of cash receipts and disbursements - governmental and business-type activities nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the statement of cash receipts and disbursements - governmental and business-type activities.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The Statement of Cash Receipts and Disbursements - Governmental and Business-Type Activities is prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

The supplementary information contained in Schedules 1 through 3 is presented in compliance with the requirements of the Mississippi Office of the State Auditor and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited nor reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

The Statement of Cash Receipts and Disbursements - Governmental and Business-Type Activities and related notes to financial statement are intended to comply with the requirements of the Mississippi Office of the State Auditor, and are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

In accordance with the provisions of Section 21-35-31, Miss. Code Ann. (1972), we have issued a report dated January 30, 2021 on the results of our agreed-upon procedures.

Ellis & Hirsberg CPA's PLLC

Ellis & Hirsberg, CPAs, PLLC
Clarksdale, Mississippi
January 30, 2021

TOWN OF LYON, MISSISSIPPI

FINANCIAL STATEMENTS

TOWN OF LYON, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Governmental Activities			Business-type Activities
	General Fund	Special Revenue Fund	Total	Proprietary Fund
<u>Revenue Receipts</u>				
Ad Valorem Taxes - Current	161,400.41		161,400.41	
Franchise Tax - Utilities	5,387.47		5,387.47	
Privilege License	129.82		129.82	
Intergovernmental Revenues:				
State Shared Revenues:				
Sales Tax	15,714.63		15,714.63	
Gasoline Tax	1,028.16		1,028.16	
Modernization Use Tax	22,668.80		22,668.80	
Municipal Aid	174.54		174.54	
Fire Aid		2,111.49	2,111.49	
Grants - Others	11,949.84		11,949.84	
Homestead Exemption	8,213.23		8,213.23	
Payments - Nuclear Plant	138.91		138.91	
Charges for Service:				
Water Fees			0.00	38,560.97
Sewer Fees			0.00	40,209.02

TOWN OF LYON, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Governmental Activities			Business-type Activities
	General Fund	Special Revenue Fund	Total	Proprietary Fund
Other Receipts:				
Public Works Revenue	37,744.00		37,744.00	
Building Permit	3,344.00		3,344.00	
Mosquito Control Revenue	8,190.00		8,190.00	
Rents	5,348.83		5,348.83	
Insurance Proceeds	1,386.85		1,386.85	
Interest Earned	3,102.84		3,102.84	1,234.19
Miscellaneous - Law Enforcement	19,163.55		19,163.55	
Transfers - Proprietary Funds			0.00	13,909.14
<u>Total Receipts</u>	305,085.88	2,111.49	307,197.37	93,913.32
Cash: Beginning of Year	365,381.31		365,381.31	186,955.65
<u>Total Amount Accounted For</u>	<u>670,467.19</u>	<u>2,111.49</u>	<u>672,578.68</u>	<u>280,868.97</u>

TOWN OF LYON, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Governmental Activities			Business-type Activities
	General Fund	Special Revenue Fund	Total	
<u>Disbursements</u>				
Financial & Administrative				
Salaries & Wages	53,701.80		53,701.80	
Other Services & Charges	52,157.88		52,157.88	
Public Safety - Police				
Salaries & Wages	12,883.20		12,883.20	
Other Services & Charges	6,019.94		6,019.94	
Capital Outlay	12,275.00		12,275.00	
Public Safety - Fire				
Other Services & Charges			0.00	
Public Works Department				
Salaries & Wages	50,102.60		50,102.60	
Other Services & Charges	47,938.95		47,938.95	
Capital Outlay	9,239.23		9,239.23	

TOWN OF LYON, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Governmental Activities			Business-type
	General Fund	Special Revenue Fund	Total	Activities
Animal Control				
Salaries & Wages	2,000.00		2,000.00	
Other Services & Charges	1,178.05		1,178.05	
Water & Sewer Department				
Salaries & Wages			0.00	8,640.00
Other Services & Charges			0.00	51,772.68
Capital Outlay				26,558.00
Other				
Loan Repayment			0.00	20,001.43
Transfer - Proprietary Fund	13,909.14		13,909.14	
<u>Total Disbursements</u>	261,405.79	0.00	261,405.79	106,972.11
Cash: End of Year	409,061.40	2,111.49	411,172.89	173,896.86
<u>Total Amount Accounted For</u>	<u>670,467.19</u>	<u>2,111.49</u>	<u>672,578.68</u>	<u>280,868.97</u>

See the accompanying notes to the financial statements

**TOWN OF LYON, MISSISSIPPI
SELECTED DISCLOSURES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Town of Lyon operates under a Mayor-Board of Aldermen form of government. The Town has an approximate population of 350. The accounting policies of the Town of Lyon conform to the laws of Mississippi for a municipality with revenues or expenditures of less than \$1,000,000. The following is a summary of the more significant policies.

Reporting Entity - This report includes all of the funds and account groups of the Town of Lyon. The Town has developed criteria to determine whether outside agencies or authorities with activities which benefit the citizens of the Town should be included within its financial reporting entity. The criteria include, but are not limited to, whether the Town exercises oversight responsibility on financial inter-dependency, selection of governing authority, and accountability for fiscal matter, scope of public service and special financing relationships. No component unit was identified for inclusion or potential inclusion utilizing the criteria indicated.

Basis of Presentation - Fund Accounting - The accounts of the Town of Lyon are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

Basis of Accounting - All governmental and proprietary funds are accounted for using the cash receipts and disbursements basis of accounting, as allowed by the Mississippi State Department of Audit. This basis of accounting differs from accounting principles generally accepted in the United States of America in that revenues are recognized when received rather than when measurable and available as net current assets and expenditures are generally recognized when the related fund expense is disbursed rather than when the related fund liability is incurred. Consequently, these financial statements are not intended to present financial position or results of operations in accordance with accounting principles generally accepted in the United States of America. Financial statements issued following accounting principles generally accepted in the United States of America normally contain Government-wide Financial Statements, Fund Financial Statements, Management Discussion and Analysis (MD&A), and other supplemental information.

Receipts and disbursements were classified according to requirements for small towns as permitted by the Office of the State Auditor.

The following funds and groups of accounts are used by the Town:

**TOWN OF LYON, MISSISSIPPI
SELECTED DISCLOSURES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

Governmental Fund Types:

General Fund - This fund is established to account for resources devoted to financing the general services that the Town performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the Town are included in this fund. The fund is charged with all cost of operating the government for which a separate fund has not been established.

Special Revenue Fund - The Special Revenue Fund is used to account for revenue sources that are legally restricted to expenditures for specific purposes.

Proprietary Fund Types:

Enterprise Funds - These funds account for operations that are organized to be self-supporting through user charges. Included in this category is the Proprietary Fund.

Budgetary Data - Formal budgetary accounting is employed as a management control for all funds of the Town. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for governmental and proprietary funds. For governmental funds, receipts are budgeted on the cash basis.

Expenditures are budgeted on the modified cash basis of accounting. This is consistent with the applicable laws of Mississippi for municipalities. Budgets for Special Revenue Funds are made on a project basis, spanning more than one fiscal year. Budgetary control is exercised at the departmental level or by projects.

All unencumbered budget appropriations, except special revenue project budgets, lapse at the end of each fiscal year.

Cash - Cash in excess of current requirements is invested in various interest-bearing bank deposits.

Property Tax Revenues - Property taxes are levied on January 1 based on the assessed value of property per the County Tax Bills. Assessed values are an approximation of market value.

Property taxes are recognized as revenue when they are received.

Encumbrances - The Town of Lyon does not use encumbrance accounting.

Compensated Absences - The Town of Lyon, Mississippi has an informal sick leave and vacation policy.

Interfund Transfers - The interfund transfers have not been eliminated.

TOWN OF LYON, MISSISSIPPI
SELECTED DISCLOSURES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Restricted Funds - When an expenditure is incurred that could be paid by either restricted or unrestricted funds, restricted funds are used first.

NOTE 2 - PROPERTY TAXES:

Property taxes attach as an enforceable lien as of February 1.

The Town 2019 tax levy was 73 mills on assessed valuation for taxing property within the incorporated boundaries. The Town utilized the county tax rolls and values in assessing the ad valorem taxes on real and personal property within the Town boundaries. The Town pays a fee to the Coahoma County Tax Collector to collect its ad valorem taxes.

Property for which ad valorem taxes have not been paid is advertized for sale in April of each year. Property not sold at the auction is purchased by the State of Mississippi. Since unpaid ad valorem taxes at year end usually not collected within the 60 day period following the close of the Town's fiscal year, delinquent property taxes are not recorded as a receivable on the books of the Town.

NOTE 3 - 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 \$585,069.75 and the bank balance was \$606,787.31. The bank balance is categorized as follows:

Amount insured or collateralized with securities held by the Town	
Or its agent in the Town's name	\$606,787.31

Custodial Credit Risk - Deposits. - Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the Town will not be able to recover deposits, or collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the Town. As of

**TOWN OF LYON, MISSISSIPPI
SELECTED DISCLOSURES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

September 30, 2020, none of the Town's bank balances of \$606,787.31 was exposed to custodial risk.

NOTE 4 - 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 5 - GRANT RECEIVED:

The Town of Lyon received a sewer grant during the fiscal year of September 30, 2020 and used all the grant proceeds by the end of the fiscal year. The grant proceeds were used for various sewer improvements and pumps.

NOTE 6 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors, and omissions; injuries to employees; and natural disasters. Except as described below, the Town has commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Participation in Public Entity Risk Pool

The Town is a member of the Mississippi Municipal Workers' Compensation Group (MMWCG). The group is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The pool was formed on March 28, 1989, by the Mississippi Nonprofit Corporation Act, pursuant to Section 71-3-75, Mississippi Code Annotated (1972), to provide public entities within the State of Mississippi worker's compensation and employers' liability coverage. The Town pays premiums on a quarterly basis for its workers' compensation insurance coverage based on total payroll. The participation agreement provides that the pool will be self-sustaining through member premiums. The risk of total claims exceeding the pool's resources is remote. In the event claims deplete the trust account, pool members would be required to pay for the deficiencies. Settlement amounts have not exceeded for the current year nor the prior three years.

The Town is a member of the Mississippi Municipal Liability Plan, a public entity risk pool. The Mississippi Municipal Liability Plan covers liability against its members. The Plan is funded by member contributions. The Town has not had an additional assessment for excess losses.

TOWN OF LYON, MISSISSIPPI
SELECTED DISCLOSURES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 7 - ECONOMIC DEPENDENCY

The Town is a rural community located in the Mississippi Delta. It is dependent on ad valorem taxes and user fees from its residents to remain viable.

NOTE 8 - SUBSEQUENT EVENTS

Events that occur after the statement of net assets date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net assets date require disclosure in the accompanying notes. Management of the Town of Lyon evaluated the activity of the Town through January 30, 2021 and determined that there were no subsequent events that require disclosure in the financial statements.

TOWN OF LYON, MISSISSIPPI

SUPPLEMENTAL INFORMATION

**TOWN OF LYON, MISSISSIPPI
SCHEDULE OF INVESTMENTS
SEPTEMBER 30, 2020**

<u>General Fund</u>	<u>Amount</u>
<u>General Revenue Funds - First National</u>	
<u>Bank of Clarksdale</u>	
1.56% Certificate of Deposit, #75597	
Dated December 16, 2019, due December 15, 2020	289,766.24
<u>Proprietary Funds</u>	
<u>Water System Fund - First National</u>	
<u>Bank of Clarksdale</u>	
1.56% Certificate of Deposit, #75599	
Dated December 16, 2019, due December 15, 2020	31,239.84
1.56% Certificate of Deposit, #75595	
Dated December 16, 2019, due December 15, 2020	12,142.74
<u>Sewer System Fund - First National</u>	
<u>Bank of Clarksdale</u>	
1.56% Certificate of Deposit, #75593	
Dated December 16, 2019, due December 15, 2020	29,963.32
1.56% Certificate of Deposit, #75598	
Dated December 16, 2019, due December 15, 2020	18,103.72
<u>Total Investments</u>	<u>381,215.86</u>

See independent accountants' compilation report.

TOWN OF LYON, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

<u>Definition & Purpose</u>	Balance Outstanding	Transactions During Fiscal Year		Balance Outstanding
	10/1/19	Issued	Redeemed	9/30/20
<u>Other Long-Term Debt</u>				
MS Dept. Environmental Quality	101,038.54		11,063.11	89,975.43
United States Department of Agriculture	<u>214,901.46</u>		<u>8,938.32</u>	<u>205,963.14</u>
	<u>315,940.00</u>	<u>0.00</u>	<u>20,001.43</u>	<u>295,938.57</u>

See independent accountants' compilation report.

TOWN OF LYON, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
SEPTEMBER 30, 2020

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Amount</u>
John R. Sawyer	Mayor	Travelers Casualty & Surety Co.	25,000.00
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 independent accountants' compilation report.

ELLIS & HIRSBERG
CERTIFIED PUBLIC ACCOUNTANTS, PLLC

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**INDEPENDENT ACCOUNTANTS' 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, 2020, and have issued our report thereon dated January 30, 2021, 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 CPAs PLLC

Ellis & Hirsberg, CPAs, PLLC
Clarksdale, Mississippi
January 30, 2021

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED UPON PROCEDURES**

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

We have performed the procedures enumerated below, which were agreed to by the Office of the State Auditor and the mayor and Board of Aldermen of the Town of Lyon, to the accounting records of Town of Lyon, Mississippi, solely to assist the Office of the State Auditor and the mayor and Board of Aldermen in evaluating the Town's compliance with certain laws and regulations as of September 30, 2020, and for the year then ended as required by provisions of Section 21-35-31 of Miss. Code Ann. (1972). This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. This sufficiency of these procedures is solely the responsibility of the Office of the State Auditor, State of Mississippi. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. We reconciled cash on deposit with the following banks 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	121,406.65
First National Bank - Certificates of Deposit	General	<u>289,766.24</u>
<u>Total Governmental Activities</u>		<u>411,172.89</u>
First National Bank	Proprietary	82,447.24
First National Bank - Certificates of Deposit	Proprietary	<u>91,449.62</u>
<u>Total Proprietary</u>		<u>173,896.86</u>
<u>Total All Funds</u>		<u><u>585,069.75</u></u>

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	15,714.63
Fire Protection Allocation	2,111.49
General Municipal Aid	174.54
Gasoline Tax	1,028.16
Homestead Exemption Reimbursement	8,213.23
Payments - Nuclear Plant	<u>138.91</u>
<u>Total</u>	<u><u>27,380.96</u></u>

4. We selected a sample of purchases 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	43
Total Dollar Value of Sample	\$47,378.44

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, 2020.

Ellis & Hirsberg CPAs PLLC

Ellis & Hirsberg, CPAs, PLLC
Clarksdale, Mississippi
January 30, 2021