

**VILLAGE OF LYONS, ILLINOIS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2013**



Prepared by the Finance Department

VILLAGE OF LYONS, ILLINOIS

ANNUAL FINANCIAL REPORT

December 31, 2013

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FINANCIAL SECTION



VILLAGE OF LYONS, ILLINOIS

INDEPENDENT AUDITOR'S REPORT



VILLAGE OF LYONS, ILLINOIS

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INDEPENDENT AUDITOR'S REPORT

To the Village Board
Village of Lyons, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Lyons, Illinois, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Lyons Police Pension Trust Fund, which represent 100 percent, 100 percent, and 91.52 percent, respectively, of the assets, net position, and revenues of the Fiduciary (Pension Trust) Fund. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Lyons Police Pension Trust Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Lyons, Illinois, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2013 the Village adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. This resulted in the removal of the Lyons Public Library as a component unit of the Village. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of funding progress and employer contributions on pages 3–15 and 58–64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Lyons, Illinois' basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

JW & Associates, P.C.

South Chicago Heights, Illinois

August 20, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS



VILLAGE OF LYONS, ILLINOIS

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2013

As management of the Village of Lyons, we provide the users of the financial statements this narrative overview and analysis of the financial activities of the Village of Lyons for the fiscal year ended December 31, 2013.

Financial Highlights

- General fund revenues increased by 5.6% in 2013 compared to 2012 or \$502,692. Total revenues in 2013 exceeded total revenues from 2008 (excluding the change in accounting procedures for water and sewer fund costs) for the first time. During this time, the Village incurred operating deficits as well as cost increases particularly due to collective bargaining agreements. Property taxes in the general fund were limited by the state limitation law to an annual increase of 2.7%. The Village's share of municipal sales taxes and distribution of income taxes accounted for \$185,230 of the revenue increase. The balance of the revenue increase came from gaming revenues, ambulance service fees, quarry royalties and adjudication fees resulting from enforcement of Village ordinances. These increases offset flat to modest reduced revenue in other categories.
- Fiscal year 2013 was a transitional year as most employment contracts that dictate a major portion of the Village's spending were set to expire. Total spending increased by 0.5% from 2012 (or \$54,143) and exceeded budget by \$463,279 (or 4.9%). Administrative costs (general government) exceeded budget by \$170,174 or 1.2% of budget due to accounting costs as the Village issued three audits in 2013 that were delayed due deferred record keeping and accounting errors in prior years. Other than this extraordinary cost, the Village was able to contain spending in all departments other than Police in 2013. In preparation for negotiations with the policemen, the Village engaged an outside consultant who analyzed productivity and service levels of the department to determine optimal staffing. The study suggested that staffing be reduced by up to fifteen sworn officers from 30 to 15 officers. The Village agreed to a tentative contract that would have implemented these reductions through attrition and other cost reductions through 2015. However, this contract was rejected by the police union. The Village has subsequently reduced staffing by layoffs, resignations and retirement as well as appointing the Village Manager as acting Police Chief. These actions are envisioned to provide the Village with a structurally balanced budget for at least five years once a new union agreement is approved.
- In order to reduce the operating deficit of the general fund, the Village utilized certain discretionary revenues accounted for in the capital project funds including motor fuel taxes for current operations. While such spending is allowed by state statute, this use reduces funds for critical Village capital projects. In addition, the general fund realized lower reimbursements from the Village's tax increment districts for interest subsidy related to the Village providing its general obligation pledge to tax increment debt and Village wide administrative costs allocated to such funds. As a result of the lower incremental tax revenues in 2013, the reimbursement to the general fund was reduced to \$202,000 compared to \$270,000 in 2012.

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2013

- General obligation and tax increment revenue debt including bonds and installment contracts decreased \$1,375,338 from \$24,068,668 to \$22,693,330. The Village is targeting the retirement of its existing debt by 2030. Due to reductions in the Village's Equalized Assessed Valuation, the Village's existing general obligation debt exceeds its allowable debt limit. While this situation does not invalidate existing debt, it does limit future general obligation debt issuances and requires the Village to issue revenue and alternate revenue bonds instead. The Village intends to refund certain general obligation debt in 2014 to regain general obligation debt authority.
- The Village encountered cash flow shortfalls due to the completion of major projects and the deficit spending. To address these cash flow needs, the Village borrowed \$750,000 in tax anticipation warrants in 2013. The Village increased these tax anticipation warrant borrowings to \$1,500,000 in 2014. The Village intends to reduce these warrants through debt refinancing and from improved operating results as the result of the reduction in police forces. The goal is to eliminate the need for such cash flow borrowing by 2017.
- The actuarial funding requirement of the Village for all pension plans was \$1,419,799. Of this amount, the Village funded \$648,166 or 45% of the actuarial funding requirements to fully fund all Village pension plans by 2040. The primary funding shortfall was in the police pension plans where 29% of the actuarial funding requirement was contributed. The Village has set forth a plan to reverse the chronic underfunding of the police pension plans for the past ten years. Specifically, the Village has committed to increasing the police pension contributions by at least \$50,000 annually until the full funding requirement is achieved. With the restructuring of the police department, this full funding could be achieved by 2020.
- The Village updated its actuarial valuation of its Other Post Employment Benefits ("OPEB") during 2012. The Village is using the same valuation for 2013. The major component of the current OPEB liability is for policemen who become disabled in the line of duty pursuant to the Public Safety Employees Benefits Act. The balance of the cost reflects stipends to retirees to partially fund medical costs from retirement until they are eligible for Medicare.
- The Village completed the major landfill reclamation project creating additional parkland and additional commercial space adjacent to the Village Hall. These costs were funded through the TIF 4 fund that has an accumulated deficit of \$575,886. This deficit was funded through advances from the general and debt service funds. The Village intends to recoup a portion of this deficit from the ultimate sale and development of the commercial parcels. To the extent feasible, the Village intends to also address this deficit as it restructures the outstanding tax increment debt.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2013

- The Village's water and sewer enterprise fund repaid its outstanding debt in 2011. The Village has been analyzing the system to determine infrastructure improvements to prolong the useful life of the system at a reasonable cost. The major issue that needs to be addressed is water loss that approximates 30% of all water purchased by the Village. In addition to sound conservation, controlling water loss would reduce the cost of purchase water to the Village's customers. This is even more important as the City of Chicago, the ultimate supplier of the Village's water, has increased the rate it charges the water commission that supplies the Village by 80%. The Village has not adjusted rates since there are extra funds that previously funded debt service. However, rates need to be increased to address higher water costs and future capital projects.
- The Emergency 911 fund also has a deficit. The Village intends to use on-going revenue to repay the Advances from the Capital Projects and Debt Service Funds.

Overview of the Financial Statements

Government-wide financial statements that consist of Statements of Net Position and Activities found on pages 16 through 17 were developed by the Government Accounting Standards Board in an attempt to provide readers with a broad overview of the Village's financial affairs in a manner similar to a private sector business. The Statement of Net Position presents information on all the Village's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as an indicator of whether the financial position of the Village is improving or deteriorating.

The Statement of Activities presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, police, fire, public works, economic development and recreation. The business-type activities of the Village include water, sewer, sanitation, and emergency dispatch operations.

The Government-wide Financial Statements are rarely used by the Village and the financial community with whom we interact. Financial analysts and creditors are more concerned about the capacity of the Village to raise resources to fund current operations and repay debt. Further, the net position financial model does not recognize certain assets such as future TIF revenues that have been used extensively by the Village to fund economic incentives for redevelopment. Finally, the net position financial statement focuses on capital assets and depreciation that are sunk costs of the Village and are not the basis of lending funds in contrast to the private sector. While capital assets serve as collateral for lending in the private sector, they are rarely used for such purposes in the public finance sector.

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2013

Fund financial statements are a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into the following three categories:

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year.

The Village maintains four major categories of governmental funds:

- General
- Economic Development (four TIF Districts)
- Debt Service
- Capital Project

The Village adopts an annual budget ordinance for its governmental funds. Budgetary comparison statements have been provided for the governmental funds to demonstrate compliance with this ordinance. The basic governmental fund financial statements can be found on pages 18 through 21 of this report.

Proprietary funds maintained by the Village consist of the following three enterprise funds.

- Water and sewer
- Garbage
- E-911

Enterprise funds are used to report the same functions presented as business-type activities in the Government-wide Financial Statements. The basic proprietary fund financial statements can be found on pages 22 through 24 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The basic fiduciary fund financial statements can be found on pages 25 and 26 of this report.

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2013

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 27 through 57 of this report. Other information included in this report includes certain required supplementary information concerning the Village's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on pages 58 through 64 of this report.

Statement of Net Position

The following table shows the comparison between 2012 and 2013 Statement of Net Position for both governmental and business-type activities:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2011</u>	<u>2013</u>
ASSETS						
Current assets	5,781,238	5,991,252	724,095	632,711	6,505,333	6,623,963
Restricted assets	1,700,621	1,704,366	-	-	1,700,621	1,704,366
Internal balances	426,367	428,065	(426,367)	(428,065)	-	-
Other asset	162,878	81,459	-	-	162,878	81,459
Capital assets, net of depreciation	<u>35,147,691</u>	<u>34,949,026</u>	<u>3,701,617</u>	<u>3,513,090</u>	<u>38,849,308</u>	<u>38,462,116</u>
TOTAL ASSETS	<u>43,218,795</u>	<u>43,154,168</u>	<u>3,999,345</u>	<u>3,717,736</u>	<u>47,218,140</u>	<u>46,871,904</u>
LIABILITIES						
Accounts payable and other liabilities	2,451,999	2,998,166	222,360	226,121	2,674,359	3,224,287
Interest payable	294,561	279,962	-	-	294,561	279,962
Tax anticipation warrants	-	750,000	-	-	-	750,000
Current portion of long term debt	<u>1,497,997</u>	<u>1,336,024</u>	<u>102,923</u>	-	<u>1,600,920</u>	<u>1,336,024</u>
TOTAL CURRENT LIABILITIES	4,244,557	5,364,152	325,283	226,121	4,569,840	5,590,273
Non current liabilities	<u>28,565,223</u>	<u>27,951,200</u>	-	-	<u>28,565,223</u>	<u>27,951,200</u>
TOTAL LIABILITIES	<u>32,809,780</u>	<u>33,315,352</u>	<u>325,283</u>	<u>226,121</u>	<u>33,135,063</u>	<u>33,541,473</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,538,992</u>	<u>3,611,747</u>	-	-	<u>3,538,992</u>	<u>3,611,747</u>
NET POSITION						
Invested in capital assets--net of related debt	20,733,759	24,120,696	3,597,692	3,513,090	24,331,451	27,633,786
Restricted						
Public safety	388,026	268,684	-	-	388,026	268,684
Economic development	416,398	-	-	-	-	-
Debt service	19,608	19,608	-	-	19,608	19,608
Capital projects	9,786	-	-	-	9,786	-
Unrestricted	<u>(14,697,554)</u>	<u>(18,181,919)</u>	<u>76,370</u>	<u>(21,475)</u>	<u>(14,621,184)</u>	<u>(18,203,394)</u>
TOTAL NET POSITION	<u>6,870,023</u>	<u>6,227,069</u>	<u>3,674,062</u>	<u>3,491,615</u>	<u>10,544,085</u>	<u>9,718,684</u>

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2013

The following are the significant changes reflected in the Statement of Net Position:

- Current assets remained constant as the Village maintained operations in 2013 without any new capital program initiative.
- Restricted assets associated with governmental activities include funds held by the Village pursuant to a court order from the refunding of revenue bonds related to TIF 3 and capitalized interest for the Series 2008 bond holders. These funds cannot be used in Village operations.
- Noncurrent liabilities remained flat as the increase in underfund of pension obligations offset were offset by reductions in bonded debt.
- The unrestricted deficit consists of two components: economic development fund deficit and general fund deficit. While there is a future asset associated with TIF activity in the economic development funds (the future incremental taxes) and they are the source of repayment and security for the bonds, GASB does not recognize them as an asset. Unfortunately, this accounting treatment distorts the reported net position of the Village.
- For business-type activities, the Village has expended accumulated cash balances based on the increase in wholesale water purchase cost that was not offset by rate increases to its customers. The Village is using the portion of the rates historically earmarked for capital outlay and debt service to offset the increase in costs of water purchases. The Village intends to increase rates in 2014 as well as undertake a new capital program to address the aging water and sewer infrastructure.

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2013

Statement of Activities

As noted earlier, the Village's Statement of Activities provides a numerical analysis of the Village's financial performance during the year. Revenues are broken down between program revenues and general revenues.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
REVENUES						
Program Revenues:						
Charges for services	2,082,909	2,147,591	3,143,496	3,102,918	5,226,405	5,250,509
Operating grants and contributions	297,668	335,379	-	-	297,668	335,379
Capital grants and contributions	403,155	205,322	-	-	403,155	205,322
General revenues:						
Property taxes	3,508,847	3,541,135	4,970	-	3,513,817	3,541,135
Other taxes	4,243,300	4,555,659	-	-	4,243,300	4,555,659
Interest	2,297	599	13	54	2,310	653
Other Revenues	<u>28,772</u>	<u>56,611</u>	<u>-</u>	<u>-</u>	<u>28,772</u>	<u>56,611</u>
Total revenues	<u>10,566,948</u>	<u>10,842,296</u>	<u>3,148,479</u>	<u>3,102,972</u>	<u>13,715,427</u>	<u>13,945,268</u>
EXPENSES						
General government	1,348,182	1,536,145	-	-	1,348,182	1,536,145
Building, zoning and planning	440,947	479,751	-	-	440,947	479,751
Police	5,814,592	5,832,577	-	-	5,814,592	5,832,577
Fire and ESDA	1,227,727	1,211,832	-	-	1,227,727	1,211,832
Community development	25,590	39,880	-	-	25,590	39,880
Recreation	248,014	309,163	-	-	248,014	309,163
Public works	1,754,019	1,202,993	-	-	1,754,019	1,202,993
Interest on long-term debt	902,416	872,907	-	-	902,416	872,907
Water and sewer	-	-	2,437,881	2,490,297	2,437,881	2,490,297
Garbage	-	-	658,923	674,554	658,923	674,554
Emergency 911	<u>-</u>	<u>-</u>	<u>115,173</u>	<u>120,568</u>	<u>115,173</u>	<u>120,568</u>
Total expenses	<u>11,761,487</u>	<u>11,485,248</u>	<u>3,211,977</u>	<u>3,285,419</u>	<u>14,973,464</u>	<u>14,770,667</u>
Change in Net Position before Transfers	(1,194,539)	(642,952)	(63,498)	(182,447)	(1,258,037)	(825,399)
Transfers	<u>250,000</u>	<u>-</u>	<u>(250,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	(944,539)	(642,952)	(313,498)	(182,447)	(1,258,037)	(825,399)
NET POSITION--BEGINNING	<u>7,814,560</u>	<u>6,870,021</u>	<u>3,987,560</u>	<u>3,674,062</u>	<u>11,802,120</u>	<u>10,544,083</u>
NET POSITION--ENDING	<u>6,870,021</u>	<u>6,227,069</u>	<u>3,674,062</u>	<u>3,491,615</u>	<u>10,544,083</u>	<u>9,718,684</u>

The following are the more significant changes reflected in the Statement of Activities:

- Governmental activities' charges for services increased as the Village increased the charges to the water and sewer fund for support provided in the administration of the fund by employees in the general fund. Due to the small size of the Village's water and sewer operations, there are no specific water department employees.

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2013

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- Capital grants are used to improve roadways in targeted areas of the Village. Funding comes from Federal, state and township sources.
 - Other taxes increased to offset the neutral levels in property taxes. Unrestricted taxes remain flat and just exceeded 2008 levels in 2014. This has forced the Village to look for economies as they proceed with the ongoing operations.
 - Business-type activities maintained stable operations. The Village did not increase the water rates to offset the increased rates in water purchases, but has done so in 2014.

Another measure of government services is the percent of the operations that are recovered through sources other than general taxation. The following summarizes the cost recovery by the various Village departments:

	Total <u>Expenditures</u>	Offsetting <u>Revenues</u>	<u>Percent</u>
General government	1,536,145	948,563	62%
Building, zoning and planning	479,751	170,375	36%
Police	5,832,577	742,897	13%
Fire and ESDA	1,211,832	266,887	22%
Community development	39,880	-	0%
Recreation	309,163	31,311	10%
Public works	1,202,993	528,265	44%

Traditional Fund Accounting

As stated earlier in this statement, the Village and the financial community that monitors the financial matters of the Village use the fund accounting financial statements rather than the government-wide financial statements. The focus is on the generation of cash to meet on-going operations as well as debt payments and economic development.

The Village's main operating fund is its general fund. Most activities are processed through this fund unless there was a restriction in doing so. The general fund remains in a challenging position due to the deficit spending and borrowing of the previous Village Administration. While the Village has been able to generate funds to meet current operation, the Village has established the following financial objectives to best meet the needs of its constituents:

- Increase unrestricted fund balance to 20% of annual expenditures.
- Establish a contingency/rainy day fund to address unforeseen issues.
- Improve funding of pension liabilities.
- Establish a funding program for capital equipment.

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2013

Before these financial objectives can be fully achieved, the Village needs to fully implement budgetary controls, not once a year, but for the entire year to ensure there are adequate revenues to meet expenditures. While many of the variances prior to 2013 were beyond the Village's control, there was not a systematic plan to address these variances to prevent significant deficit spending. The Village expects to achieve budgetary control in 2014 to provide a framework to achieve its other financial objectives.

The general fund has a diverse source of revenues as illustrated by the following chart:

	<u>Amount</u>	Percent of <u>Total</u>
Property Taxes	\$2,835,999	30.05%
Sales Taxes	1,326,214	14.05%
Utility Taxes	994,247	10.53%
State Income Taxes	1,037,442	10.99%
Other Taxes	<u>258,105</u>	<u>2.73%</u>
Subtotal	6,452,007	68.36%
Licences and Permits	469,363	4.97%
Intergovernmental	46,681	0.49%
Charges for Services	1,241,478	13.17%
Fines and Forfeits	762,770	8.08%
Investment Earnings	526	0.01%
Quarry Royalties	408,498	4.33%
Other	<u>57,563</u>	<u>0.59%</u>
	<u>\$9,438,886</u>	<u>100.00%</u>

Total taxes have just exceeded their highest levels in since 2008. As a result, the Village had to make up for these lower revenues by controlling expenses and increasing property taxes.

The Village has historically funded major equipment needs with installment purchase contracts. However, there is no dedicated revenue stream to repay such debt service. As a result, the General Fund has been the source of payments creating more pressure on funding operating expenses. A comprehensive plan to address equipment needs is needed in the future.

Another challenge for the Village is to restore and increase pension funding particularly for the police pension plan. The Village failed to increase contributions over the past ten years to meet the actuarial funding requirement as funds were diverted to pay for the increased cost of operations. In addition, recent increases in compensation further added to the future pension liabilities. As an integral cost of the police department, a funding plan needs to be developed to address pension funding.

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2013

In short, the general fund first needs to restore its reserve levels to historical levels. The future goal is to increase reserve levels while at the same time fund equipment, infrastructure needs, and pension requirements.

Budgetary Control

Pursuant to action by the Village Board in April 2009, the Village Manager is designated as Financial Officer of the Village and is responsible for the preparation of an annual budget for the Village. Upon adoption of the budget by the Village, the Village Manager has the sole responsibility for position control and spending within funds subject to certain limitations. Prior to this action, all budgetary actions were subject to Board approval.

Actual budgetary results are summarized on pages 65 to 72 for the General Fund. The following are the major variances noted:

- General revenues were consistent with the budget. The shortfall in fine and forfeitures resulting from lower police activity were offset by charges for other services. Rather than allocate costs, the Village will calculate a charge to charge those activities that have funding separate from general taxation.
- Total general fund expenditures exceeded budget by \$460 thousand. The variances were noted in the Financial Highlights. The Village funded this overage through increased transfers from other funds and draw down on fund balance.

As to other funds, the two major budgetary challenges in the past related to the economic development funds and the debt service fund. The economic development funds were able to fund their debt service as well as complete the remaining project in the economic development area. The Village is exploring options to funding the remaining deficit in TIF 4 as well as to provide liquidity through the timing of debt service to eliminate the need for the general fund to advance fund January 1 debt service payments. These results are noted on pages 73 to 78 of this report. The debt service fund revenues including transfers and expenditures were in line with the budget as noted on page 79 of the report. Capital projects were lower since projects relied solely on Motor Fuel and Community Development Block Grant programs. See page 80 of this report.

Economic Development

The Village has established a priority to address economic development along its major roadways that include Ogden Avenue, Harlem Avenue and First Avenue. Since the Village is land locked, historical efforts have been to redevelop sections of the Village to provide higher levels of property and other taxes. The main financial tool has been to utilize tax increment finance districts. These districts incurred substantial debt as they were developed. By refunding this debt, the Village is seeking to repay all costs that have been incurred by using lower cost general obligation debt. The debt is structured to be repaid from the increment as well as compensating the Village for providing its general obligation support.

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2013

There are several vacant properties within the Village that are targeted for redevelopment. The most significant undertaking is the reclamation of the 48 acre quarry that borders First Avenue. This quarry accepts construction debris that is not contaminated ("Clean Construction or Demolition Debris" or CCDD). Depending on construction activity in metropolitan Chicago, this quarry will be filled within seven to twelve years. At that point, the Village becomes owner of the quarry land and can develop that land for other uses in a manner similar to the existing Village Hall and adjacent Veteran's Park.

There are other properties that the Village will work with owners to redevelop to provide new uses and property value as well as additional tax revenue to the Village.

Debt Service

The Village has four types of outstanding debt to repay from numerous sources. First, the Village has \$10,828,330 of direct tax supported debt. This tax supported debt consists of General Obligation and Limited Tax Bonds with \$5,760,000 outstanding at the end of the year that has dedicated property tax levies to repay the related debt. The Village had also issued Debt Certificates of which \$5,068,330 are outstanding at the end of the year to fund various general fund projects particularly the completion of the municipal complex. This debt is generally secured by the Village's sales taxes. As a result of these Debt Certificates and the related sales tax pledge, the Village will have fewer resources in the future available to fund general fund operations. This debt has decreased by \$740,338 in 2013 reflecting repayment of existing debt without new borrowings as noted on page 44 of this report.

The second type of debt is the Tax Increment Debt. This debt now consists of General Obligation bonds and Debt Certificates with a general obligation credit support. However, the Village has projected that Tax Increment Debt will be repaid from the tax increments depending on the future trend in assessment and tax policies. In 2013, the Village has net repayment of \$635,000 of Tax Increment Debt leaving an unpaid balance at the end of the year of \$11,865,000. The details of the Tax Increment Debt are outlined on page 45 of this report.

The third type of outstanding debt funds the enterprise fund operations of the Village particularly the water and the sewer fund. This debt has been repaid at the end of the 2013 as noted on page 46 of this report. While most of this debt has general obligation pledges to support the repayment of the bonds and reduce the underlying interest rate, the Village has used the enterprise funds to make the payments instead. While the debt is substantially repaid, the Village is facing major challenges in keeping its water infrastructure up to current standards. For example, water leakage has averaged at 30% of all water purchased in the past several years. The Illinois Environmental Protection Agency target for leakage is lower than eight percent (8%). Addressing this issue would result in savings since the Village has to pass the purchase cost of the water that is lost to customers. However, compliance is more critical due to water treaties involving the use of Lake Michigan water. The Village has applied for low interest Illinois Environmental Protection Agency loans for \$7.9 million to address this issue.

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2013

The last type of debt is cash flow borrowings. In 2013, the Village issued \$750,000 in tax anticipation warrants to address working cash needs of the Village. These notes were rolled over to 2014 along with additional borrowing of \$750,000 (\$1.5 million total) to address cash needs of the Village. The Village is looking to pay down these loans with improved budgetary performance and the restructuring of its tax increment debt.

Due to decreases in equalized assessed valuation, the Village's outstanding general obligation debt exceeds its debt limit as established by Illinois state law. This situation has no impact on the status of outstanding debt, but does significantly limit the Village's debt options for general obligation bonds and debt certificates. However, there is no similar impact on alternate revenue bonds and revenue bonds. The Village has approval for the issuance of alternate revenue bonds to refund outstanding debt certificates that will restore the Village's debt margin to approximately \$7 million barring any further significant reduction in equalized assessed valuation.

In February 2012, the Village's general obligation bonds were downgraded from AA- to A+ with a Negative Outlook. The reason for the downgrade was the significant depletion of the Village's reserves offset by the commitment and demonstration that the Village had begun to address the ruinous financial policies under the previous Administration. In May 2013, the Village's debt was downgraded again to A based on the financial position of the Village. The Village's debt outlook and future ratings actions are dependent on restoring financial accountability and internal controls coupled with spending constraints.

Capital Projects

The Village's capital project fund has three main sources of funding. First, the Village deposits its Motor Fuel Tax allotment. While these funds had been used to fund operating costs, the Village has worked to transfer these funds to address critical street repair projects.

The second funding source is periodic grants from state and Federal sources primarily the Community Development Block Grant program administered by Cook County. Again, these funds have historically funded street repairs in certain portions of the Village.

The balance of the funds has been accumulated by the Village from various other sources including previous bond issues.

Other than street repairs and the vehicle acquisition, the Village did not have any major capital acquisitions in 2013. While the current status of the Village infrastructure is in adequate condition, the need to revitalize and upgrade will increase as time transpires. The long term goal will be a capital development plan that can be implemented subject to funding.

VILLAGE OF LYONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2013

Requests for Information

This financial report is designed to provide a general overview of the Village of Lyons finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village of Lyons Finance Department, 4200 South Lawndale, Lyons, Illinois 60534.

BASIC FINANCIAL STATEMENTS



VILLAGE OF LYONS, ILLINOIS

VILLAGE OF LYONS, ILLINOIS
STATEMENT OF NET POSITION
DECEMBER 31, 2013

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
Assets			
Cash and cash equivalents	\$ 1,406,142	\$ 80,574	\$ 1,486,716
Restricted cash	1,704,366	-	1,704,366
Receivables	4,585,110	552,137	5,137,247
Internal balances	428,065	(428,065)	-
Prepaid expenses	81,459	-	81,459
Capital assets not being depreciated			
Land	15,018,479	91,021	15,109,500
Capital assets, net of accumulated depreciation			
Buildings and improvements	16,558,766	182,737	16,741,503
Vehicles and equipment	540,793	161,089	701,882
Infrastructure	2,830,988	3,078,243	5,909,231
Total assets	<u>43,154,168</u>	<u>3,717,736</u>	<u>46,871,904</u>
Liabilities			
Accounts payable and other current liabilities	2,768,945	226,121	2,995,066
Tax anticipation warrants	750,000	-	750,000
Accrued interest payable	279,962	-	279,962
Due to pension funds	4,071	-	4,071
Noncurrent liabilities			
Due within one year			
Accrued compensated absences	225,150	-	225,150
Bonds, notes and other debts	1,336,024	-	1,336,024
Due in more than one year			
Net pension obligations	4,616,037	-	4,616,037
Other post-employment benefit obligation	1,077,256	-	1,077,256
Accrued compensated absences	900,601	-	900,601
Bonds, notes and other debts	21,357,306	-	21,357,306
Total liabilities	<u>33,315,352</u>	<u>226,121</u>	<u>33,541,473</u>
Deferred Inflows of Resources			
Unearned revenues	3,611,747	-	3,611,747
Total deferred inflows of resources	<u>3,611,747</u>	<u>-</u>	<u>3,611,747</u>
Net Position			
Invested in capital assets, net of related debt	24,120,696	3,513,090	27,633,786
Restricted for			
Public safety	268,684	-	268,684
Debt service	19,608	-	19,608
Unrestricted	(18,181,919)	(21,475)	(18,203,394)
Total net position	<u>\$ 6,227,069</u>	<u>\$ 3,491,615</u>	<u>\$ 9,718,684</u>

VILLAGE OF LYONS, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

Functions/Programs	Expenses	Program Revenues			Primary Government		
		Charges for	Operating	Capital	Governmental	Business-Type	Total
		Services	Grants and	Grants and	Activities	Activities	
			Contributions	Contributions			
Primary Government							
Governmental Activities							
General government	\$ 1,536,145	\$ 948,563	\$ -	\$ -	\$ (587,582)	\$ -	\$ (587,582)
Building, planning and zoning	479,751	170,375	-	-	(309,376)	-	(309,376)
Police protection	5,832,577	718,993	23,904	-	(5,089,680)	-	(5,089,680)
Fire protection and ESDA	1,211,832	266,887	-	-	(944,945)	-	(944,945)
Community development	39,880	-	-	-	(39,880)	-	(39,880)
Recreation	309,163	31,311	-	-	(277,852)	-	(277,852)
Public works	1,202,993	11,468	311,475	205,322	(674,728)	-	(674,728)
Interest and issuance costs	872,907	-	-	-	(872,907)	-	(872,907)
Total government activities	<u>11,485,248</u>	<u>2,147,597</u>	<u>335,379</u>	<u>205,322</u>	<u>(8,796,950)</u>	<u>-</u>	<u>(8,796,950)</u>
Business-Type Activities							
Water and Sewer	2,490,297	2,351,117	-	-	-	(139,180)	(139,180)
Garbage	674,554	641,238	-	-	-	(33,316)	(33,316)
Emergency 911	120,568	110,563	-	-	-	(10,005)	(10,005)
Total business-type activities	<u>3,285,419</u>	<u>3,102,918</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(182,501)</u>	<u>(182,501)</u>
Total primary government	<u>\$ 14,770,667</u>	<u>\$ 5,250,515</u>	<u>\$ 335,379</u>	<u>\$ 205,322</u>	<u>(8,796,950)</u>	<u>(182,501)</u>	<u>(8,979,451)</u>
General Revenues and Transfers							
Property taxes					3,541,135	-	3,541,135
Property taxes - incremental					939,645	-	939,645
Sales taxes					1,326,214	-	1,326,214
State income tax					1,037,442	-	1,037,442
Utility taxes					866,713	-	866,713
Other taxes					385,639	-	385,639
Unrestricted investment earnings					599	54	653
Sale of Village assets					18,713	-	18,713
Other income					37,898	-	37,898
Total general revenues and transfers					<u>8,153,998</u>	<u>54</u>	<u>8,154,052</u>
Change in Net Position					<u>(642,952)</u>	<u>(182,447)</u>	<u>(825,399)</u>
Net Position - Beginning of Year					<u>6,870,021</u>	<u>3,674,062</u>	<u>10,544,083</u>
Net Position - End of Year					<u>\$ 6,227,069</u>	<u>\$ 3,491,615</u>	<u>\$ 9,718,684</u>

VILLAGE OF LYONS, ILLINOIS
BALANCE SHEET- GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	General Fund	Economic Development	Debt Service	Capital Improvement	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,213,386	\$ 181,303	\$ 11,453	\$ -	\$ 1,406,142
Cash - restricted	-	1,704,366	-	-	1,704,366
Receivables					
Property taxes	2,914,523	-	743,162	-	3,657,685
Accounts	-	-	-	26,848	26,848
Other taxes	840,284	-	-	-	840,284
Other receivables	60,293	-	-	-	60,293
Prepaid items	7,118	15,120	-	59,221	81,459
Due from other funds	74,167	-	-	-	74,167
Advance to other funds	359,032	-	356,299	295,068	1,010,399
Total assets	<u>\$ 5,468,803</u>	<u>\$ 1,900,789</u>	<u>\$ 1,110,914</u>	<u>\$ 381,137</u>	<u>\$ 8,861,643</u>
Liabilities					
Accounts payable	\$ 389,704	\$ 11,507	\$ -	\$ 111,918	\$ 513,129
Accrued payroll	171,705	-	-	-	171,705
Payable to developer	-	1,704,366	-	-	1,704,366
Other liabilities	379,745	-	-	-	379,745
Tax anticipation warrants	750,000	-	-	-	750,000
Due to other funds	4,071	-	-	72,469	76,540
Advance from other funds	-	584,032	-	-	584,032
Total liabilities	<u>1,695,225</u>	<u>2,299,905</u>	<u>-</u>	<u>184,387</u>	<u>4,179,517</u>
Deferred Inflows of Resources					
Unearned revenue	<u>2,877,712</u>	<u>-</u>	<u>734,035</u>	<u>-</u>	<u>3,611,747</u>
Total deferred inflows of resources	<u>2,877,712</u>	<u>-</u>	<u>734,035</u>	<u>-</u>	<u>3,611,747</u>
Fund Balances					
Nonspendable					
Prepaid items	7,118	15,120	-	59,221	81,459
Long-term interfund advances	359,032	-	356,299	295,068	1,010,399
Restricted					
Public safety	268,684	-	-	-	268,684
Debt service	-	668,786	20,580	-	689,366
Unassigned	<u>261,032</u>	<u>(1,083,022)</u>	<u>-</u>	<u>(157,539)</u>	<u>(979,529)</u>
Total fund balances	<u>895,866</u>	<u>(399,116)</u>	<u>376,879</u>	<u>196,750</u>	<u>1,070,379</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,468,803</u>	<u>\$ 1,900,789</u>	<u>\$ 1,110,914</u>	<u>\$ 381,137</u>	<u>\$ 8,861,643</u>

**VILLAGE OF LYONS, ILLINOIS
RECONCILIATION OF BALANCE SHEET- GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
DECEMBER 31, 2013**

Total fund balances - governmental funds	\$	1,070,379
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		34,949,026
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Tax supported debt - G.O. bonds		(5,760,000)
Tax supported debt - Debt certificate		(4,935,000)
Tax supported debt - Loans		(133,330)
TIF supported debt - Alternative revenue bonds		(1,375,000)
TIF supported debt - G.O. bonds		(10,490,000)

Interest on long-term liabilities is shown as an expenditure when paid by the funds, but accrued in the Statement of Net Position.		(279,962)
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Accrued compensated absences are reported in the Statement of Net Position, but are not included in the fund financial statements.		(1,125,751)
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The net pension obligation from IMRF, police and firefighters' pension funding is reported in the Statement of Net Position, but is not included in the fund financial statements.		(4,616,037)
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The net obligation for other post-retirement benefit is reported in the Statement of Net Position, but is not included in the fund financial statements.		(1,077,256)
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Net position of governmental activities	\$	<u>6,227,069</u>
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VILLAGE OF LYONS, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	General Fund	Economic Development	Debt Service	Capital Improvement	Total Governmental Funds
Revenues					
Taxes					
Property	\$ 2,835,999	\$ -	\$ 705,136	\$ -	\$ 3,541,135
Incremental property taxes	-	939,645	-	-	939,645
Sales	1,326,214	-	-	-	1,326,214
Utility	866,713	-	-	-	866,713
State income tax allocation	1,037,442	-	-	-	1,037,442
Other taxes	385,639	-	-	-	385,639
License and permits	469,363	-	-	-	469,363
Intergovernmental	46,681	-	-	293,234	339,915
Charges for services	501,478	-	-	-	501,478
Fines and forfeitures	762,770	-	-	-	762,770
Investment earnings	526	29	-	44	599
Royalties	408,498	-	-	-	408,498
Other revenue	57,563	-	-	205,322	262,885
Total revenues	<u>8,698,886</u>	<u>939,674</u>	<u>705,136</u>	<u>498,600</u>	<u>10,842,296</u>
Expenditures					
Current					
General government	1,282,102	-	-	-	1,282,102
Building, planning and zoning	479,751	-	-	-	479,751
Police protection	4,966,217	-	-	-	4,966,217
Fire protection and ESDA	1,165,809	-	-	-	1,165,809
Community development	-	39,880	-	-	39,880
Recreation	309,163	-	-	-	309,163
Public works	909,667	-	-	-	909,667
Capital outlays	-	5,864	-	430,730	436,594
Debt service					
Principal payments	-	635,000	740,338	-	1,375,338
Interest and fiscal charges	22,500	353,518	511,488	-	887,506
Total expenditures	<u>9,135,209</u>	<u>1,034,262</u>	<u>1,251,826</u>	<u>430,730</u>	<u>11,852,027</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(436,323)</u>	<u>(94,588)</u>	<u>(546,690)</u>	<u>67,870</u>	<u>(1,009,731)</u>
Other Financing Sources (Uses)					
Transfers in	452,000	67,000	547,662	-	1,066,662
Transfers out	(614,662)	(202,000)	-	(250,000)	(1,066,662)
Total other financing sources (uses)	<u>(162,662)</u>	<u>(135,000)</u>	<u>547,662</u>	<u>(250,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>(598,985)</u>	<u>(229,588)</u>	<u>972</u>	<u>(182,130)</u>	<u>(1,009,731)</u>
Fund Balances - Beginning of Year	<u>1,494,851</u>	<u>(169,528)</u>	<u>375,907</u>	<u>378,880</u>	<u>2,080,110</u>
Fund Balances - End of Year	<u>\$ 895,866</u>	<u>\$ (399,116)</u>	<u>\$ 376,879</u>	<u>\$ 196,750</u>	<u>\$ 1,070,379</u>

VILLAGE OF LYONS, ILLINOIS
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

Net change in fund balances - total governmental funds	\$	(1,009,731)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the costs of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of \$397,574 exceeded capital asset additions of \$ 198,908 in the current period.		(198,666)
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The repayment of principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.		
Principal Payments		1,375,338

Interest on long-term bonds is shown as a fund expenditure when paid, but is accrued in the Statement of Net Activities.		14,596
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Changes in non-current compensated absences (decrease of \$112,545), net pension obligations (increase of \$771,633), and other post-retirement benefits (increase of \$165,401) are not reported as expenditures in the fund statements, but are recorded in the Statement of Net Activities.		(824,489)
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Change in net position of governmental activities	\$	(642,952)
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VILLAGE OF LYONS, ILLINOIS
STATEMENT OF NET POSITION
PRORIETARY FUNDS
DECEMBER 31, 2013

	Water and Sewer	Garbage	Emergency 911	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 72,256	\$ -	\$ 8,318	\$ 80,574
Accounts receivable (net of allowance)	430,737	121,400	-	552,137
Due from other funds	108,202	-	-	108,202
Total current assets	<u>611,195</u>	<u>121,400</u>	<u>8,318</u>	<u>740,913</u>
Capital assets				
Non-depreciable	91,021	-	-	91,021
Depreciable	5,771,192	-	499,371	6,270,563
Less accumulated depreciation	<u>(2,450,202)</u>	<u>-</u>	<u>(398,292)</u>	<u>(2,848,494)</u>
Total capital assets, net of accumulated depreciation	<u>3,412,011</u>	<u>-</u>	<u>101,079</u>	<u>3,513,090</u>
Total assets	<u><u>\$ 4,023,206</u></u>	<u><u>\$ 121,400</u></u>	<u><u>\$ 109,397</u></u>	<u><u>\$ 4,254,003</u></u>
Liabilities				
Current liabilities				
Accounts payable	\$ 168,203	\$ 57,918	\$ -	\$ 226,121
Due to other funds	-	109,900	-	109,900
Advance to other funds	<u>-</u>	<u>-</u>	<u>426,367</u>	<u>426,367</u>
Total current liabilities	<u>168,203</u>	<u>167,818</u>	<u>426,367</u>	<u>762,388</u>
Total liabilities	<u>168,203</u>	<u>167,818</u>	<u>426,367</u>	<u>762,388</u>
Net Position				
Investment in capital assets, net of related debt	3,412,011	-	101,079	3,513,090
Unrestricted	<u>442,992</u>	<u>(46,418)</u>	<u>(418,049)</u>	<u>(21,475)</u>
Total net position	<u>3,855,003</u>	<u>(46,418)</u>	<u>(316,970)</u>	<u>3,491,615</u>
Total liabilities and net position	<u><u>\$ 4,023,206</u></u>	<u><u>\$ 121,400</u></u>	<u><u>\$ 109,397</u></u>	<u><u>\$ 4,254,003</u></u>

VILLAGE OF LYONS, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Water and Sewer	Garbage	Emergency 911	Total
Operating Revenues				
Charges for sales and services	\$ 2,351,117	\$ 641,238	\$ 110,563	\$ 3,102,918
Operating Expenses				
Administration	260,000	105,000	-	365,000
Operations	2,142,029	569,554	11,817	2,723,400
Depreciation and amortization	88,268	-	102,038	190,306
Total operating expenses	2,490,297	674,554	113,855	3,278,706
Operating income (loss)	(139,180)	(33,316)	(3,292)	(175,788)
Nonoperating Revenues (Expenses)				
Investment earnings	-	-	54	54
Interest expense and fiscal charges	-	-	(6,713)	(6,713)
Total nonoperating revenues (expenses)	-	-	(6,659)	(6,659)
Income (Loss) Before Transfers	(139,180)	(33,316)	(9,951)	(182,447)
Interfund Transfers	-	-	-	-
Change in Net Position	(139,180)	(33,316)	(9,951)	(182,447)
Net Position - Beginning of Year	3,994,183	(13,102)	(307,019)	3,674,062
Net Position - End of Year	\$ 3,855,003	\$ (46,418)	\$ (316,970)	\$ 3,491,615

VILLAGE OF LYONS, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Water and Sewer	Garbage	Emergency 911	Total
Cash Flows from Operating Activities				
Received from customers and users	\$ 2,318,292	\$ 637,714	\$ 110,563	\$ 3,066,569
Payments to suppliers	(1,798,408)	(534,412)	(11,817)	(2,344,637)
Payments for interfund services	(635,000)	(105,000)	-	(740,000)
Net cash provided by (used for) operating activities	(115,116)	(1,698)	98,746	(18,068)
Cash Flows from Noncapital Financing Activities				
Change in interfund receivables/payables	-	1,698	-	1,698
Net cash provided by financing activities	-	1,698	-	1,698
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction (sale) of capital assets	(13,600)	-	10,818	(2,782)
Principal paid on capital debt	-	-	(102,923)	(102,923)
Interest paid on capital debt	-	-	(6,713)	(6,713)
Net cash used for capital and related financing activities	(13,600)	-	(98,818)	(112,418)
Cash Flows from Investing Activities				
Interest received	-	-	54	54
Net Change in Cash and Cash Equivalents	(128,716)	-	(18)	(128,734)
Cash and Cash Equivalents- Beginning of Year	200,972	-	8,336	209,308
Cash and Cash Equivalents- End of Year	\$ 72,256	\$ -	\$ 8,318	\$ 80,574
Reconciliation of Operating Income (Loss) to				
Net Cash Provided by (Used for) Operating Activities				
Operating income (loss)	\$ (139,180)	\$ (33,316)	\$ (3,292)	\$ (175,788)
Adjustments to reconcile operating activities to net cash provided (used) by operating activities:				
Depreciation and amortization	88,268	-	102,038	190,306
Bad debt expense	(12,583)	(4,351)	-	(16,934)
Change in accounts receivable	(20,242)	827	-	(19,415)
Change in accounts payable	(25,702)	35,142	-	9,440
Change in accrued payroll	(5,677)	-	-	(5,677)
Total adjustments	24,064	31,618	102,038	157,720
Net Cash Provided by (Used for) Operating Activities	\$ (115,116)	\$ (1,698)	\$ 98,746	\$ (18,068)

VILLAGE OF LYONS, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
DECEMBER 31, 2013

Assets

Cash and cash equivalents	\$ 300,511
Interest receivable	39,090
Due from general fund	4,071
Investments, at fair value	
U.S. governmental agencies securities	2,000,049
State and local government securities	562,170
Corporate bonds	1,563,220
Mutual funds and equities	6,460,487
Total assets	<u>10,929,598</u>

Net Position Held in Trust for Pension Benefits

\$ 10,929,598

VILLAGE OF LYONS, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

Additions

Contributions	
Employer	\$ 370,348
Plan members	253,449
Total contributions	<u>623,797</u>
Investment Income	
Interest earned	298,117
Net appreciation in	
Fair value of investments	1,127,406
Less investment expense	<u>(45,154)</u>
Net investment earnings	<u>1,380,369</u>
Total additions	<u>2,004,166</u>

Deductions

Administration	45,093
Benefits and refunds	<u>989,433</u>
Total deductions	<u>1,034,526</u>

Change in Net Position	<u>969,640</u>
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Net Position Held in Trust for Pension Benefits

Beginning of Year	<u>9,959,958</u>
End of Year	<u><u>\$ 10,929,598</u></u>

NOTES TO THE FINANCIAL STATEMENTS



VILLAGE OF LYONS, ILLINOIS

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Lyons, Illinois (the Village) have been prepared in conformity with accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles (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 Village's accounting policies are described below.

Reporting Entity

The Village is a municipal corporation governed by a seven member board consisting of six trustees and the mayor. In 2013, the District adopted the provisions of the Governmental Accounting Standard Board ("GASB") Statement No. 61, "The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34" which modifies certain requirements for inclusion of component units in the financial reporting entity. An organization is considered a component unit of the primary government if 1) the government appoints a voting majority of the organization's board and there is a financial benefit or burden relationship or the government is able to impose its will on the organization or 2) the organization is fiscally dependent on the government and there is a financial benefit or burden relationship or 3) the government determines that it would be misleading to exclude the organization from its financial statements.

Per the criteria above, the Lyons Public Library is no longer a discretely presented component unit of the Village.

Blended Component Units

The Village reports the following two Pension Trust funds:

Lyons Police Pension System- The Village's sworn police employees participate in the Lyons Police Pension System (LPPS). The LPPS functions for the benefit of these employees and is governed by a five-member pension board. The Village and LPPS participants are obligated to fund all LPPS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. The LPPS is reported as a pension trust fund. Separate annual financial statements are available for the fund.

Lyons Firefighters' Pension System- The Village's former fire chief is the sole eligible participant in the Lyons Firefighters' Pension System (LFPS). The LFPS functions for the benefit of this employee and is governed by a three-member pension board. The Village and LFPS participant are obligated to fund all LFPS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. The LFPS is reported as a pension trust fund. Separate annual financial statements are not prepared for the fund.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum numbers of funds are maintained consistent with legal and managerial requirements.

Funds are classified into the following categories: governmental, proprietary, and fiduciary.

Governmental funds are used to account for all or most of a Village's general activities, including the collection and disbursement of earmarked monies (Special Revenue Funds), the servicing of general long-term debt (Debt Service Fund), and the acquisition and construction of major capital projects (Capital Projects Fund). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (Enterprise Funds) or to other departments or agencies primarily within the Village (Internal Service Funds).

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Village. The pension trust funds account for the activities of the Police and Firefighters' Retirement Systems, which accumulate resources for pension benefit payments to qualified public safety employees.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Village. The effect of material interfund activity, excluding certain interfund services provided and used, has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in fund financial statements.

The Village reports the following major governmental funds:

General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Economic Development Fund reports the activity and position of the Village of Lyons' four Tax Increment Financing Districts, including operations and Debt Service activity funded by TIF resources. This Fund includes all TIF activity which has previously been reported in separate Special Revenue and Debt Service Funds.

Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt, excluding those being financed with Tax Increment Financing Debt or Enterprise activities.

Capital Improvement Fund reports financial resources and capital expenditures for major capital projects other than those in Tax Increment Financing Districts or Enterprise activities.

The Village reports the following major proprietary funds:

Water and Sewer Operations Fund accounts for the provision of water and sanitary sewer services to the residents of the Village.

Garbage Fund accounts for sanitation services provided to Village residents, primarily funded through user fees.

Emergency 911 Fund accounts for emergency dispatch services provided to Village residents, primarily funded through user fees.

Additionally, the Village reports the following fiduciary funds:

Pension Trust Funds are reported as fiduciary funds and account for the Police and Firefighter's retirement funding.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement 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 and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 measureable 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. The Village considers revenues to be available if they are collected within 90 days of the end of the current fiscal period (60 days for property taxes). Due to the State of Illinois' fiscal difficulties and the resulting delay in distributing receipts to local municipalities, the 90-day availability period for state income taxes was extended in the accompanying financial statements in order to record 12 months worth of tax collections. Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measureable and available only when cash is received by the Village.

The Village reports unearned revenue on its financial statements. Unearned revenues arise when potential revenue does not meet both the "measureable" and "available" criteria for recognition in the current period.

Unearned revenues also arise when resources are received by the Village before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations.

Budgets are adopted on a basis consistent with generally accepted accounting principles, except that 1) capital outlays are budgeted in enterprise funds, while depreciation is not budgeted and 2) reimbursements between funds are budgeted as revenues and expenditures. Annual appropriated budgets are adopted for governmental, proprietary, and fiduciary funds. The annual appropriated budget is legally enacted and

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

provides for a legal level of control at the department level. All unencumbered appropriations lapse at the fiscal year end.

Cash and Cash Equivalents

The Village considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are stated at fair value in accordance with GASB Statement No. 31.

Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/ from other funds" (i.e., the current portion of interfund loans) or "advances to/ from other funds" (i.e., the non-current portion of interfund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Prepaid Items

Payments to vendors for services that will benefit periods beyond the year end are reported as prepaid items.

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 or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$10,000 (amounts not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Activities	
Buildings and Improvements	40 years
Machinery, Vehicles and Equipment	5 - 10 years
Infrastructure	20 - 50 years
Business-Type Activities	
Water and Sewer System	10 - 60 years

Compensated Absences

The Village's employees earn vacation leave annually either on their employment anniversary date or on a calendar year which is to be used in the following year. Generally, carryover of unused vacation days beyond a year is limited. An employee is paid for any unused vacation leave upon separation. In addition, employees earn sick hours annually. Amounts not used can be accumulated up to 920 to 1,000 hours depending on employment contract. Such amounts are payable to employees upon retirement or termination by the Village without cause. A liability has been reflected in the government-wide financial statements as accrued compensated absences. The total amount of compensated absences shown as due within one year generally relates to vacation time due to the Village policy limiting carryover of balances from year to year.

In accordance with provisions of GASB Statement No. 16, "Accounting for Compensated Absences," no liability is recorded for non-vesting accumulating rights to receive compensated absences balances.

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 financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

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 are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Fund Equity and Net Position

In compliance with Governmental Accounting Standards Board (GASB) Statement No. 54, *"Fund Balance Reporting and Governmental Fund Type Definitions"*, the fund balance section of the balance sheet of the governmental funds includes the following line items:

- a) Nonspendable fund balance is inherently nonspendable, such as portions of net resources that cannot be spent because of their form and portions of net resources that cannot be spent because they must be maintained intact.
- b) Restricted fund balance has externally enforceable limitations on use, such as limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments as well as limitations imposed by law through constitutional provision or enabling legislation.
- c) Committed fund balance has self-imposed limitations set in place prior to the end of the period. The limitations are imposed at the highest level of decision making that requires formal action at the same level to remove. For the Village, the Board is the highest level of decision making. As of December 31, 2013 the Village has not committed fund balance for any purpose.
- d) Assigned fund balance has limitations resulting from intended use consisting of amounts where the intended use is established by the official designated by the Village Board for that purpose. As of December 31, 2013, the Village Board has not designated an official for that purpose. It also includes all remaining amounts that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither classified as restricted or committed.
- e) Unassigned fund balance is the total fund balance in the general fund in excess of nonspendable, restricted, committed, and assigned fund balance. Negative fund balances in governmental funds other than the general fund are also unassigned.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

If there is an expenditure incurred for purposes for which committed, assigned, or unassigned fund balance classifications could be used, then the Village will consider committed fund balance to be spent first, then assigned fund balance and finally unassigned fund balance.

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements 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 Village or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

In cases where either restricted or unrestricted funds can be used to pay expenses, restricted funds will be used first until exhausted. The Unrestricted Net Position of Governmental Activities includes deficits resulting from issuance of TIF Debt, as the proceeds from TIF Debt did not generally result in Capital Assets of the Village.

Deferred Inflows of Resources

The Village reports deferred inflows of resources on the government-wide and fund financial statements. Deferred inflows of resources are recorded when assets are acquired that apply to a future reporting period. Property taxes which have been deemed to be measurable but not available or have been levied for use in the subsequent period represent deferred inflows of resources. In addition, the fund financial statements report deferred inflows of resources for potential revenues that have not met both the “measurable” and “available” criteria for recognition in the current period.

Property Taxes

Property taxes for 2013 are levied in December 2012 and attach as an enforceable lien on the property on January 1, 2013. Tax bills are prepared by the County and issued on or about February 1, 2013 and July 1, 2013 and are payable in two installments on or about March 1, 2013 and August 1, 2013. The county collects the taxes and remits them periodically to the Village. For governmental fund types and governmental activities, only property taxes which are intended to finance the current fiscal year and collected within 60 days subsequent to year end are recorded as revenue.

Comparative Data

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of changes in the Village’s financial position and operations.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2013

NOTE 2 – LEGAL COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balance

As of December 31, 2013, the following funds had deficit fund balances:

	<u>Deficit</u>
Proprietary Fund- Emergency 911	\$ 316,970
Economic Development	399,116
Proprietary Fund - Garbage	46,418

The following is the Village's explanation of and plan to address the above deficit balances:

The emergency 911 fund accounts for the surcharge on telephone bills collected by the Village to defray dispatch services that include answering 911 calls and dispatching police response. The Village earmarked the revenue to pay for the build out and equipment of the dispatch center in the Village hall when it opened five years ago. However, the initial surcharge revenue was not sufficient to repay the costs incurred including the lease of the facilities. The Village funded this deficit with advances from the Debt Service and Capital Projects funds with a corresponding reservation of fund balance in each of those funds. The Village intends to utilize the surcharge revenue going forward to repay the advances. The Village also does not plan to undertake any major capital projects as it seeks to fully outsource the function to further reduce costs.

The economic development fund deficit is primarily the result of TIF 4. The fund owes the general and debt service funds for cost overruns and debt repayments incurred in prior years. These amounts are recorded as advances to the TIF 4 fund with a corresponding reservation of fund balance in each respective fund. Part of this deficit will be recovered through potential additional TIF increment in TIF 3, an adjacent TIF District. Some portion of the deficit may be addressed as part of the TIF restructuring in 2014. The balance will need to be repaid from other Village sources.

The garbage fund deficit will be addressed through rate increases to ensure that the fund fully recovers the full cost of the garbage collection process.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2013

NOTE 3 – DEPOSITS AND INVESTMENTS

State statutes authorize the Village to make deposits/investments in obligations of the U.S. Treasury and certain of its Agencies, federally insured commercial banks, insured credit unions located within the State, repurchase agreements, short-term obligations (180 days) of corporations organized in the U.S. with assets exceeding \$500 million and rated within the three highest classifications by at least two standard rating services at the time of purchase, a Public Treasurer's Investment Pool created under Section 17 of the State Treasurer Act, a fund managed, operated and administered by a bank, subsidiary of a bank, or subsidiary of a bank holding company, obligations of the State of Illinois and its political subdivisions and money market mutual funds registered under the Investment Company Act of 1940, provided the portfolio of such funds is limited to obligations described above. Pension funds may also invest in certain non-U.S. obligations and Illinois life insurance company general and separate accounts and domestic equities.

The Illinois Funds Money Market Fund is an external investment pool developed and implemented in 1975 by the Illinois General Assembly under the jurisdiction of the Treasurer, who has regulatory oversight for the pool. The Fund is not registered with the SEC and has an affirmed AAA Standard & Poor's credit quality rating. The fair value of the positions of this pool is the same as the value of the pool shares. The yield on the Illinois Funds Money Market Fund was .011% at December 31, 2013. The Fund issues a publicly available financial report. That report may be obtained by writing to the Offices of the State Treasurer, Illinois Funds Administrative Office, 300 W. Jefferson Street, Springfield, Illinois 62702. At December 31, 2013, the Village held \$231,109 in Illinois Fund accounts.

The Illinois Metropolitan Investment Convenience Fund is a depository vehicle that is 110% collateralized with obligations of the United States Treasury and its agencies. All collateral securities are held in the name of the Illinois Metropolitan Investment Fund at the Federal Reserve Bank of New York. The IMET Board provides oversight for IMET and is responsible for policy formulation, as well as policy and administrative oversight. The fair value of the position in the pool is the same as the value of the pool shares. The Fund has received a rating of AAA from Standard & Poor's. The yield on the IMET Convenience Fund was .37% at December 31, 2013. IMET issues a publicly available financial report that may be obtained at www.investimet.com or by writing to IMET, 1220 Oak Brook Road, Oak Brook, Illinois 60523. At December 31, 2013, the Village held \$8,131 in an IMET account.

At the direction of the Village, the deposits in the bond trust accounts at Amalgamated Bank are invested in Goldman Financial Square Money Market accounts (rated AAA by Standard & Poor's) consisting of United States Government Securities. The balance in these accounts was \$245,368 at December 31, 2013.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2013

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

The Village's cash and cash equivalents were invested as follows at December 31, 2013:

Cash on Hand	\$ 4,626
Bank Accounts	3,002,359
Money Market Funds	
Illinois Funds	231,109
IMET	8,131
Goldman Financial Square	<u>245,368</u>
 Total Money Market Funds	 <u>484,608</u>
 Total Cash and Cash Equivalent	 <u>\$ 3,491,593</u>

At year end the carrying amount of the Village's deposits totaled \$3,491,593 and the bank balance was \$3,597,004. All balances were secured either by Federal Deposit Insurance Corporation insurance or securities pledged by the banks in a separate trust account for the benefit of the Village.

At December 31, 2013, the Village's Police Pension Fund investments were as follows:

Investment Type	Investment Maturities				
	Fair Value	Less Than One Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
U.S. Treasuries	\$ 698,366	\$ 381,357	\$ 317,009	\$ -	\$ -
U.S. Agencies	1,301,683	274,928	592,615	347,989	86,151
Corporate Bonds	1,563,220	230,984	1,157,314	174,922	-
State and Local Obligations	562,170	-	248,852	313,318	-
	<u>\$4,125,439</u>	<u>\$ 887,269</u>	<u>\$ 2,315,790</u>	<u>\$ 836,229</u>	<u>\$ 86,151</u>

Investments in securities of U.S. Government agencies were all rated AAA by Standard & Poor's, or Aaa by Moody's Investor Services. For the corporate bonds, 4% were rated AAA, 7% were rated AA-, 48% were rated A, 36% were rated A-, and 5% were rated BBB+. For the State and Local Obligations, 20% were rated AA+, 35% were rated Aaa, 33% were rated Aa3, and 12% were rated Aa2.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2013

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Credit Risk – Concentration

The Village's investment policy does not limit the amount it may invest in any one issuer.

The Pension Board has diversified its equity mutual fund holdings as follows:

Equity Mutual Funds	Fair Value	Percentage
Mid-Cap Equity Funds	\$ 455,544	28%
International Equity Funds	774,291	48%
MB Financial Trust Account	<u>395,032</u>	24%
	<u>\$ 1,624,867</u>	

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from interest rates, the Village's investment policy limits the average weighted life of the Governmental and Business-type Activities' portfolio to 84 months. The Village assumes that its callable investments will not be called.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Village's deposits would not be returned to it. The Village has adopted a policy which limits deposits to those that are federally insured, collateralized or backed by the United States of America. The Finance Director continually evaluates financial health of each depository, and the Board of Trustees approves depositories. Not more than 50% of the total portfolio may be maintained in a single institution. For the Police Pension Fund, the U.S. Government Securities are categorized as uninsured and unregistered for which the securities are held by the counterparty.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2013

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2013 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 15,018,479	\$ -	\$ -	\$15,018,479
Total Capital Assets Not Being Depreciated	15,018,479	-	-	15,018,479
Capital Assets Being Depreciated				
Buildings and Improvements	17,904,761	-	-	17,904,761
Vehicles and Equipment	2,485,895	-	-	2,485,895
Infrastructure	3,907,625	198,908	-	4,106,533
Total Capital Assets Being Depreciated	24,298,281	198,908	-	24,497,189
Less Accumulated Depreciation for				
Buildings And Improvements	1,093,452	252,543	-	1,345,995
Vehicles and Equipment	1,845,878	99,224	-	1,945,102
Infrastructure	1,229,738	45,807	-	1,275,545
Total Accumulated Depreciation	4,169,068	397,574	-	4,566,642
Total Capital Assets Being Depreciated, Net	20,129,213	(198,666)	-	19,930,547
Governmental Activities Capital Assets, Net	\$ 35,147,692	\$(198,666)	\$ -	\$34,949,026

Depreciation expense was charged to governmental functions/programs of the Village as follows:

General Government	\$ 237,100
Police Protection	63,652
Fire Protection and ESDA	26,716
Public Works	70,106
	<u>\$ 397,574</u>

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2013

NOTE 4- CAPITAL ASSETS (Continued)

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 91,021	\$ -	\$ -	\$ 91,021
Total Capital Assets Not Being Depreciated	91,021	-	-	91,021
Capital Assets Being Depreciated				
Buildings and Improvements	280,609	-	-	280,609
Vehicles and Equipment	700,424	-	10,818	689,606
Infrastructure	5,286,748	13,600	-	5,300,348
Total Capital Assets Being Depreciated	6,267,781	13,600	10,818	6,270,563
Less Accumulated Depreciation for				
Buildings And Improvements	93,194	4,677	-	97,871
Vehicles and Equipment	410,138	118,378	-	528,516
Infrastructure	2,154,856	67,251	-	2,222,107
Total Accumulated Depreciation	2,658,188	190,306	-	2,848,494
Total Capital Assets Being Depreciated, Net	3,609,593	(176,706)	10,818	3,422,069
Business-Type Activities				
Capital Assets, Net	\$ 3,700,614	\$ (176,706)	\$ 10,818	\$3,513,090

Depreciation expense was charged to business-type functions/programs of the Village as follows:

Water and Sewer	\$ 88,268
Emergency 911	102,038
	<u>\$ 190,306</u>

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2013

NOTE 5 – RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions, natural disasters; and injuries to the Village's employees. These risks are provided for through private insurance coverage. Covered risks included medical, dental, life and other. Premiums have been displayed as expenditures/expenses in appropriate funds. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years. Further, the Village expects current claims not to exceed insurance coverage.

NOTE 6 - INTERFUND DISCLOSURES

Due to/from Other Funds

Interfund balances at December 31, 2013 consist of the following:

<u>Due to/from Other Funds</u>		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Police Pension	General	<u>\$ 4,071</u>
General	Capital Improvement	<u>72,469</u>
General	Garbage	<u>1,698</u>
Water and Sewer	Garbage	<u>\$ 108,202</u>

Interfund balances represent short-term borrowings among funds, or payments from one fund on behalf of another, to be paid as cash is available in the fund owing the balance.

Advances

<u>Advance to/from Other Funds</u>		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Economic Development	\$ 359,032
Debt Service	Economic Development	225,000
Debt Service	Emergency 911	131,299
Capital Improvement	Emergency 911	<u>295,068</u>
		<u>\$ 1,010,399</u>

Advances represent long-term borrowings among funds, or payments from one fund on behalf of another, to be paid as cash is available in the fund owing the balance.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2013

NOTE 6 - INTERFUND DISCLOSURES (Continued)

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
General	Economic Development	\$ 202,000
	Capital Improvement	250,000
		<u>452,000</u>
Economic Development	Economic Development	266,500
	General	67,000
		<u>333,500</u>
Debt Service	General	<u>547,662</u>
		<u>\$1,333,162</u>

Transfers to the General Fund from the Economic Development Fund consist of the following:

TIF District #1	\$ 150,000
TIF District #2	<u>52,000</u>
	<u>\$ 202,000</u>

Transfers to the Economic Development Fund from the General Fund consist of the following:

TIF District #4	\$ 67,000
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Transfers from the Economic Development Fund to the General Fund are for reimbursement of administrative costs and the interest subsidy provided by the Village through the General Fund for the debt of the Economic Development Funds. The transfer from the Capital Improvement Fund to the General Fund is for operating costs that can be paid with Motor Fuel Taxes. Transfers within the Economic Development Fund are from TIF District #3 to TIF District #4 to fund a portion of the deficit of TIF District #4 since they are coterminous TIFs. The transfer from the General Fund to the Economic Development Fund is to fund TIF District #4 deficits related to Veterans Park. Lastly, the transfer from the General Fund to the Debt Service Fund is for debt service on debt certificates not supported by dedicated debt service property taxes.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2013

NOTE 7 - LONG-TERM DEBT**Long-Term Debt Summary**

The changes in the Village's long-term debt are summarized as follows:

	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
Governmental Activities					
Tax Support Debt	\$ 11,568,668	\$ -	\$ 740,338	\$ 10,828,330	\$ 771,024
Tax Increment Debt	12,500,000	-	635,000	11,865,000	565,000
Net Pension Obligations	3,844,404	771,633	-	4,616,037	-
Compensated Absences	1,238,296	-	112,545	1,125,751	225,150
Other Post-Employment Benefits Obligation	911,855	165,401	-	1,077,256	-
Total Governmental Activities Long-Term Liabilities	30,063,223	937,034	1,487,883	29,512,374	1,561,174
Business-Type Activities					
Revenue Supported Debt	102,923	-	102,923	-	-
Total Business-Type Activities Long-Term Liabilities	102,923	-	102,923	-	-
Total Long-Term Liabilities	\$ 30,166,146	\$ 937,034	\$ 1,590,806	\$ 29,512,374	\$ 1,561,174

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2013

NOTE 7- LONG-TERM DEBT (Continued)**Tax Supported Debt**

These are bond issues and installment contracts where the Village has pledged its full faith and credit to support the bonds and intends to repay them from any and all sources available.

	Beginning Balances	Issuance	Retirements	Ending Balances	Due Within One Year
General Obligation Bonds of 2005, due in annual installments of \$250,000 to \$500,000 plus interest at 3.400% to 5.625% through December 15, 2026.	\$ 5,405,000	\$ -	\$ 290,000	\$ 5,115,000	\$ 300,000
General Obligation Bonds of 2009A, due in annual installments of \$90,000 to \$115,000 plus interest at 2.20% to 4.00% through December 15, 2019.	740,000	-	95,000	645,000	100,000
Debt Certificates of 2007, due in annual installments of \$155,000 to \$310,000 plus interest at 3.85% to 5.00% through January 1, 2027.	3,515,000	-	175,000	3,340,000	180,000
Debt Certificates of 2009B, due in annual installments of \$70,000 to \$140,000 plus interest at 1.85% to 4.85% through December 15, 2028.	1,670,000	-	75,000	1,595,000	80,000
Land Loan of 2007, due in monthly installments of \$3,178 including principal and interest at 6.25% through January 1, 2015.	74,253	-	34,422	39,831	36,668
Fire Truck Loan of 2007, due in quarterly installments of \$19,373 including principal and interest at 4.70% through February 8, 2015.	164,415	-	70,916	93,499	74,356
	<u>\$11,568,668</u>	<u>\$ -</u>	<u>\$ 740,338</u>	<u>\$10,828,330</u>	<u>\$ 771,024</u>

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2013

NOTE 7 - LONG-TERM DEBT (Continued)

TIF Supported Debt

	Funding Source	Ending Balances	Issuance	Retirements	Ending Balances	Due Within One Year
Alternative Revenue Bonds of 2003, due in annual installments of \$15,000 to \$95,000 plus interest at 3.85% to 5.00% through January 1, 2023.	TIF #1	\$ 600,000	\$ -	\$ 45,000	\$ 555,000	\$ -
General Obligation Debt Certificates of 2012, due in annual installments from \$70,000 to \$165,000, plus interest at 2.19% through January 31, 2031.	TIF #4	2,100,000	-	70,000	2,030,000	70,000
Alternative Revenue Bonds of 2002, due in annual installments of \$55,000 to \$150,000 plus interest at 3.00% to 4.85% through January 1, 2022.	TIF #2	900,000	-	80,000	820,000	-
General Obligation Debt Certificates of 2010, due in annual installments of \$100,000 to \$915,000, plus interest at 2.75% through January 1, 2027.	TIF #1	2,550,000	-	160,000	2,390,000	205,000
	TIF #2	450,000	-	-	450,000	-
	TIF #3	3,000,000	-	165,000	2,835,000	170,000
	TIF #4	2,900,000	-	115,000	2,785,000	120,000
		<u>\$12,500,000</u>	<u>\$ -</u>	<u>\$ 635,000</u>	<u>\$11,865,000</u>	<u>\$ 565,000</u>

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2013

NOTE 7 - LONG-TERM DEBT (Continued)**Business-Type Activity – Revenue Supported Debt**

Debt that relates to the Village's business-type activities are reflected in the fund statements of each enterprise. All revenue supported debt is also a general obligation of the Village. Any shortage of funds needs to be made up from other Village sources.

	Beginning Balances	Issuance	Retirements	Ending Balances	Due Within One Year
E-911 Equipment Loan of 2009, due in annual installments of \$109,561 including interest at 6.45% through December 1, 2013.	\$ 102,923	\$ -	\$ 102,923	\$ -	\$ -
	<u>\$ 102,923</u>	<u>\$ -</u>	<u>\$ 102,923</u>	<u>\$ -</u>	<u>\$ -</u>

Future Debt Maturities

The aggregate principal and interest requirements for the Village debt by type is as follows:

	Governmental Activities					
	Tax Supported Debt		TIF Supported Debt		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 771,024	\$ 782,101	\$ 565,000	\$ 338,488	\$ 1,336,024	\$ 1,120,589
2015	707,306	480,656	620,000	254,467	1,327,306	735,123
2016	700,000	451,622	790,000	297,463	1,490,000	749,085
2017	735,000	425,146	825,000	273,582	1,560,000	698,728
2018	760,000	397,325	865,000	248,392	1,625,000	645,717
2019-2023	3,845,000	1,522,205	4,745,000	820,647	8,590,000	2,342,852
2024-2028	3,310,000	581,680	2,980,000	206,432	6,290,000	788,112
2029-2031	-	-	475,000	21,134	475,000	21,134
	<u>\$ 10,828,330</u>	<u>\$ 4,640,735</u>	<u>\$ 11,865,000</u>	<u>\$ 2,460,605</u>	<u>\$ 22,693,330</u>	<u>\$ 7,101,340</u>

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2013

NOTE 7- LONG-TERM DEBT (Continued)

Tax Anticipation Warrants

On January 2, 2013, the Village sold \$750,000 of Tax Anticipation Warrants (the Warrants) to address working capital needs. These Warrants were rolled over along with an additional \$750,000 of Warrants with a final maturity of December 31, 2014. Interest at 3% were paid on the original warrants in conjunction with the roll over.

Legal Debt Margin

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides "...no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein (equalized assessed valuation or EAV), to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness" The following details the Village's debt margin based on EAV used to extend taxes in 2013 (2012 EAV) and the most recently available EAV:

	<u>2012 EAV</u>	<u>2013 EAV</u>
EAV per county tax levy	\$ 177,174,010	\$ 167,271,337
Add EAV exemptions from tax extension	24,046,604	23,273,895
Add EAV associated with TIF districts	7,989,377	6,123,383
Total Village equalized assessed valuation	<u>\$ 209,209,991</u>	<u>\$ 196,668,615</u>
 Legal debt limit - 8.625% of assessed value	 \$ 18,044,362	 \$ 16,962,668
 Amount of debt application to limit		
General obligation bonds and debt certificates	<u>22,671,591</u>	<u>21,318,330</u>
 Legal debt margin	 <u>\$ (4,627,229)</u>	 <u>\$ (4,355,662)</u>

The Village's Legal Debt Margin decreased due to reduction in equalized assessed valuation after the issuance of debt. This condition does not affect the validity of outstanding debt. However, the Village currently cannot issue any debt subject to the debt limitation.

The Village has authorized a \$13 million alternate bond issue to refund certain outstanding debt. This bond issuance will also restore the Village's debt margin to approximately \$6 million. The proposed issue has passed all legal approvals including the back door referendum and will be issued in 2014.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2013

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Litigation

The Village is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Village's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

NOTE 9 - DEFERRED COMPENSATION PLAN

The Village offers its employees a deferred compensation plan created with Internal Revenue Code Section 457. The plan, available to all governmental employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of participants and their beneficiaries. It is the opinion of the Village's legal counsel that the Village has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. Since amounts held in trust are for the exclusive benefit of all participants, the Village does not maintain the assets on the balance sheet.

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS

Illinois Municipal Retirement Fund

The Village's defined pension benefit plan for regular employees provides retirement and disability benefits, post-retirement increases and death benefits to plan members and beneficiaries. The employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at www.imrf.org/pubs/pubs.homepage or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

As set by statute, employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate used by the Village for calendar year 2013 was 13.33% of covered payroll. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution requirements for disability and death benefits are established and may be amended by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

For December 31, 2013, the Village's annual required contribution was \$260,461. The required contribution was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4% a year attributable to inflation, (c) additional projected salary increases ranging from .4% to 10% per year depending on age and service attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll over an open 30-year basis.

As of December 31, 2013, the most recent actuarial valuation date, the plan was 84.51% funded. The actuarial accrued liability for benefits was \$5,946,728 and the actuarial value of assets was \$5,025,774, resulting in an underfunded actuarial accrued liability (UAAL) of \$920,954. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$1,953,948 and the ratio of the UAAL to the covered payroll was 47%.

Sheriff's Law Enforcement Personnel

The Village's defined benefit pension plan for Sheriff's Law Enforcement Personnel employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Village's plan is affiliated with the Illinois Municipal Retirement Fund, an agent multi-employer plan.

As set by state statute, Sheriff's Law Enforcement Personnel plan members are required to contribute 7.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2013 was 16.53%. The employer also contributes to disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

The required contribution for 2013 was \$17,190. The required contribution for 2013 was determined as part of the December 31, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of employer Sheriff's Law Enforcement Personnel plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2013

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

The employer Sheriff's Law Enforcement Personnel plan's overfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

As of December 31, 2013, the most recent actuarial valuation date, the plan was 127.67% funded. The actuarial accrued liability for benefits was \$59,039 and the actuarial value of assets was \$75,377, resulting in an overfunded actuarial accrued liability (UAAL) of \$16,338. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$103,500. Because the plan is overfunded, there is no ratio of the UAAL to the covered payroll.

Police Pension

Police sworn personnel are covered by the Police Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits, as well as employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3) and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund. The pension trust fund issues separate financial statements. The Village payroll for employees covered by the Police Pension Plan for the year ended December 31, 2013 was \$2,273,161. At December 31, 2013, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	17
Current active members - vested	23
Current active members - nonvested	<u>5</u>
Total membership	<u><u>45</u></u>

The following is a summary of the Police Pension Plan as provided for in Illinois Compiled Statutes:

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 and attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly benefit of a police officer hired before January 1, 2011, who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2013

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

The monthly pension of a police officer hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date or the month following the attainment of age 60, by the lesser of 3% or one-half of the Consumer Price Index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. By the year 2040, the Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded.

Firefighters' Pension

The retired fire chief is covered by the Firefighters' Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4) and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund. The pension trust fund does not issue separate financial statements. The Village payroll for employees covered by the Firefighters' Pension Plan for the year ended December 31, 2013 was \$0. Since firefighters are either contract employees of a private company or paid on call at less than full time, there are no current active members of this plan. At December 31, 2013, the Firefighters' Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	1
Current Active Members	<u>0</u>
	<u>1</u>

The following is a summary of the Firefighters' Pension Plan as provided for in Illinois Compiled Statutes:

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Employees hired before January 1, 2011, attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the monthly salary attached to the rank held in fire service at the date of retirement. The pension shall be increased by one-twelfth of 2.5 % of such monthly salary for each additional month of service over 20 years of service through 30 years of service to a maximum of 75% of such monthly salary. Employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years of creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 at January 1, 2011. The maximum cap increases each year thereafter.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2013

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

Surviving spouses receive 100% of the final salary for fatalities resulting from an act of duty, or otherwise the greater of 54% of final salary or the monthly retirement pension that the firefighter was receiving at the time of death. Surviving children receive 12% of final salary. The maximum family survivor benefit is 75% of final salary. Employees disabled in the line of duty receive 65% of final salary.

The monthly pension of a firefighter hired before January 1, 2011, who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit.

Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without interest. The Village is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90% funded by the year 2040.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employer contributions are reported when due, in accordance with specific tax levies. Employee contributions are recognized as revenues in accordance with statutory requirements, generally at the time payroll withholding occurs. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Methods Used to Value Investments

Fixed-income and equity securities are valued at the last reported trade date on national markets. For actuarial values, a "smoothing" method is used to negate random, short-term fluctuations in market value.

Significant Investments/ Related Party Transactions

The Village's police pension plan has investments (other than U.S. government and U.S. government-guaranteed obligations) in International Equity Funds (mutual funds) that represents 5% or more of net position available for benefits. There are no securities of the Village or any other related parties included in plan assets, including any loans.

The Village generally pays administrative costs for the firefighters' pension plan; the police pension plan pays all administrative costs including investment-related expenses.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2013

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)**Contributions**

Village contributions are determined annually by an actuarial study prepared by the Illinois Department of Insurance using the entry age normal cost method, amortized over a level percentage of payroll. The valuations for fiscal 2013 were prepared as of December 31, 2012. Significant assumptions used in the calculations include a) a 7.00% return on investment, b) projected salary increases of 5.5% per year, c) RP-2000 Combined Healthy Mortality Table, and d) 28 year (closed period) level percentage of pay amortization of unfunded liability.

For the year ended December 31, 2013, Village contributions were as follows:

	Police	IMRF	SLEP	Firefighters
Annual required contributions	\$ 920,045	\$ 260,461	\$17,109	\$ 55,000
Interest on net pension obligation (asset)	262,798	3,031	-	3,481
Adjustment to annual required contribution	(99,959)	(2,167)	-	-
Annual pension cost	1,082,884	261,325	17,109	58,481
Contributions made	317,437	260,461	17,109	53,159
Change in net pension obligation (asset)	765,447	864	-	5,322
Net pension obligation (asset), beginning	3,754,258	40,418	-	49,728
Net pension obligation (asset), ending	\$ 4,519,705	\$ 41,282	\$ -	\$ 55,050

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2013

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

Trend Information

	Fiscal Year Ending	Illinois Municipal Retirement	SLEP	Police Pension	Firefighters' Pension
Annual pension cost	2013	\$ 261,325	17,109	1,082,884	58,481
	2012	282,390	14,960	938,970	57,007
	2011	259,996	12,465	938,970	243,918
Actual contribution	2013	260,461	17,109	317,437	53,159
	2012	276,296	14,960	308,582	47,432
	2011	246,223	12,465	301,077	36,437
Percent contributed	2013	100.0%	100.0%	29.31%	90.90%
	2012	98.0%	100.0%	32.86%	83.20%
	2011	95.0%	100.0%	32.06%	14.94%
Net pension obligation (asset)	2013	41,282	-	4,519,705	55,050
	2012	40,419	-	3,754,257	49,728
	2011	33,606	-	3,123,869	40,153

See pages 58-60 for Schedules of Funding Progress.

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2013

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status

At December 31, 2013 (latest actuarial valuation date), the funded status was as follows:

	Police Pension	Firefighters' Pension	IMRF	SLEP
Actuarial value of assets	\$ 10,072,136	\$ 1,117	\$5,025,774	\$ 75,377
Actuarial accrued liability	22,302,018	320,198	5,946,728	59,039
Unfunded actuarial liability	12,229,882	319,081	920,954	(16,338)
Funded ratio	45.16%	0.35%	84.51%	127.67%
Covered payroll	2,319,225	N/A	1,953,948	103,500
Unfunded liability as a percent of covered payroll	527.33%	N/A	47.13%	0%

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 10, the Village provides post-employment health care benefits (OPEB) to certain retirees through a single-employer retiree benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Village and can be amended by the Village under its personnel manual and union contracts. To be eligible, employees must be enrolled in the Village's healthcare plan at time of retirement, and receive a pension from either the IMRF, or the Police or Firefighters' Pension Funds. The Village provides an explicit premium subsidy to certain retirees who meet eligibility conditions, and healthcare access to other retired members provided the member pays 100% of the blended premium. Police officers or firefighters who become disabled in the line of duty during an emergency receive continuation of healthcare benefits at no cost to the member.

All healthcare benefits are provided through the Village's health plan. The benefit levels are similar to those offered to active employees. Benefits include general in-patient and out-patient medical services, dental care, and prescriptions. Except for certain grandfathered retirees, upon a participant reaching the age of 65, Medicare becomes the sole insurer and the Village's plan is no longer provided.

Membership

At December 31, 2013, the membership consists of the following:

Retirees and beneficiaries currently receiving benefits	12
Active non-vested members	<u>62</u>
Total membership	<u><u>74</u></u>

VILLAGE OF LYONS, ILLINOIS

Notes to financial statements
December 31, 2013

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Funding Policy

The Village does not have a funding policy for OPEB, and records contributions as retiree benefits are paid.

Annual OPEB Costs and Net OPEB Obligations

The Village had an actuarial valuation performed for the plan as of December 31, 2012, to determine the funding status of the plan at that date, as well as the Village's annual required contributions (ARC) for the fiscal year ended December 31, 2012 through 2013. The Village's OPEB cost, the percentage of OPEB cost contributed to the plan, and net OPEB obligation are as follows:

Annual OPEB Cost

Annual required contribution (ARC)	\$ 188,674
Adjustment to ARC	(59,284)
Interest cost	<u>69,483</u>
Total OPEB cost	198,873
Employer contributions made	<u>(33,472)</u>
Increase in net OPEB obligation	165,401
Net OPEB obligation, January 1, 2013	<u>911,855</u>
Net OPEB obligation, December 31, 2013	<u>\$1,077,256</u>

Funded Status and Funding Progress

Actuarial accrued liability (AAL)	\$1,586,747
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	\$1,586,747
Funded ratio	0%
Covered payroll	<u>\$3,801,857</u>
UAAL as a percentage of covered payroll	<u>41.74%</u>

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (Continued)

The Schedule of Funding Progress, presented as required supplementary information following the Notes to the Financial Statements, presents multi-year trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples of these estimates include assumptions about future employment, mortality and healthcare cost trends. Amounts determined regarding the plan's funded status and ARC of the employer are subject to continual revision as actual results are compared to prior projections and new estimates are made about the future.

In the December 31, 2012 actuarial valuation, the entry age normal cost method was applied. The actuarial assumptions included an annual healthcare cost trend rate of 9% initially, reduced to an ultimate rate of 5% after five years. Rates include a 2.5% general inflation assumption. The Unfunded Accrued Actuarial Liability is being amortized as a level dollar amount over 30 years.

NOTE 12 - SUBSEQUENT EVENTS

On January 2, 2014, the Village sold \$1,500,000 of tax anticipation warrants that mature on December 15, 2014. The warrants replaced and included the Village's previous tax anticipation warrants to provide liquidity to the Village.

REQUIRED SUPPLEMENTARY INFORMATION



VILLAGE OF LYONS, ILLINOIS

VILLAGE OF LYONS, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Original and Final Budget	Actual
Revenues		
Taxes	\$ 6,504,500	\$ 6,452,007
Intergovernmental	-	46,681
License, fees and permits	499,000	469,363
Charges for services	1,277,000	1,241,478
Fines and forfeitures	707,200	762,770
Investment earnings	1,500	526
Quarry revenues	340,000	408,498
Miscellaneous	88,200	57,563
Total revenues	<u>9,417,400</u>	<u>9,438,886</u>
Expenditures		
Current		
General government	1,476,928	1,647,102
Building, planning and zoning	423,731	479,751
Police protection	4,752,889	4,966,217
Fire protection and ESDA	1,157,677	1,165,809
Recreation	327,593	309,163
Public works	1,238,812	1,284,667
Capital outlay	29,800	-
Debt service		
Interest and fiscal charges	4,500	22,500
Total expenditures	<u>9,411,930</u>	<u>9,875,209</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5,470</u>	<u>(436,323)</u>
Other Financing Sources (Uses)		
Transfers in	360,000	452,000
Transfers out	(600,000)	(614,662)
Total other financing sources (uses)	<u>(240,000)</u>	<u>(162,662)</u>
Net Change in Fund Balance	<u>(234,530)</u>	<u>(598,985)</u>
Fund Balance - Beginning of Year	<u>1,494,851</u>	<u>1,494,851</u>
Fund Balance - End of Year	<u>\$ 1,260,321</u>	<u>\$ 895,866</u>

VILLAGE OF LYONS, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Original and Final Budget	Actual
Revenues		
Incremental property taxes	\$ 1,004,000	\$ 939,645
Investment earnings	-	29
Total revenues	<u>1,004,000</u>	<u>939,674</u>
Expenditures		
Community development	36,000	39,880
Capital outlays	30,000	5,864
Debt service		
Principal retirement	555,000	635,000
Interest and fiscal charges	403,211	353,518
Total expenditures	<u>1,024,211</u>	<u>1,034,262</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(20,211)</u>	<u>(94,588)</u>
Other Financing Sources (Uses)		
Transfers in	392,000	333,500
Transfers out	(465,000)	(468,500)
Total other financing sources (uses)	<u>(73,000)</u>	<u>(135,000)</u>
Net Change in Fund Balance	<u>(93,211)</u>	<u>(229,588)</u>
Fund Balance - Beginning of Year	<u>(169,528)</u>	<u>(169,528)</u>
Fund Balance - End of Year	<u><u>\$ (262,739)</u></u>	<u><u>\$ (399,116)</u></u>

VILLAGE OF LYONS, ILLINOIS

Required supplementary information
December 31, 2013

Schedule of Funding Progress
Illinois Municipal Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2013	\$ 5,025,774	\$ 5,946,728	\$ 920,954	84.51%	\$ 1,953,948	47.13%
12/31/2012	4,586,303	5,750,537	1,164,234	79.75%	2,031,586	57.31%
12/31/2011	4,168,010	6,164,163	1,996,153	67.62%	1,992,100	100.20%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$5,959,105. On a market basis, the funded ratio would be 100.21%.

Schedule of Funding Progress
Sheriff's Law Enforcement Personnel Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2013	\$ 75,377	\$ 59,039	\$ (16,338)	127.67%	\$ 103,500	0.00%
12/31/2012	53,404	30,597	(22,807)	174.54%	100,266	0.00%
12/31/2011	34,089	8,910	(25,179)	382.59%	96,550	0.00%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$83,383. On a market basis, the funded ratio would be 141.23%.

VILLAGE OF LYONS, ILLINOIS

Required supplementary information
December 31, 2013

**Schedule of Funding Progress
Police Pension Fund**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2012	\$ 9,955,400	\$ 22,302,018	\$ 12,346,618	44.64%	\$ 2,319,225	532.36%
12/31/2011	9,501,659	20,816,235	11,314,576	45.65%	2,273,161	497.75%
12/31/2009	8,946,430	18,366,632	9,420,202	48.71%	2,099,595	448.67%

**Schedule of Funding Progress
Firefighters Pension Fund**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2013	\$ 1,117	\$ 320,198	\$ 319,081	0.35%	N/A	N/A
12/31/2012	1,585	333,623	332,038	0.48%	N/A	N/A
12/31/2011	9,604	310,347	300,743	3.09%	N/A	N/A

N/A – The Plan has no active participating members.

VILLAGE OF LYONS, ILLINOIS

Required supplementary information
December 31, 2013

Schedule of Funding Progress
Other Post Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Liability Entry Age Normal Cost (b)	Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Liability as a Percentage of Covered Payroll ((b-a)/c)
12/31/2013	\$ -	\$ 1,586,747	\$ 1,586,747	0.00%	\$ 5,036,953	31.50%
12/31/2012	-	1,586,747	1,586,747	0.00%	3,801,857	41.74%
12/31/2011	-	2,929,836	2,929,836	0.00%	4,361,811	67.17%

Actuarial Assumptions

Actuarial cost method	Entry age
Amortization method	Level percentage of pay, open
Remaining amortization period	30 Years
Asset valuation method	Market
Investment rate of return	5.00%
Projected salary increases	3.50%
Healthcare inflation rate	8.00% initial, reducing 1% per year until 5%
Percentage of active employees assumed to elect benefits	100.00%

A. BUDGETS

All departments of the Village submit requests for appropriations to the Village Manager so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The proposed budget is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget.

The Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that increase the total expenditures of any fund must be approved by the governing body.

Expenditures may not legally exceed budgeted appropriations at the fund level. All appropriations lapse at year end.

B. EXCESS OF ACTUAL EXPENDITURES OVER BUDGET

For the year ended December 31, 2013, expenditures exceeded budget, exclusive of depreciation, in the following funds:

General Fund	\$ 467,779
Economic Development Fund	10,051
Debt Service Fund	2,386
Capital Improvement Fund	145,730
Water and Sewer Fund	292,029
Garbage Fund	24,354

The following explains the budget variances in each fund:

General Fund

General Government (administration) exceeded budget by \$170,174 related to additional costs to complete audits and other compliance matters during 2013. For example, the Village was working on three audits during the year as well as TIF reports that went back to 2008 that were not previously compiled. Additionally, the building department exceeded budget by \$56,020, related to code enforcement and addressing vacant buildings. The department generated \$58,988 on adjudication fines that offsets this variance. Also, the

VILLAGE OF LYONS, ILLINOIS

Notes to the required supplementary information
December 31, 2013

B. EXCESS OF ACTUAL EXPENDITURES OVER BUDGET (Continued)

Village liened the properties that they were forced to demolish to recover those costs when the land is sold in the future. Police exceeded their budget by \$213,328, caused by legal fees relating to employment matters of the department and lack of control over overtime. Public works exceeded their budget by \$45,855, primarily on addressing street and tree issues.

Economic Development Fund

The Village prepaid principal amount of debt in TIF #1 and #2 of \$115,000 that was not budgeted. This amount offset the positive variances in other spending.

Debt Service Fund

Fiscal charges associated with bonds were not budgeted.

Capital Improvement Fund

The majority of the variance was for grant projects that were not originally budgeted. There was not impact to the Village resulting from this variance.

Water and Sewer Fund

The Village incurred more costs in water loss than originally budgeted. This amount would be addressed by the water rate increase effective August 1, 2014.

Garbage Fund

Unfavorable budget variance caused by the cost of disposing waste and that there has not been a rate increase in three years. This matter will be considered after a review of the garbage operation.

C. RECONCILIATION OF BUDGETARY TO GAAP REPORTING – GENERAL FUND

Revenues

Charges for services (budgetary)	\$1,241,478
Less reimbursements	<u>(740,000)</u>
Charges for services (GAAP)	501,478

Expenditures

	<u>Gen Govt</u>	<u>Public Works</u>
Budgetary basis	1,647,102	1,284,667
Less reimbursements	<u>(365,000)</u>	<u>(375,000)</u>
GAAP basis	1,282,102	909,667

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**



VILLAGE OF LYONS, ILLINOIS

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF REVENUES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013		2012
	Final Budget	Actual	Actual
Revenues			
Taxes			
Property Taxes			
General/corporate	\$ 512,000	\$ 487,098	\$ 483,073
IMRF	163,000	156,368	151,950
Street and bridge	51,000	49,255	47,915
Fire protection	439,000	421,406	409,614
Police protection	687,000	658,887	640,429
Social security	110,000	105,565	102,543
Auditing	20,000	16,532	16,035
Police pension	315,000	317,437	308,582
Fire pension	38,000	43,144	35,374
Liability insurance	254,000	243,853	236,967
Ambulance service	312,000	299,823	291,407
Road and bridge	47,000	36,631	35,739
Total property taxes	<u>2,948,000</u>	<u>2,835,999</u>	<u>2,759,628</u>
Other Taxes			
Replacement	64,000	57,336	51,519
Municipal sales	1,287,500	1,326,214	1,215,058
Income tax - municipal share	980,000	1,037,442	963,368
Telecommunication utility	360,000	309,830	345,003
Cable television utility	118,000	127,534	108,876
Electric utility	300,000	282,825	293,790
Natural gas utility	180,000	146,524	109,484
Local use	180,500	181,472	167,546
Hotel/motel	72,000	67,712	59,937
Foreign fire	4,000	12,668	12,546
Illinois gaming	10,500	66,451	-
Total other taxes	<u>3,556,500</u>	<u>3,616,008</u>	<u>3,327,127</u>
Total taxes	<u>6,504,500</u>	<u>6,452,007</u>	<u>6,086,755</u>
Intergovernmental			
Public safety grant and reimbursement	-	23,904	9,454
Other grants and reimbursements	-	22,777	26,715
Total intergovernmental	<u>-</u>	<u>46,681</u>	<u>36,169</u>
Licenses and Permits			
Riverside lawn fire district fees	2,000	2,000	2,000
Liquor licenses	50,000	47,195	25,880

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF REVENUES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013		2012
	Final Budget	Actual	Actual
Licenses and Permits (cont.)			
Vehicle licenses	\$ 203,000	\$ 159,795	\$ 175,447
Garage sales permits	-	752	2,120
Property maintenance inspections	-	31,875	47,747
Building permits	129,000	86,526	96,633
Plumbing permits	-	7,267	9,838
HVAC permits	-	5,535	5,286
Electrical permits	-	4,646	9,305
Contractor licenses	-	30,600	28,200
Zoning hearings/maps/codes	-	3,926	1,010
Business licenses	115,000	89,246	104,911
Total licenses and permits	<u>499,000</u>	<u>469,363</u>	<u>508,377</u>
Charges for Services			
Antenna agreements	263,000	205,280	191,500
Advertising for Village property	6,000	-	5,889
Police and fire reports	2,500	2,590	2,745
Ambulance service fees	180,500	262,077	196,981
Fire recovery fees	-	220	-
Recreation fees	85,000	31,311	92,483
Interfund charges			
Water and sewer public works reimbursement	375,000	375,000	350,000
Water and sewer administration	260,000	260,000	250,000
Garbage administration	105,000	105,000	100,000
Total charges for services	<u>1,277,000</u>	<u>1,241,478</u>	<u>1,189,598</u>
Fines and Fees			
Liquor fines	2,700	1,500	2,650
Nuisance, abatement and adjudication	50,000	108,988	49,642
State Y-tickets	280,000	234,760	280,604
Parking P-tickets	170,000	176,304	159,651
DUI fines	4,500	7,474	4,703
Towing fees	85,000	63,040	87,750
Red light photo enforcement	5,000	5,700	4,000
Alarm board fees	8,000	5,398	7,840
State seizure revenue	70,000	109,176	73,618
Federal seizure revenue	30,000	6,703	29,260
Other	2,000	43,727	30,967
Total fines and fees	<u>707,200</u>	<u>762,770</u>	<u>730,685</u>

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF REVENUES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013		2012
	Final Budget	Actual	Actual
Investment Income - Interest			
Interest	\$ 1,500	\$ 526	\$ 1,590
Royalties			
Quarry revenues	340,000	408,498	334,004
Miscellaneous			
Sale of Village property	-	18,713	-
Rent of Village assets	2,000	15,428	300
Insurance and damage recovery	2,000	5,695	4,794
COBRA premium payments	17,500	-	-
Project & program reimbursement	17,000	-	-
Overtime reimbursement	2,500	-	2,500
Refunds and rebates	20,000	-	28,294
Senior taxi donation	2,200	10,795	2,186
Miscellaneous	25,000	6,932	10,942
Total miscellaneous	88,200	57,563	49,016
 Total revenues	 \$ 9,417,400	 \$ 9,438,886	 \$ 8,936,194

**VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	2013		2012
	Final Budget	Actual	Actual
General Government			
Administration			
Salaries and benefits	\$ 463,756	\$ 543,275	\$ 473,429
Professional services	16,850	79,670	54,458
Communications	88,400	103,046	120,849
Professional development	16,200	28,594	18,915
Operations	18,550	33,221	53,634
Other	1,500	5,574	6,373
Total administration	<u>605,256</u>	<u>793,380</u>	<u>727,658</u>
Legal Services			
Professional services	<u>250,000</u>	<u>175,892</u>	<u>161,769</u>
Finance			
Professional services	201,000	318,198	274,413
Other	<u>172</u>	<u>34,583</u>	<u>5,934</u>
Total finance	<u>201,172</u>	<u>352,781</u>	<u>280,347</u>
Human Resources			
Salaries and benefits	26,000	20,695	7,796
Professional services	-	19,500	345
Operations	<u>10,000</u>	<u>1,779</u>	<u>4,425</u>
Total human resources	<u>36,000</u>	<u>41,974</u>	<u>12,566</u>
Risk Management			
Professional services	225,000	180,634	157,223
Other expenditures	<u>1,500</u>	<u>-</u>	<u>-</u>
Total risk management	<u>226,500</u>	<u>180,634</u>	<u>157,223</u>
Information Technology			
Professional services	95,000	69,168	82,597
Operations	25,000	32,639	19,618
Other	<u>38,000</u>	<u>-</u>	<u>30,000</u>
Total information technology	<u>158,000</u>	<u>101,807</u>	<u>132,215</u>

**VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	2013		2012
	Final Budget	Actual	Actual
General Government (cont.)			
Police and fire commission			
Professional development	\$ -	\$ 634	\$ 3,781
Total police and fire commission	-	634	3,781
 Total general government	 1,476,928	 1,647,102	 1,475,559
Building, Planning and Zoning			
Building			
Salaries and benefits	348,821	335,435	361,998
Professional services	47,500	109,838	23,615
Communications	3,610	7,816	6,126
Professional development	3,400	1,447	2,629
Operations	18,900	24,587	42,910
Total building	422,231	479,123	437,278
 Planning and Zoning			
Professional services	500	628	3,257
Communications	1,000	-	412
Total planning and zoning	1,500	628	3,669
 Total building, planning and zoning	 423,731	 479,751	 440,947
Police			
Administration			
Salaries and benefits	1,028,349	1,083,936	1,067,703
Pensions	350,000	317,437	308,582
PEDA expenditures	-	55,510	65,039
Communications	10,900	32,083	11,244
Professional development	24,600	7,661	8,005
Operations	206,500	232,836	307,369
Professional services	-	128,913	115,558
Other expenditures	124,000	2,246	2,446
Total administration	1,744,349	1,860,622	1,885,946

**VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	2013		2012
	Final Budget	Actual	Actual
Police (cont.)			
Investigations			
Salaries and benefits	\$ 315,598	\$ 352,446	\$ 450,307
Communications	1,600	-	35
Professional development	1,000	1,050	750
Operations	750	-	358
Total investigations	<u>318,948</u>	<u>353,496</u>	<u>451,450</u>
Patrol Operations			
Salaries and benefits	1,862,292	1,956,553	1,953,209
Professional services	7,000	6,194	7,872
Communications	1,000	-	503
Operations	47,000	46,232	37,343
Communications	-	-	2,960
Other expenditures	30,000	-	-
Total patrol operations	<u>1,947,292</u>	<u>2,008,979</u>	<u>2,001,887</u>
Dispatch Operations			
Salaries and benefits	724,600	729,786	706,279
Communications	-	10	11,552
Professional development	100	-	120
Operations	17,600	13,324	10,055
Total dispatch operations	<u>742,300</u>	<u>743,120</u>	<u>728,006</u>
Total police	<u>4,752,889</u>	<u>4,966,217</u>	<u>5,067,289</u>
Fire Protection and ESDA			
Operations			
Salaries and benefits	574,827	561,758	569,625
Fire pension	36,500	53,159	47,423
Communications	13,150	10,564	15,548
Professional development	16,250	12,180	10,983
Operations	85,950	95,246	114,450
Other	-	1,033	-
Total operations	<u>726,677</u>	<u>733,940</u>	<u>758,029</u>
Emergency Medical Services (EMS)			
Professional services	419,000	417,263	410,496
Operations	12,000	14,606	14,688
Total emergency medical services (EMS)	<u>431,000</u>	<u>431,869</u>	<u>425,184</u>
Total fire protection and ESDA	<u>1,157,677</u>	<u>1,165,809</u>	<u>1,183,213</u>

**VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	2013		2012
	Final Budget	Actual	Actual
Recreation			
Recreation department			
Salaries and benefits	\$ 83,017	\$ 93,439	\$ 52,840
Professional services	94,500	15,264	1,970
Communications	10,240	21,487	11,745
Professional development	3,870	-	-
Operations	7,500	38,064	101,173
Total recreation	<u>199,127</u>	<u>168,254</u>	<u>167,728</u>
 Community Events			
Salaries and benefits	6,216	10,175	10,456
Operations	17,500	24,941	9,441
Total community events	<u>23,716</u>	<u>35,116</u>	<u>19,897</u>
 Hotel/Motel Events			
Operations	104,750	105,793	60,389
Total hotel/motel events	<u>104,750</u>	<u>105,793</u>	<u>60,389</u>
 Total recreation	<u>327,593</u>	<u>309,163</u>	<u>248,014</u>
 Public Works			
Administration			
Salaries and benefits	192,188	191,962	185,061
Communications	4,300	4,508	6,518
Professional development	1,500	-	-
Operations	61,800	24,091	49,282
Total administration	<u>259,788</u>	<u>220,561</u>	<u>240,861</u>

**VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	2013		2012
	Final Budget	Actual	Actual
Public Works (cont.)			
Streets and Forestry			
Salaries and benefits	\$ 664,011	\$ 669,011	\$ 646,303
Professional services	-	2,976	-
Professional development	-	60	355
Operations	161,400	221,051	300,627
Total streets and forestry	<u>825,411</u>	<u>893,098</u>	<u>947,285</u>
Buildings and Grounds			
Professional services	28,000	30,635	24,120
Operations	15,000	28,756	88,523
Total buildings and grounds	<u>43,000</u>	<u>59,391</u>	<u>112,643</u>
Village Garage			
Salaries and benefits	110,613	106,712	100,781
Operations	-	4,905	4,474
Total village garage	<u>110,613</u>	<u>111,617</u>	<u>105,255</u>
Total public works	<u>1,238,812</u>	<u>1,284,667</u>	<u>1,406,044</u>
General Fund Loan Interest	<u>4,500</u>	<u>22,500</u>	<u>-</u>
Capital Outlay	<u>29,800</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 9,411,930</u>	<u>\$ 9,875,209</u>	<u>\$ 9,821,066</u>

**VILLAGE OF LYONS, ILLINOIS
COMBINING BALANCE SHEET
ECONOMIC DEVELOPMENT (TIF FUNDS)
DECEMBER 31, 2013**

	TIF District # 1	TIF District # 2	TIF District # 3	TIF District # 4	Totals
Assets					
Cash and cash equivalents	\$ 175,776	\$ 602	\$ 392	\$ 4,533	\$ 181,303
Cash - restricted	-	-	1,704,366	-	1,704,366
Prepaid expenses	-	-	-	15,120	15,120
Total assets	<u>\$ 175,776</u>	<u>\$ 602</u>	<u>\$ 1,704,758</u>	<u>\$ 19,653</u>	<u>\$ 1,900,789</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 11,507	\$ 11,507
Payable to developer	-	-	1,704,366	-	1,704,366
Advance from other funds	-	-	-	584,032	584,032
Total liabilities	<u>-</u>	<u>-</u>	<u>1,704,366</u>	<u>595,539</u>	<u>2,299,905</u>
Fund Balances					
Nonspendable	-	-	-	15,120	15,120
Restricted					
Economic development	-	-	-	-	-
Debt service	277,725	24,386	208,381	158,294	668,786
Unassigned	(101,949)	(23,784)	(207,989)	(749,300)	(1,083,022)
Total fund balances	<u>175,776</u>	<u>602</u>	<u>392</u>	<u>(575,886)</u>	<u>(399,116)</u>
Total liabilities and fund balances	<u>\$ 175,776</u>	<u>\$ 602</u>	<u>\$ 1,704,758</u>	<u>\$ 19,653</u>	<u>\$ 1,900,789</u>

VILLAGE OF LYONS, ILLINOIS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ECONOMIC DEVELOPMENT (TIF FUNDS)
FOR THE YEAR ENDED DECEMBER 31, 2013

	TIF District # 1	TIF District # 2	TIF District # 3	TIF District # 4	Totals
Revenues					
Incremental property taxes	\$ 369,746	\$ 145,720	\$ 412,834	\$ 11,345	\$ 939,645
Investment earnings	-	-	24	5	29
Total revenues	<u>369,746</u>	<u>145,720</u>	<u>412,858</u>	<u>11,350</u>	<u>939,674</u>
Expenditures					
Community development	17,094	3,000	-	19,786	39,880
Capital outlays	-	-	-	5,864	5,864
Debt service					
Principal retirement	205,000	80,000	165,000	185,000	635,000
Interest and fiscal charges	<u>96,596</u>	<u>52,532</u>	<u>80,231</u>	<u>124,159</u>	<u>353,518</u>
Total expenditures	<u>318,690</u>	<u>135,532</u>	<u>245,231</u>	<u>334,809</u>	<u>1,034,262</u>
Excess (Deficiency) of Revenues over Expenditures	<u>51,056</u>	<u>10,188</u>	<u>167,627</u>	<u>(323,459)</u>	<u>(94,588)</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	333,500	333,500
Transfers out	<u>(150,000)</u>	<u>(52,000)</u>	<u>(266,500)</u>	-	<u>(468,500)</u>
Total other financing sources (uses)	<u>(150,000)</u>	<u>(52,000)</u>	<u>(266,500)</u>	<u>333,500</u>	<u>(135,000)</u>
Net Change in Fund Balances	<u>(98,944)</u>	<u>(41,812)</u>	<u>(98,873)</u>	<u>10,041</u>	<u>(229,588)</u>
Fund Balances - Beginning of Year	<u>274,720</u>	<u>42,414</u>	<u>99,265</u>	<u>(585,927)</u>	<u>(169,528)</u>
Fund Balances - End of Year	<u>\$ 175,776</u>	<u>\$ 602</u>	<u>\$ 392</u>	<u>\$ (575,886)</u>	<u>\$ (399,116)</u>

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
TIF #1 OPERATIONS FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013		2012
	Final Budget	Actual	Actual
Revenues			
Taxes			
Incremental property taxes	\$ 350,000	\$ 369,746	\$ 283,420
Investment income	-	-	13
Total revenues	<u>350,000</u>	<u>369,746</u>	<u>283,433</u>
Expenditures			
Community development	16,000	17,094	390
Debt service			
Principal retirement	205,000	205,000	110,000
Interest and fiscal charges	<u>98,850</u>	<u>96,596</u>	<u>103,956</u>
Total expenditures	<u>319,850</u>	<u>318,690</u>	<u>214,346</u>
Excess (Deficiency) of Revenues over Expenditures	<u>30,150</u>	<u>51,056</u>	<u>69,087</u>
Other Financing Sources (Uses)			
Transfers out	<u>(155,000)</u>	<u>(150,000)</u>	<u>(125,000)</u>
Total other financing sources (uses)	<u>(155,000)</u>	<u>(150,000)</u>	<u>(125,000)</u>
Net Change in Fund Balance	<u>\$ (124,850)</u>	<u>(98,944)</u>	<u>(55,913)</u>
Fund Balance - Beginning of Year		<u>274,720</u>	<u>330,633</u>
Fund Balance - End of Year		<u>\$ 175,776</u>	<u>\$ 274,720</u>

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
TIF #2 OPERATIONS FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013		2012
	Final Budget	Actual	Actual
Revenues			
Taxes			
Incremental property taxes	\$ 170,000	\$ 145,720	\$ 172,839
Investment income	-	-	8
Total revenues	<u>170,000</u>	<u>145,720</u>	<u>172,847</u>
Expenditures			
Community development	-	3,000	293
Debt service			
Principal retirement	-	80,000	75,000
Interest and fiscal charges	59,130	52,532	56,107
Total expenditures	<u>59,130</u>	<u>135,532</u>	<u>131,400</u>
Excess (Deficiency) of Revenues over Expenditures	<u>110,870</u>	<u>10,188</u>	<u>41,447</u>
Other Financing Sources (Uses)			
Transfers out	(60,000)	(52,000)	(20,000)
Total other financing sources (uses)	<u>(60,000)</u>	<u>(52,000)</u>	<u>(20,000)</u>
Net Change in Fund Balance	<u>\$ 50,870</u>	<u>(41,812)</u>	<u>21,447</u>
Fund Balance - Beginning of Year		<u>42,414</u>	<u>20,967</u>
Fund Balance - End of Year		<u>\$ 602</u>	<u>\$ 42,414</u>

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
TIF #3 OPERATIONS FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013		2012
	Final Budget	Actual	Actual
Revenues			
Taxes			
Incremental property taxes	\$ 470,000	\$ 412,834	\$ 439,583
Investment income	-	24	33
Total revenues	<u>470,000</u>	<u>412,858</u>	<u>439,616</u>
Expenditures			
Community development	-	-	731
Debt service			
Principal retirement	165,000	165,000	50,000
Interest and fiscal charges	<u>80,231</u>	<u>80,231</u>	<u>83,187</u>
Total expenditures	<u>245,231</u>	<u>245,231</u>	<u>133,918</u>
Excess (Deficiency) of Revenues over Expenditures	<u>224,769</u>	<u>167,627</u>	<u>305,698</u>
Other Financing Sources (Uses)			
Transfers out	<u>(200,000)</u>	<u>(266,500)</u>	<u>(475,000)</u>
Total other financing sources (uses)	<u>(200,000)</u>	<u>(266,500)</u>	<u>(475,000)</u>
Net Change in Fund Balance	<u>\$ 24,769</u>	<u>(98,873)</u>	<u>(169,302)</u>
Fund Balance - Beginning of Year		<u>99,265</u>	<u>268,567</u>
Fund Balance - End of Year		<u>\$ 392</u>	<u>\$ 99,265</u>

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
TIF #4 OPERATIONS FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013		2012
	Final Budget	Actual	Actual
Revenues			
Taxes			
Incremental property taxes	\$ 14,000	\$ 11,345	\$ 20,331
Investment income	-	5	381
Intergovernmental grant	-	-	524,500
Total revenues	<u>14,000</u>	<u>11,350</u>	<u>545,212</u>
Expenditures			
Community development	20,000	19,786	24,176
Capital outlay	30,000	5,864	506,740
Debt service			
Principal retirement	185,000	185,000	2,734,000
Interest and fiscal charges	165,000	124,159	80,536
Total expenditures	<u>400,000</u>	<u>334,809</u>	<u>3,345,452</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(386,000)</u>	<u>(323,459)</u>	<u>(2,800,240)</u>
Other Financing Sources (Uses)			
Bond proceeds	-	-	2,100,000
Transfers In	392,000	333,500	350,000
Transfers out	(50,000)	-	-
Total other financing sources (uses)	<u>342,000</u>	<u>333,500</u>	<u>2,450,000</u>
Net Change in Fund Balance	<u>\$ (44,000)</u>	<u>10,041</u>	<u>(350,240)</u>
Fund Balance - Beginning of Year		<u>(585,927)</u>	<u>(235,687)</u>
Fund Balance - End of Year		<u>\$ (575,886)</u>	<u>\$ (585,927)</u>

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013		2012
	Final Budget	Actual	Actual
Revenues			
Property taxes	\$ 699,273	\$ 705,136	\$ 749,219
Total revenues	<u>699,273</u>	<u>705,136</u>	<u>749,219</u>
Expenditures			
Debt service			
Principal retirement	740,339	740,338	719,905
Interest and fiscal charges	<u>509,101</u>	<u>511,488</u>	<u>542,294</u>
Total expenditures	<u>1,249,440</u>	<u>1,251,826</u>	<u>1,262,199</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(550,167)</u>	<u>(546,690)</u>	<u>(512,981)</u>
Other Financing Sources			
Transfers in	<u>600,000</u>	<u>547,662</u>	<u>474,783</u>
Net Change in Fund Balance	<u>\$ 49,833</u>	<u>972</u>	<u>(38,197)</u>
Fund Balance - Beginning of Year		<u>375,907</u>	<u>414,104</u>
Fund Balance - End of Year		<u>\$ 376,879</u>	<u>\$ 375,907</u>

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013		2012
	Final Budget	Actual	Actual
Revenues			
Intergovernmental	\$ 394,000	\$ 293,234	\$ 261,499
Investment income	100	44	272
Grant revenue	-	205,322	123,655
Miscellaneous	1,000	-	-
Total revenues	<u>395,100</u>	<u>498,600</u>	<u>385,426</u>
Expenditures			
Capital outlay	<u>285,000</u>	<u>430,730</u>	<u>717,488</u>
Total expenditures	<u>285,000</u>	<u>430,730</u>	<u>717,488</u>
Excess (Deficiency) of Revenues over Expenditures	<u>110,100</u>	<u>67,870</u>	<u>(332,062)</u>
Other Financing Sources (Uses)			
Transfers out	<u>-</u>	<u>(250,000)</u>	<u>(785,516)</u>
Net Change in Fund Balance	<u>\$ 110,100</u>	<u>(182,130)</u>	<u>(1,117,578)</u>
Fund Balance - Beginning of Year		<u>378,880</u>	<u>1,496,458</u>
Fund Balance - End of Year		<u>\$ 196,750</u>	<u>\$ 378,880</u>

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF OPERATING REVENUES-BUDGET AND ACTUAL
WATER AND SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013		2012
	Final Budget	Actual	Actual
Revenues			
Water sales	\$ 2,400,000	\$ 2,189,196	\$ 2,246,552
Sewer charges	-	103,994	107,017
Water tap charges	-	4,993	5,166
Late penalties	-	43,529	43,710
Water turn-on fees	-	6,800	7,250
Meter sales	-	2,605	1,860
Total operating revenues	<u>\$ 2,400,000</u>	<u>\$ 2,351,117</u>	<u>\$ 2,411,555</u>

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF OPERATING EXPENSES-BUDGET AND ACTUAL
WATER AND SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013		2012
	Final Budget	Actual	Actual
Administration			
General fund administration charges	\$ 375,000	\$ 260,000	\$ 250,000
Total administration	<u>375,000</u>	<u>260,000</u>	<u>250,000</u>
Operations			
Water department			
Professional services	-	3,163	2,000
Communications	-	12,983	17,654
Operations	1,850,000	1,725,245	1,622,737
General fund public works reimbursement	-	375,000	350,000
Total water department	<u>1,850,000</u>	<u>2,116,391</u>	<u>1,992,391</u>
Sewer department			
Professional services	-	12,779	86,001
Operations	-	12,859	20,700
Total sewer department	<u>-</u>	<u>25,638</u>	<u>106,701</u>
Total operations	<u>1,850,000</u>	<u>2,142,029</u>	<u>2,099,092</u>
Depreciation and Amortization	<u>95,000</u>	<u>88,268</u>	<u>88,789</u>
Transfer to General Fund	<u>37,000</u>	<u>-</u>	<u>250,000</u>
Less Non-Operating Items			
Transfer to general fund	<u>(37,000)</u>	<u>-</u>	<u>(250,000)</u>
Net non-operating items	<u>(37,000)</u>	<u>-</u>	<u>(250,000)</u>
Total operating expenses	<u>\$ 2,320,000</u>	<u>\$ 2,490,297</u>	<u>\$ 2,437,881</u>

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET
POSITION- BUDGET AND ACTUAL
GARBAGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013		2012
	Final Budget	Actual	Actual
Operating Revenues			
Garbage collection	\$ 645,500	\$ 624,915	\$ 602,664
Late penalties	-	14,395	14,268
Toters	-	1,130	1,935
Garbage stickers	-	798	1,325
Total operating revenues	<u>645,500</u>	<u>641,238</u>	<u>620,192</u>
Operating Expenses			
Administration			
Professional services	<u>105,000</u>	<u>105,000</u>	<u>100,000</u>
Total administration	<u>105,000</u>	<u>105,000</u>	<u>100,000</u>
Operations			
Professional services	<u>545,200</u>	<u>568,804</u>	<u>558,922</u>
Operations	<u>-</u>	<u>750</u>	<u>-</u>
Total operations	<u>545,200</u>	<u>569,554</u>	<u>558,922</u>
Total operating expenses	<u>650,200</u>	<u>674,554</u>	<u>658,922</u>
Operating Income (Loss)	<u>(4,700)</u>	<u>(33,316)</u>	<u>(38,731)</u>
Non-Operating Revenues (Expenses)			
Property taxes	<u>-</u>	<u>-</u>	<u>4,970</u>
Total non-operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>4,970</u>
Change in Net Position	<u>\$ (4,700)</u>	<u>(33,316)</u>	<u>(33,761)</u>
Net Position - Beginning of Year		<u>(13,102)</u>	<u>20,659</u>
Net Position - End of Year		<u>\$ (46,418)</u>	<u>\$ (13,102)</u>

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET
POSITION-BUDGET AND ACTUAL
EMERGENCY 911 FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013		2012
	Final Budget	Actual	Actual
Operating Revenues			
Charges for service			
E-911 surcharge	\$ 120,000	\$ 110,563	\$ 111,750
Operating Expenses			
Communications	-	11,481	-
Operations	-	336	260
Depreciation	105,000	102,038	102,038
Total operating expenses	105,000	113,855	102,298
Operating Income (Loss)	15,000	(3,292)	9,452
Non-Operating Revenues (Expenses)			
Interest income	-	54	13
Interest and fiscal charges	(6,638)	(6,713)	(12,875)
Net non-operating revenues (expenses)	(6,638)	(6,659)	(12,862)
Income (Loss) before Transfer	8,362	(9,951)	(3,410)
Change in Net Position	\$ 8,362	(9,951)	(3,410)
Net Position - Beginning of Year		(307,019)	(303,609)
Net Position - End of Year		\$ (316,970)	\$ (307,019)

VILLAGE OF LYONS, ILLINOIS
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
DECEMBER 31, 2013

	Police Pension Fund	Firefighters' Pension Fund	Total
Assets			
Cash and cash equivalents	\$ 299,394	\$ 1,117	\$ 300,511
Interest receivable	39,090	-	39,090
Due from general fund	4,071	-	4,071
Investments, at fair value			
U.S. governmental agencies securities	2,000,049	-	2,000,049
State and local government securities	562,170	-	562,170
Corporate bonds	1,563,220	-	1,563,220
Mutual funds and equities	6,460,487	-	6,460,487
	<u>10,928,481</u>	<u>1,117</u>	<u>10,929,598</u>
Total assets			
	<u>10,928,481</u>	<u>1,117</u>	<u>10,929,598</u>
 Net Position Held in Trust for Pension Benefits	 <u><u>\$ 10,928,481</u></u>	 <u><u>\$ 1,117</u></u>	 <u><u>\$ 10,929,598</u></u>

VILLAGE OF LYONS, ILLINOIS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Police Pension Fund	Firefighters' Pension Fund	Total
Additions			
Contributions			
Employer	\$ 317,437	\$ 52,911	\$ 370,348
Plan members	253,449	-	253,449
Total contributions	<u>570,886</u>	<u>52,911</u>	<u>623,797</u>
Investment earnings			
Interest and dividends	298,115	2	298,117
Net increase (decrease) in fair value of investments	<u>1,127,406</u>	<u>-</u>	<u>1,127,406</u>
Total investment earnings	1,425,521	2	1,425,523
Less investment expense	<u>(45,154)</u>	<u>-</u>	<u>(45,154)</u>
Net investment earnings	1,380,367	2	1,380,369
Total additions	<u>1,951,253</u>	<u>52,913</u>	<u>2,004,166</u>
Deductions			
Administration	45,093	-	45,093
Benefits and refunds	<u>936,052</u>	<u>53,381</u>	<u>989,433</u>
Total deductions	<u>981,145</u>	<u>53,381</u>	<u>1,034,526</u>
Change in Net Position	<u>970,108</u>	<u>(468)</u>	<u>969,640</u>
Net Position Held in Trust for Pension Benefits			
Beginning of Year	<u>9,958,373</u>	<u>1,585</u>	<u>9,959,958</u>
End of Year	<u>\$ 10,928,481</u>	<u>\$ 1,117</u>	<u>\$ 10,929,598</u>

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION-
BUDGET AND ACTUAL
POLICE PENSION FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Final Budget</u>	<u>Actual</u>
Additions		
Contributions		
Employer	\$ 350,000	\$ 317,437
Plan members	300,000	253,449
Total contributions	<u>650,000</u>	<u>570,886</u>
Investment earnings		
Interest and dividends	735,000	298,115
Net increase in fair value of investments	<u>-</u>	<u>1,127,406</u>
Total investment earnings	735,000	1,425,521
Less investment expense	<u>(30,000)</u>	<u>(45,154)</u>
Net investment earnings	<u>705,000</u>	<u>1,380,367</u>
Total additions	<u>1,355,000</u>	<u>1,951,253</u>
Deductions		
Administration	25,000	45,093
Benefits and refunds	<u>850,000</u>	<u>936,052</u>
Total deductions	<u>875,000</u>	<u>981,145</u>
Change in Net Position	<u>480,000</u>	<u>970,108</u>
Net Position Held in Trust for Pension Benefits		
Beginning of Year	<u>9,958,373</u>	<u>9,958,373</u>
End of Year	<u><u>\$ 10,438,373</u></u>	<u><u>\$ 10,928,481</u></u>

VILLAGE OF LYONS, ILLINOIS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION-
BUDGET AND ACTUAL
FIREFIGHTERS' PENSION FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Final Budget</u>	<u>Actual</u>
Additions		
Contributions		
Employer	\$ 53,500	\$ 52,911
Investment earnings		
Interest and dividends	10	2
Less investment expense	-	-
Net investment earnings	10	2
Total additions	53,510	52,913
Deductions		
Administration	25	-
Benefits and refunds	53,365	53,381
Total deductions	53,390	53,381
Change in Net Position	120	(468)
Net Position Held in Trust for Pension Benefits		
Beginning of Year	1,585	1,585
End of Year	\$ 1,705	\$ 1,117